China Digital Licensing (Group) Limited
中國數碼版權（集團）有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8175)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of China Digital Licensing (Group) Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to China Digital Licensing (Group) Limited. The directors, having made all reasonable enquiries, confirmed that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") is pleased to present the audited consolidated financial statements of China Digital Licensing (Group) Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2008 together with the comparative audited figures for the year 2007, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
TURNOVER	5		
Continuing operation		**985**	–
Discontinued operations		**9,059**	21,238
		10,044	21,238
Cost of sales		**(4,849)**	(6,768)
Gross profit			
Continuing operation		**807**	–
Discontinued operations		**4,388**	14,470
Other revenue and gains	5	**1,468**	2,823
Research and development expenses		**(978)**	(1,101)
Selling and distribution costs		**(1,381)**	(1,171)
Administrative expenses		**(19,794)**	(9,694)
Other expenses	6	**(63,259)**	(951)
Finance costs	7	**(842)**	(236)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**(79,591)**	4,140
Gain on disposal of subsidiaries		**5,549**	–
Share of losses from associates		**(22)**	–
PROFIT/(LOSS) BEFORE TAX	8		
Continuing operation		**(28,896)**	(3,706)
Discontinued operations		**(45,168)**	7,846
		(74,064)	4,140
Tax	9		
Continuing operation		**(77)**	–
Discontinued operations		**3,736**	(3,434)
		3,659	(3,434)
PROFIT/(LOSS) FOR THE YEAR			
Continuing operation		**(28,973)**	(3,706)
Discontinued operations		**(41,432)**	4,412
		(70,405)	706
ATTRIBUTABLE TO:			
Equity holders of the Company	10	**(66,159)**	(2,470)
Minority interests		**(4,246)**	3,176
PROFIT/(LOSS) FOR THE YEAR		**(70,405)**	706
DIVIDENDS	12	**–**	–
LOSS PER SHARE	13		
From continuing and discontinued operations			
– Basic (HK cent)		**(4.97)**	(0.27)
From continuing operation			
– Basic (HK cent)		**(2.19)**	(0.41)

CONSOLIDATED BALANCE SHEET

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**204**	9,070
Interest in associates		**65,228**	–
Goodwill		**19,826**	51,207
Other intangible assets		**–**	1,387
Total non-current assets		**85,258**	61,664
CURRENT ASSETS			
Inventories		**–**	1,053
Trade and other receivables	*14*	**1,473**	24,772
Due from a director		**20**	–
Cash and bank balances		**12,109**	48,287
Assets of a disposal group classified as held for sale	*11*	**2,324**	–
Total current assets		**15,926**	74,112
CURRENT LIABILITIES			
Trade and other payables	*15*	**2,416**	8,813
Financial assistance from government		**–**	268
Tax payable		**44**	3,526
Liabilities associated with assets classified as held for sale	*11*	**6,067**	–
Total current liabilities		**8,527**	12,607
Net current assets		**7,399**	61,505
Total assets less current liabilities		**92,657**	123,169
NON-CURRENT LIABILITIES			
Financial assistance from government		**–**	1,027
Promissory note		**3,740**	4,467
Convertible notes		**22,735**	–
Other payables		**26,160**	–
Deferred tax liabilities		**33**	–
Total non-current liabilities		**52,668**	5,494
Net assets		**39,989**	117,675
EQUITY			
Issued capital		**66,519**	66,519
Reserves		**(27,202)**	33,137
		39,317	99,656
Minority interests		**672**	18,019
		39,989	117,675

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Attributable to equity holders of the Company										
	Issued capital	Share premium	Special reserve*	Warrant subscription reserve	Exchange reserve	Employee share-based compensation reserve	Convertible notes reserve	Accumulated losses	Subtotal	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	29,498	22,821	10,084	1,469	(24)	2,314	–	(43,881)	22,281	–	22,281
Issue of shares on open offer	22,173	13,304	–	–	–	–	–	–	35,477	–	35,477
Consideration shares	6,788	10,181	–	–	–	–	–	–	16,969	–	16,969
Share/warrant issue expenses	–	(978)	–	–	–	–	–	–	(978)	–	(978)
Shares issued upon exercise of share options	2,170	9,695	–	–	–	(2,931)	–	–	8,934	–	8,934
Shares issued upon exercise of warrants	5,890	13,838	–	(1,469)	–	–	–	–	18,259	–	18,259
Employee share-based compensation	–	–	–	–	–	617	–	–	617	–	617
Acquisition of subsidiaries	–	–	–	–	40	–	–	–	40	14,093	14,133
Exchange realignment	–	–	–	–	527	–	–	–	527	750	1,277
Loss for the year	–	–	–	–	–	–	–	(2,470)	(2,470)	3,176	706
At 31 December 2007	66,519	68,861	10,084	–	543	–	–	(46,351)	99,656	18,019	117,675

	Attributable to equity holders of the Company										
	Issued capital	Share premium	Special reserve*	Warrant subscription reserve	Exchange reserve	Employee share-based compensation reserve	Convertible notes reserve	Accumulated losses	Subtotal	Minority interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2008	66,519	68,861	10,084	–	543	–	–	(46,351)	99,656	18,019	117,675
Issue of convertible notes	–	–	–	–	–	–	3,453	–	3,453	–	3,453
Redemption of convertible note	–	–	–	–	–	–	(617)	–	(617)	–	(617)
Share issue expenses	–	(253)	–	–	–	–	–	–	(253)	–	(253)
Open offer expenses	–	(505)	–	–	–	–	–	–	(505)	–	(505)
Employee share-based compensation	–	–	–	–	–	4,354	–	–	4,354	–	4,354
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	6,019	6,019
Disposal of subsidiaries	–	–	–	–	(1,741)	–	–	–	(1,741)	(20,202)	(21,943)
Exchange realignment	–	–	–	–	1,129	–	–	–	1,129	1,082	2,211
Loss for the year	–	–	–	–	–	–	–	(66,159)	(66,159)	(4,246)	(70,405)
At 31 December 2008	66,519	68,103	10,084	–	(69)	4,354	2,836	(112,510)	39,317	672	39,989

* The special reserve represents the difference between the nominal amount of shares and share premium of KanHan Technologies Inc. at the date which it was acquired by the Company and the nominal amount of the Company's shares issued as consideration pursuant to the Group reorganisation taken place in 2003.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2008

1. GENERAL INFORMATION

China Digital Licensing (Group) Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The Company's shares have been listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Caledonian House, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands and its principal place of business is situated at Unit 1601, 16/F., Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.

The Group is principally engaged in the development and provision of e-Learning programs, through its self-developed websites to provide languages (English and Chinese) and mathematics learning programs to students in secondary and primary schools in Hong Kong and Macau. The Group has also invested in copyright management and digital licensing business.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting standards (HKASs) and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial statements of the year.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3.1 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 October 2008

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENTAL INFORMATION

Segment information is presented by way of two segment formats: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(i) the server-based technology segment provides language communication software and platforms;

(ii) the e-Learning business segment provides e-Learning programs and development of related products;

(iii) the organic fertilizers segment produces and distributes organic fertilizers; and

(iv) the water supply segment provides water supply services.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following table presents revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the year ended 31 December 2008.

Year ended 31 December 2008

	Continuing operation	Discontinued operations				
	e-Learning business *HK$'000*	Server-based technology *HK$'000*	Organic fertilizers *HK$'000*	Water supply *HK$'000*	Subtotal *HK$'000*	Consolidated *HK$'000*
Segment revenue						
Sale to external customers	985	7,853	877	329	9,059	10,044
Segment results	807	5,095	(502)	(205)	4,388	5,195
Unallocated income	445				6,572	7,017
Unallocated expenses	(29,284)				(56,128)	(85,412)
Unallocated finance costs	(842)				–	(842)
Share of losses from associates	(22)				–	(22)
Loss before tax	(28,896)				(45,168)	(74,064)
Tax	(77)				3,736	3,659
Minority interests	(121)				4,367	4,246
Loss for the year	(29,094)				(37,065)	(66,159)
Assets and liabilities						
Segment assets	3,168	2,324	–	–	2,324	5,492
Interests in associates						65,228
Unallocated assets						30,464
Consolidated total assets						101,184
Segment liabilities	1,790	6,067	–	–	6,067	7,857
Unallocated liabilities						53,338
Consolidated total liabilities						61,195
Other segment information						
Depreciation and amortisation	73	59	712	1,837	2,608	2,681
Impairment losses on goodwill	–	–	36,000	–	36,000	36,000
Impairment losses on intangible assets	–	–	1,464	–	1,464	1,464
Impairment losses on trade and other receivables	–	–	19,851	–	19,851	19,851
Inventories written off	–	–	1,416	–	1,416	1,416
Property, plant and equipment written off	–	1	388	–	389	389
Capital expenditure	–	82	347	1,377	1,806	1,806

Year ended 31 December 2007

	Continuing operation	Discontinued operations			
		Server-based technology	Organic fertilizers	Subtotal	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue					
Sale to external customers	–	6,929	14,309	21,238	21,238
Segment results	–	4,089	10,381	14,470	14,470
Unallocated revenue	377			2,446	2,823
Unallocated expenses	(3,847)			(9,070)	(12,917)
Unallocated finance costs	(236)			–	(236)
Profit before tax	(3,706)			7,846	4,140
Tax	–			(3,434)	(3,434)
Minority interests	–			(3,176)	(3,176)
Loss for the year	(3,706)			1,236	(2,470)
Assets and liabilities					
Segment assets	–	2,037	95,132	97,169	97,169
Unallocated assets	38,427			180	38,607
Consolidated total assets	38,427			97,349	135,776
Segment liabilities	–	5,583	7,151	12,734	12,734
Unallocated liabilities	5,345			22	5,367
Consolidated liabilities	5,345			12,756	18,101
Other segment information					
Depreciation	–	104	108	212	212
Capital expenditure	–	42	10,237	10,279	10,279

(b) Geographical segments

The following table presents revenue and certain asset, liability and expenditure information for the Group's geographical segments for the year ended 31 December 2008.

Year ended 31 December 2008

	Mainland China	**Hong Kong**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue			
Sale to external customers	**1,518**	**8,526**	**10,044**
Other segment information			
Segment assets	**191**	**5,301**	**5,492**
Capital expenditure	**1,725**	**81**	**1,806**
Year ended 31 December 2007			
Segment revenue			
Sale to external customers	14,460	6,778	21,238
Other segment information			
Segment assets	95,183	1,986	97,169
Capital expenditure	10,237	42	10,279

5. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered for the year.

An analysis of the Group's turnover, other revenues and gains for the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
TURNOVER		
Continuing operation		
e-Learning business	**985**	–
Discontinued operations		
Sale of organic fertilizers	**877**	14,309
Sale of licensed software	**4,641**	4,111
Software maintenance service	**1,407**	803
Software rental and subscription income	**780**	328
Website development	**50**	1,001
Putonghua learning platform	**975**	686
Provision of water supply services	**329**	–
	9,059	21,238
	10,044	21,238
OTHER REVENUE AND GAINS		
Interest income	**760**	400
Consulting income	**400**	–
Release of deferred government grants	**274**	–
Income from transfer of technologies	**–**	2,364
Sundry income	**34**	59
	1,468	2,823

6. OTHER EXPENSES

	2008 *HK$'000*	2007 *HK$'000*
Impairment of goodwill	**36,000**	–
Impairment of intangible assets	**1,464**	–
Property, plant and equipment written off	**389**	–
Inventories written off	**1,416**	–
Impairment allowance on trade and other receivables	**19,851**	–
Legal and professional fees for restructuring	**4,139**	951
	63,259	951

7. FINANCE COSTS

	2008 *HK$'000*	2007 *HK$'000*
Interest on promissory notes	**124**	236
Interest on convertible notes	**718**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**842**	236

8. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

	2008	2007
	HK$'000	*HK$'000*
Employee benefits expenses (excluding directors' remuneration)		
Salaries and allowances	**5,288**	5,493
Pension scheme contributions	**273**	373
Employee share-based payment	**2,590**	–
	8,151	5,866
Auditors' remuneration	**268**	301
Exchange loss, net	**129**	53
Minimum lease payments under operating leases on land and buildings	**1,357**	1,198
Cost of services rendered *	**1,442**	408
Cost of inventories sold	**3,407**	6,360
Amortisation of intangible assets	**7**	–
Amortisation of prepaid land lease payments	**9**	–
Depreciation of property, plant and equipment	**2,665**	212

* Included in both cost of services provided and other employee benefits are salaries and allowances of approximately HK$730,000 (2007: HK$408,000) and operating lease payments of approximately HK$63,000 (2007: HK$63,000) respectively.

9. TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. In prior year, no provision for Hong Kong profits tax has been made in the financial statements as the Group did not have any assessable income arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$'000	*HK$'000*
Current year provision		
Hong Kong profits tax	**44**	–
PRC enterprise income tax	**–**	3,434
Overprovision in prior year	**(3,736)**	–
Deferred tax	**33**	–
Tax charge/(credit) for the year	**(3,659)**	3,434
Attributable to:		
Continuing operation	**77**	–
Discontinued operations	**(3,736)**	3,434
	(3,659)	3,434

In May 2008, Jinan Shiji Jiangshan Resource Recycling Technology Limited ("Shiji Jiangshan"), a 51% owned subsidiary of the Company, has been granted an exemption of PRC enterprise income tax by the Tax Bureau in the PRC. Shiji Jiangshan is not subject to PRC enterprise income tax for the year ended 31 December 2007 and 31 December 2008. Hence, the overprovision in prior year was credited to the income statement during the year.

There are no material unprovided deferred tax assets and liabilities at the year end date (2007: nil).

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax using the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit/(loss) before tax	**(74,064)**	4,140
Tax at the statutory rate of 16.5% (2007: 17.5%)	**(12,220)**	724
Effect of different tax rates in other jurisdictions	**–**	645
Expenses not deductible for tax	**10,791**	2,127
Income not subject to tax	**(931)**	(415)
Deductible temporary differences not recognised	**(19)**	8
Tax losses not recognised	**2,430**	345
Overprovision in prior year	**(3,736)**	–
Loss attributable to associates	**4**	–
Others	**22**	–
Tax charge at effective rate	**(3,659)**	3,434

10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company for the year ended 31 December 2008 includes a loss of HK$61,839,000 (2007: HK$4,454,000) which has been dealt with in the financial statements of the Company.

11. NON-CURRENT ASSETS HELD FOR SALE

	2008	2007
	HK$'000	*HK$'000*
Assets related to the server-based technology business	**2,324**	–
Liabilities associated with assets held for sale	**6,067**	–

The Group planned to dispose its server-based technology business and the disposal was completed on 19 January 2009. The major classes of assets and liabilities comprising the operations classified as held for sale at the balance sheet date are as follows:

	2008	2007
	HK$'000	*HK$'000*
Property, plant and equipment	**118**	–
Inventories	**37**	–
Trade and other receivables	**1,923**	–
Due from a director	**7**	–
Cash and bank balances	**239**	–
Assets of server-based technology business classified as held for sale	**2,324**	–
Trade and other payables	**(4,772)**	–
Financial assistance from government	**(1,295)**	–
Liabilities of server-based technology business associated with assets classified as held for sale	**(6,067)**	–
Net liabilities of server-based technology business classified as held for sale	**(3,743)**	–
Exchange reserve of the disposal group	**69**	–

12. DIVIDEND

The directors of the Company do not recommend the payment of a dividend for the year (2007: nil).

13. LOSS PER SHARE

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

	2008	2007
	HK$'000	*HK$'000*
For continuing and discontinued operations		
Loss attributable to equity holders of the Company	**(66,159)**	(2,470)
For continuing operation		
Loss attributable to equity holders of the Company	**(29,094)**	(3,706)

	Number of shares 2008	2007
Shares		
Weighted average number of ordinary shares in issuing during the year	**1,330,375,080**	907,881,918

Diluted loss per share is not presented as the share options and convertible notes had anti-dilutive effects on the basic loss per share.

14. TRADE AND OTHER RECEIVABLES

	2008 *HK$'000*	2007 *HK$'000*
Trade receivables	**731**	5,167
Deposits, prepayments and other receivables	**742**	13,405
Deposit paid for acquisition of subsidiaries	**–**	6,200
	1,473	24,772

The aged analysis of the Group's trade receivables at the balance sheet date is as follows:

	2008 *HK$'000*	2007 *HK$'000*
0 – 30 days	**589**	4,688
31 – 60 days	**4**	312
61 – 90 days	**97**	167
Over 90 days	**41**	–
	731	5,167

Included in the Group's trade and other receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2008 *HK$'000*	2007 *HK$'000*
Renminbi	**–**	16,337

15. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**–**	2,090
Deferred income	**1,607**	1,727
Accrued liabilities and other payables	**809**	4,996
	2,416	8,813

An aged analysis of the Group's trade payables as at the balance sheet date is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**–**	1,667
31 – 60 days	**–**	46
61 – 90 days	**–**	316
Over 90 days	**–**	61
	–	2,090

Included in the Group's trade and other payable are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2008	2007
	HK$'000	*HK$'000*
Renminbi	**–**	3,682

16. POST BALANCE SHEET EVENTS

On 5 December 2008, the Company entered into the agreement to dispose of its entire equity interest in KanHan Technologies Inc.. Such disposal was completed on 19 January 2009. Cash consideration of HK$1,000,000 was received upon completion.

17. COMPARATIVE

Certain comparatives are reclassified during the year to conform current year's presentation.

BUSINESS REVIEW

The year 2008 was difficult for the Group during which painful restructuring was undertaken by the disposals of agricultural related and language related software businesses. As a result, the Group recorded substantial loss during the period. The Group re-focused its business to e-Learning and digital licensing and copyrights management through the acquisitions of related businesses during the year.

Disposal of agricultural related businesses

The unprecedented natural disasters occured in the PRC during 2008, coupled with certain management problems at the operation level, led to the failure on executions of the business plans of the water supply and fertilizer businesses and accordingly, these businesses were disposed during the year.

Disposal of language related software business

The Hong Kong based language related software business had been in loss making positions in the past and hence was disposed during the year.

Acquisition of the e-Learning business

The business engages in the provision and development of e-Learning programs, through its platform to provide languages (English and Chinese) and mathematics e-Learning programs to students in secondary and primary schools in the Greater China Region.

The Directors are of the view that quality education is the on-going pursuit in the Greater China Region, in particular, the PRC, with its growing economy and improving living standard and Internet is the most common platform and media of global communication nowadays, especially for the young generations. Thus, provision of e-Learning is of high profitability potential in the PRC.

The business has achieved significant steps forward during the year.

Over 400 schools in Hong Kong and Macao have subscribed to the Group's e-Learning programs. The Group will replicate the successes in Hong Kong and Macao into the PRC during 2009 with Shenzhen as the first target city.

In addition to the co-operation agreement with a reputable telecommunication provider in Jiangsu, the PRC, the Group entered into a service agreement with the Education and Youth Affairs Bureau in Macao through which the Group will provide its e-Learning programs to all the primary and secondary schools in Macao. As part of a series of promotional activities for the e-Learning business in the PRC, the Group is holding a nationwide English storytelling contest in the PRC with Cambridge University Press as one of the partners of the contest.

The Group is engaged in research and development for the educational contents and applications suitable for the mobile phone markets in the PRC and South East Asia.

Investment in digital licensing and copyright management business

The business engages in the provision of copyright management solution and the related consultancy services, the digital content licensing solution and the distribution of copyright protected items (such as on-line entertainment and media related items) in the PRC.

e-License Inc. (Japan) is the 50% shareholder of e-License Beijing, the company which the Group is invested in. e-License Inc. (Japan) is a pioneer in the development of copyright management and digital licensing technologies in Japan and is one of the leading Japan based copyright management companies specialized in the digital media industry to provide international copyright management solution and consultancy services with Google and YouTube as its clients. e-License Inc. (Japan) owns or is licensed with a large amount of copyright protected items (such as on-line entertainment and media related items) which may serve as value-added services or merchandises of mobile devices, internet, fixed line communication devices and global positioning devices. The shareholders of e-License Inc. (Japan) include Toyota Tsusho Corporation (豐田通商) and other leading Japanese corporations.

In view of the increasing emphasis on anti-privacy placed by the PRC Government following the entry into the World Trade Organization in 2001, the Directors are of the view that the provision of legal and copyright protected items in particular, the on-line entertainment and media related items, are in high demand in telecommunication industry, music and entertainment industry as well as media industry in the PRC. Moreover, the related copyright management and digital content licensing solutions are particularly vital to the practitioners of the aforesaid industries. In view of the established leading status of e-License Inc. (Japan) in the digital media industry and the strategic business relationship between the Group and e-License Inc. (Japan), the Directors believe that the Group is well positioned to become the pioneer in the provision of legal copyright protected on-line entertainment and media related items and the related copyright management and digital content licensing solutions in the PRC.

The Group is in final negotiation stage of entering into the co-operation agreements with government bodies/enterprises in the PRC for the provision of copyright management solution and the related consultancy services, the digital content licensing solution and the distribution of copyright protected items (such as on-line entertainment and media related items) through digital networks such as KTV, mobile phone, Internet and network TV, etc.

FINANCIAL REVIEW

Results

For the year ended 31 December 2008, the Group recorded a turnover of approximately HK$10,044,000 (2007: approximately HK$21,238,000), representing a decrease of 52.7% compared to last year. The decrease in turnover was mainly attributable to the disposal of agriculture-related business which contributed 67.4% of the last year's turnover.

During the year, the Group reported a net loss attributable to shareholders of approximately HK$66,159,000 compared to a net loss of approximately HK$2,470,000. The loss was mainly attributed to (i) an impairment of goodwill in the organic fertilizer business of approximately HK$36,000,000; (ii) the increase in legal and professional expenses associated with the acquisition and disposal of subsidiaries of approximately HK$4,139,000; (iii) impairment allowance on intangible assets and doubtful debts of approximately HK$21,315,000; (iv) the written-off of inventories of approximately HK$1,416,000; and (v) the share-based payment of approximately HK$4,354,000 arising from granting of share options.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group had current assets of approximately HK$15,926,000 (2007: HK$74,112,000) and current liabilities of approximately HK$8,527,000 (2007: HK$12,607,000). The current assets were comprised mainly of cash and bank balances of HK$12,109,000 (2007: HK$48,287,000) and trade and other receivables of HK$1,473,000 (2007: HK$24,772,000). The Group's current liabilities were comprised mainly of trade and other payables of approximately HK$2,416,000 (2007: HK$8,813,000). The Group had no bank borrowings at 31 December 2008 (2007: Nil). As at 31 December 2008, the Group had a current ratio of approximately 1.87 as compared to that of 5.88 at 31 December 2007.

The Group principally finances its operations and investing activities with its own working capital. The directors of the Company believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the trading transactions, assets and liabilities of the Group are denominated in Hong Kong dollars and Renminbi. The Group adopts a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 December 2008, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

(a) On 6 February 2008, Rise Assets Limited ("Rise Assets"), a wholly-owned subsidiary of the Company completed the acquisition of 100% equity interest in Proud Dragon Limited with a total consideration of HK$47,600,000. The Proud Dragon Group is principally engaged in the provision of water supply in the rural areas of Anhui, the PRC.

    Details of the acquisition were set out in the circular of the Company dated 18 January 2008.

(b) On 14 April 2008, Cheer Plan Limited ("Cheer Plan"), a wholly-owned subsidiary of the Company entered into a conditional agreement with Far Glory Limited ("Far Glory") in relation to the subscription of 8.26% of the entire issued share capital of Far Glory for a total consideration of HK$20,250,000 and such subscription was completed on 21 April 2008.

Following the completion of the above subscription, Cheer Plan entered into a conditional agreement with Mr. Hsu Tung Chi (the "Vendor") on 5 May 2008 in relation to the acquisition of 12% equity interest held by the Vendor in Far Glory for a maximum total consideration of HK$45,000,000. Upon the completion of the acquisition on 20 June 2008, Cheer Plan holds 20.26% equity interest in Far Glory.

Far Glory and its subsidiaries are principally engaged in the provision of copyright management solution and the related consultancy services, the digital content licensing solution and the distribution of copyright protected items (such as on-line entertainment and media related items) in the PRC.

Details of the subscription were set out the circular of the Company dated 5 May 2008, while the details of the acquisition were set out in the circular dated 30 May 2008.

(c) On 21 April 2008, Rise Assets entered into a conditional Sales and Purchase Agreement (the "Agreement") with Mr. Lao Kuai Hong, in relation to the disposal of the 100% equity interest in Proud Dragon Group held by Rise Assets for a total consideration of HK$50,000,000. The disposal transaction was completed on 23 May 2008.

Details of the disposal were set out in the circular of the Company dated 5 May 2008.

(d) On 2 June 2008, Wonder Link Limited, a wholly-owned subsidiary of the Company entered into the conditional agreement with Smart Great International Limited in relation to the acquisition of 51% equity interest in Start Bright Limited ("Start Bright") for a maximum total consideration of HK$20,400,000 and such acquisition was completed on 24 June 2008.

Start Bright and its subsidiaries are principally engaged in the development and provision of e-Learning programs, through its self-developed websites to provide languages (English and Chinese) and mathematics learning programs.

Details of the acquisition were set out in the circular of the Company dated 23 June 2008.

(e) On 7 July 2008, Rise Assets entered into the agreement to dispose of its 100% equity interest in Silky Sky Investments Limited for a total consideration of HK$15,000,000. Such disposal was completed on 25 September 2008.

Details of the disposal were set out in the circular of the Company dated 29 August 2008.

(f) On 5 December 2008, the Company entered into the agreement to dispose of its entire equity interest in KanHan Technologies Inc. Such disposal was completed on 19 January 2009.

Details of the disposal were set out in the circular of the Company dated 31 December 2008.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at an extraordinary general meeting held on 16 January 2008, the name of the Company was changed from KanHan Technologies Group Limited (看漢科技集團有限公司) to Shen Nong China (Group) Limited (神農中國（集團）有限公司). The Company was renamed as China Digital Licensing (Group) Limited (中國數碼版權（集團）有限公司) following the passing of a special resolution at the Company's extraordinary general meeting held on 22 September 2008.

DISTRIBUTABLE RESERVES

As at 31 December 2008, the accumulated losses of the Company exceeded the aggregate of share premium and contributed surplus, thus the Company did not have any reserve available for distribution.

FOREIGN EXCHANGE RISK

Since almost all transactions of the Group are denominated either in Renminbi and Hong Kong dollars and most of the bank deposits are being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risk, the directors believe that there is no significant foreign exchange risk to the Group. Therefore, the Group has not implemented any formal hedging or other alternative policies to deal with such exposure.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group had no material contingent liabilities.

EMPLOYEE INFORMATION

As at 31 December 2008, the Group had 40 (2007: 40) full-time employees. Employee costs for the year 2008, excluding directors' emoluments, amounted to approximately HK$8,151,000 (2007: HK$5,866,000). All of the Group companies are equal opportunity employers, with the selection and promotion of individuals being based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis with the general framework of the Group's salary and bonus system which is reviewed annually. Selected benefit programs including medical coverage and provident funds are also provided. In addition, training and development courses are offered throughout the Group to upgrade employee skills and knowledge.

The Group also adopts an employee share option scheme to provide eligible employees performance incentives for continuous and improved service with the Group and to enhance their contributions to increase profits by encouraging capital accumulation and share ownership.

COMPETING INTERESTS

The directors believe that none of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group.

CONNECTED TRANSACTION

On 5 December 2008, the Company entered into an agreement with Mr. Mo Wai Ming, Lawrence, an executive director of the Company, for the disposal of the entire equity interest in KanHan Technologies Inc. at a consideration of HK$1,000,000.

The above transaction was completed on 19 January 2009.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company has applied the principles in the Code and complied with the code provisions set out in the Code for the year ended 31 December 2008 except that : (i) no nomination committee of the Board is established and (ii) there was no separation of the role of the chairman and the chief executive officer.

No nomination committee was established by the Company. The Board is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Board will review the qualifications of the relevant candidate for determining the suitability to the Group on the basis of his qualifications, experience and background.

The roles of the chairman and the chief executive officer are currently undertaken by Mr. Pang Hong Tao. The Directors believe that vesting the roles of the chairman and CEO in the same person provides consistent and sustainable development of the Group, strong and consistent leadership in the Company's decision making and operational efficiency.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' 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 and the required standard of dealings regarding securities transactions throughout the year ended 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide advice and comments on the Company draft annual reports and accounts, interim reports and quarterly reports to directors. The audit committee comprises three members, Mr. Kwok Chi Sun, Vincent, Mr. Hsu William Shiu Foo and Mr. Lee Kun Hung, all of them are independent non-executive directors. The chairman of the audit committee is Mr. Kwok Chi Sun, Vincent.

The Group's unaudited quarterly and interim results and annual results for the year ended 31 December 2008 have been reviewed by the audit committee during the year, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirement and that adequate disclosures has been made.

By Order of the Board
Pang Hong Tao
Chairman

30 March 2009

As at the date of this announcement, the executive Directors are Mr. Pang Hong Tao and Ms. Au Shui Ming, Anna. The non-executive Director is Mr. Ma She Shing, Albert. The independent non-executive Directors are Mr. Hsu William Shiu Foo Mr. Lee Kun Hung and Mr. Kwok Chi Sun, Vincent.

This announcement will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting.