



CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2017

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

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

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

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

FIRST QUARTERLY 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 three months ended 30 June 2017 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 30 June 2017

		Three months ended 30 June	
	Notes	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations			
Revenue	3	9,200	10,544
Cost of sales and services		(2,529)	(2,413)
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Gross profit		6,671	8,131
Other income	4	34	97
Distribution costs		(83)	(82)
Administrative expenses		(3,234)	(2,923)
Net fair value gain on financial assets at fair value through profit or loss		5,860	–
Finance costs	5	(7,839)	(4,885)
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Profit before income tax	6	1,409	338
Income tax credit (expense)	7	136	(280)
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Profit for the period from continuing operations		1,545	58
Discontinued operation			
Loss for the period from discontinued operation	8	–	(10,565)
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Profit (loss) for the period		1,545	(10,507)

**Three months ended
30 June**

	Notes	2017 HK\$'000	2016 HK\$'000 (Restated)
Profit (loss) attributable to owners of the Company			
– from continuing operations		1,590	592
– from discontinued operation		–	(10,565)
		1,590	(9,973)
Loss attributable to non-controlling interests from continuing operations		(45)	(534)
		1,545	(10,507)
		HK cents	HK cents (Restated)
Earnings (loss) per share attributable to owners of the Company	9		
Basic and Diluted			
– from continuing and discontinued operations		0.14	(6.06)
– from continuing operations		0.14	0.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2017

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Profit (loss) for the period	1,545	(10,507)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	(278)	6,766
Total comprehensive income (expense) for the period	1,267	(3,741)
Total comprehensive income (expense) attributable to:		
Owners of the Company	1,341	(3,300)
Non-controlling interests	(74)	(441)
	1,267	(3,741)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2017

	Attributable to owners of the Company										
	Share capital	Share premium	Equity component						Accumulated losses	Non-controlling interests	Total equity
			of convertible bonds	Capital reserve	Merger reserve	Statutory reserve	Exchange reserve	Total			
At 1 April 2016 (audited)	43	41,900	28,146	-	(197)	24,347	93,387	(459,448)	(271,822)	(6,458)	(278,280)
Loss for the period	-	-	-	-	-	-	-	(9,973)	(9,973)	(534)	(10,507)
Other comprehensive income											
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	6,673	-	6,673	93	6,766
Total comprehensive income (expense) for the period	-	-	-	-	-	-	6,673	(9,973)	(3,300)	(441)	(3,741)
Issue of convertible bonds	-	-	32,164	-	-	-	-	-	32,164	-	32,164
Direct transaction costs attributable to equity component	-	-	(1,943)	-	-	-	-	-	(1,943)	-	(1,943)
Conversion of convertible bonds	72	9,006	(1,948)	-	-	-	-	-	7,130	-	7,130
Shares issued or to be issued in respect of bond interest payments	3	297	-	-	-	-	-	-	300	-	300
At 30 June 2016 (unaudited)	118	51,203	56,419	-	(197)	24,347	100,060	(469,421)	(237,471)	(6,899)	(244,370)
At 1 April 2017 (audited)	457	92,635	46,835	6,000	(197)	-	199	(303,957)	(158,028)	(7,349)	(165,377)
Profit for the period	-	-	-	-	-	-	-	1,590	1,590	(45)	1,545
Other comprehensive income											
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	(249)	-	(249)	(29)	(278)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(249)	1,590	1,341	(74)	1,267
Shares issued or to be issued in respect of bond interest payments (note (c))	-	-	-	6,000	-	-	-	-	6,000	-	6,000
At 30 June 2017 (unaudited)	457	92,635	46,835	12,000	(197)	-	(50)	(302,367)	(150,687)	(7,423)	(158,110)

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) In accordance with relevant regulations prevailing in the People's Republic of China (the "PRC"), the Company's subsidiaries established and operating in the PRC are required to appropriate 10% of their profit after income tax calculated under the accounting principles generally applicable to the PRC enterprises to the statutory reserve until the fund aggregates 50% of their respective registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory reserve must be maintained at a minimum of 25% of capital after these usages.
- (c) 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 have requested to pay any interest payable by way of the Company's shares. During the Period, no outstanding interests have been paid by way of the Company's shares and no ordinary shares of the Company were issued at conversion price of HK\$0.05 per share.

NOTES TO THE CONDENSED CONSOLIDATED 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. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Rooms 2037-40, 20th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are provision of digital television services in Hong Kong and 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 except when otherwise indicated. The condensed consolidated financial statements for the three months ended 30 June 2017 (the "First Quarterly Financial Statements") are unaudited but were reviewed by the Audit Committee of the Company (the "Audit Committee") and approved for issue by the Board on 10 August 2017.

2. BASIS OF PREPARATION

The First Quarterly Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The First Quarterly Financial Statements do not include all the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2017 (the "Annual Report 2017").

The accounting policies and methods of computation applied in the preparation of the First Quarterly Financial Statements are consistent with those applied in preparing the Annual Report 2017 except for the adoption of new or revised standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 April 2017. The adoption of these new or revised standards, amendments and interpretations did not result in any substantial changes to the accounting policies of the Group. In addition, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The First Quarterly Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The preparation of the First Quarterly Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. The significant judgments, estimates and assumptions applied in the preparation of the First Quarterly Financial Statements are consistent with those used in the Annual Report 2017.

Going concern

The Group recorded both unaudited net current liabilities and net liabilities as at 30 June 2017. 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 Annual Report 2017, 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) a shareholder of the Company has confirmed that he will provide continuous financial support to the Company for a period of twelve months from the date of approval of the consolidated financial statements for the year ended 31 March 2017 by the Directors;
- (b) possible fund raising activities including, but not limited to, further placing, rights issues or open offer and issuance of convertible bonds are to be attempted;
- (c) the Group is in negotiation with financial institutions or existing lender for new borrowings and extensions of existing borrowings 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 to enhance the 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. REVENUE (UNAUDITED)

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations		
Digital television service income	8,429	7,648
Car beauty service income	716	611
Money lending income	55	2,285
	9,200	10,544

4. OTHER INCOME (UNAUDITED)

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations		
Bank interest income	1	1
Interest income from held-to-maturity investment	–	62
Interest income from amount due from a related company	33	34
	34	97

5. FINANCE COSTS (UNAUDITED)

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations		
Interest on other loans wholly repayable within five years	238	360
Interest on convertible bonds	7,601	4,525
	7,839	4,885

6. PROFIT BEFORE INCOME TAX (UNAUDITED)

Profit before income tax from continuing operations is arrived at after charging:

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (Restated)
(a) Employee benefit expenses (including directors' remuneration)		
Salaries, wages and other benefits	2,430	2,148
Retirement benefit scheme contributions	192	128
	2,622	2,276
(b) Other items		
Amortisation of other intangible assets	25	25
Depreciation of items of property, plant and equipment	494	437
Write-off of items of property, plant and equipment	–	28
Minimum lease payments under operating leases in respect of land and buildings	958	896
Minimum lease payments under operating leases in respect of office equipment	16	14
Cost of inventories sold	51	102
Research and development costs	–	5

7. INCOME TAX (CREDIT) EXPENSE (UNAUDITED)

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (Restated)
Continuing operations		
Current tax – Hong Kong Profits Tax	9	376
Deferred tax	(145)	(96)
Income tax (credit) expense	(136)	280

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong for the Period.

The provision for PRC Enterprise Income Tax is calculated at the standard rate of 25% on the estimated assessable income as determined in accordance with the relevant income tax rules and regulations of the PRC. No PRC Enterprise Income Tax has been provided for the three months ended 30 June 2017 and 2016.

8. DISCONTINUED OPERATION (UNAUDITED)

On 6 October 2016, the Group entered into a sale and purchase agreement with an independent third party for disposal of the Group's entire equity interests in Big Success Enterprises Limited ("Big Success") and its subsidiaries (collectively referred to as the "Disposal Group"), which was engaged in sale of tobacco agricultural machinery in the PRC. The transaction was completed on 6 February 2017. Accordingly, the Group's tobacco agricultural machinery operation was treated as discontinued operation for the three months ended 30 June 2016.

The results of the Disposal Group for the three months ended 30 June 2016 are presented below:

	HK\$'000
Revenue	95
Cost of sales	(59)
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Gross profit	36
Other income	5
Distribution costs	(13)
Administrative expenses	(7,438)
Finance costs	(3,121)
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Loss before income tax from discontinued operation	(10,531)
Income tax expense	(34)
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Loss for the period from discontinued operation	(10,565)

9. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (UNAUDITED)

- (a) Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (Restated)
Earnings (loss)		
Profit (loss) attributable to owners of the Company		
from continuing operations	1,590	592
from discontinued operation	(45)	(10,565)
	1,545	(9,973)
Number of shares	'000	'000
Weighted average number of ordinary shares in issue	1,143,371	164,614

- (b) No adjustment has been made to the basic earnings (loss) per share amounts presented for the three months ended 30 June 2017 and 2016 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect.

10. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 30 June 2017 (2016: Nil).

11. COMPARATIVE FIGURES

The comparative statement of profit or loss has been re-presented as if the discontinued operation discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

The Group recorded a profit for the Period from continuing operations of approximately HK\$1.5 million, as compared to approximately HK\$58,000 for the three months ended 30 June 2016 (the "Preceding Period"). The further increase in profit for the Period from continuing operations was mainly attributable to the net fair value gain on the financial assets at fair value through profit or loss from the securities investments operation as compared to the Preceding Period.

Digital television operation

The Group recorded revenue of approximately HK\$8.4 million from this operation for the Period, as compared to revenue of approximately HK\$7.6 million for the Preceding Period. The revenue growth was mainly due to the management of the Group has placed more resources and effort on this operation during the Period. The management has designed an advertisement campaign "Advertisement Campaign Coordination" in Hong Kong and has been commenced from 1 March 2016. Feedback of existing clients is positive and demand of similar services is promising. The Company is optimistic that this operation will be continuously developed and expanded.

Car beauty operation

Revenue from this operation for the Period was increased by 17.2% to approximately HK\$716,000, as compared to revenue of approximately HK\$611,000 for the Preceding Period. Such increase was mainly due to the second workshop opened in July 2016. The Group has cooperated with a Japanese supplier and now all materials and products are imported from Japan with a view to improving the quality of the services. The Company believes this operation could provide steady revenue for the Group in the forthcoming financial years.

Money lending operation

The Group commenced its money lending business in Hong Kong from March 2016. Revenue from this operation for the Period was approximately HK\$55,000, as compared to revenue of approximately HK\$2.3 million for the Preceding Period.

Securities investments operation

The Group commenced securities investments in Hong Kong from July 2016. Net fair value gain on financial assets at fair value through profit or loss for the Period was approximately HK\$5.9 million. As at 30 June 2017, the financial assets at fair value through profit or loss amounted to HK\$33.8 million.

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 June 2017	Fair value as at 30 June 2017 HK\$'000	Gain (losses) during the Period HK\$'000
283	GOLDIN PPT	–	–	1,285
530	GOLDIN FIN HOLD	3,000,000	10,530	902
8103	TRILLION GRAND	540,000	1,112	449
8202	INNO-TECH HOLD	–	–	4,445
1166	SOLARTECH INT'L	25,380,000	10,786	(536)
8173	UNION ASIA ENT	102,520,000	2,768	–
8212	CELEBRATE INT	18,000,000	3,042	(646)
1387	RENHE COMM	300,000	53	(6)
8356	CNC HOLDINGS	13,400,000	1,179	134
1130	CHINA ENV RES	6,660,000	1,432	(67)
2112	CAA RESOURCES	1,800,000	2,880	(100)
			<hr/>	
			33,782	5,860

Financial Review

Revenue

For the Period, revenue of the Group from continuing operations amounted to approximately HK\$9.2 million, representing a decrease of approximately 12.7% from approximately HK\$10.5 million for the Preceding Period. The decrease in revenue was mainly attributable to decrease in revenue contributed by the money lending operation.

Cost of sales and services

The cost of sales and services from continuing operations increased to approximately HK\$2.5 million for the Period from approximately HK\$2.4 million for the Preceding Period, representing an increase of approximately 4.8%.

Gross Profit and gross profit margin

The Group's gross profit decreased to approximately HK\$6.7 million for the Period from approximately HK\$8.1 million for the Preceding Period, representing an decrease of approximately 18.0%. The Group's gross profit margin maintained at a steady level of approximately 72.5% for the Period and approximately 77.1% for the Preceding Period. Such decrease was due to the reduction of the money lending operation which required low direct costs.

Distribution costs

The Group recorded distribution costs from continuing operations of approximately HK\$83,000, as compared to approximately HK\$82,000 for the Preceding Period. The slightly increase was in line with the increase in the revenue from digital television operation.

Administrative expenses

Administrative expenses from continuing operations for the Period increased by 10.6% to approximately HK\$3.2 million, as compared to approximately HK\$2.9 million for the Preceding Period. Such increase was mainly due to increase in legal and professional fees for potential investments. 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 from continuing operations of approximately HK\$7.8 million for the Period, as compared to approximately HK\$4.9 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.

Profit for the period and profit attributable to owners of the Company

The Group recorded a profit for the Period of approximately HK\$1.5 million, as compared to a loss of approximately HK\$58,000 for the Preceding Period. Profit attributable to owners of the Company for the Period was approximately HK\$1.6 million, as compared to a profit of approximately HK\$592,000 for the Preceding Period. The basic and diluted earnings per share of the Group for the Period were HK cents 0.14, as compared to the basic and diluted loss per share of HK cents 6.06 for the Preceding Period. The basic and diluted profit per share from continuing operations for the Period were HK cents 0.14, as compared to HK cents 0.36 for the Preceding Period.

CAPITAL STRUCTURE

As at 30 June 2017, the number of issued ordinary shares of the Company was 1,143,370,568 shares (31 March 2017: 1,143,370,568 shares). Additional shares may be issued by way of conversion of the convertible bonds which if fully converted would result in the issuance of 4,000,000,000 shares of the Company.

PROSPECTS

Looking ahead, the Group is confident about the outlook and the prospects of the advertisement and culture market in Hong Kong and the PRC. The Group's professional and experienced teams have the ability to meet the needs of customers. The Group will open the door to any other opportunities with the business partners in the industry.

The Group expects the global business environment to remain challenging in the coming year due to economic and political uncertainty which will create certain pressure to the Group's revenue and gross profit margins. Nevertheless, the Directors are confident that the Group has the ability to handle these challenges and will continue to explore investment opportunities with a view to enhancing and improving returns to our stakeholders.

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

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the ordinary share of HK\$0.0004 each in the share capital of the Company ("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 and underlying Shares

Name of Director	Capacity	Number of Shares held	Percentage of shareholding
Ms. Jingquan Yingzi	Beneficial owner	1,130,500	0.10%

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executives' interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporation" and "Share Option Scheme", at no time during the three months ended 30 June 2017 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 June 2017, 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	Capacity	Number of Shares held	Number of underlying Shares held	Percentage of issued share capital of the Company
Yiu Kwok Ming Tommy	Beneficial owner	80,458,628	420,000,000 (note (e))	43.77%
Proud Glory Investments Limited (note (a))	Beneficial owner	78,598,217	300,000,000 (note (e))	33.11%
Lee Yuk Lun (note (a))	Interest of a controlled corporation	78,598,217	300,000,000 (note (e))	33.11%
Lam Kai Tai	Beneficial owner	13,400,958	180,000,000 (note (e))	16.91%
Lau Kevin	Beneficial owner	14,150,958	180,000,000 (note (e))	16.98%
Winner Cosmos Limited (note (b))	Beneficial owner	5,692,670	240,000,000 (note (e))	21.49%
Ng Kwok Wing (note (b))	Interest of a controlled corporation	5,692,670	240,000,000 (note (e))	21.49%
Kitchell Osman Bin	Beneficial owner	–	180,000,000 (note (e))	15.74%
Wong Ying Seung Asiong	Beneficial owner	–	180,000,000 (note (e))	15.74%
Chan Chak Kai Kenneth	Beneficial owner	–	160,000,000 (note (e))	13.99%
Kwong Kai Sing Benny	Beneficial owner	–	160,000,000 (note (e))	13.99%
Ip Cheuk Ho	Beneficial owner	25,151,232	200,000,000 (note (e))	19.69%
Shimazaki Koji	Beneficial owner	143,475,068	–	12.55%
To Yuet Sing	Beneficial owner	40,151,233	200,000,000 (note (e))	21.00%
Tsang Kai Ming	Beneficial owner	40,151,233	200,000,000 (note (e))	21.00%
Alexia Joulian	Beneficial owner	136,541,900	–	11.94%
Safe Castle Limited (note (c))	Beneficial owner	–	1,000,000,000 (note (e))	87.46%
Coupeville Limited (note (c))	Interest of a controlled corporation	–	1,000,000,000 (note (e))	87.46%
China Innovative Finance Group Limited (note (c))	Interest of a controlled corporation	–	1,000,000,000 (note (e))	87.46%
Byerley Resources Limited (note (d))	Beneficial owner	–	400,000,000 (note (e))	34.98%
HEC Securities Company Limited (note (d))	Interest of a controlled corporation	–	400,000,000 (note (e))	34.98%
Satinu Resources Group Ltd. (note (d))	Interest of a controlled corporation	–	400,000,000 (note (e))	34.98%

Notes:

- (a) Mr. Lee Yuk Lun is deemed to be interested in Shares and underlying Shares through his interests in Proud Glory Investments Limited.
- (b) Mr. Ng Kwok Wing is deemed to be interested in Shares and underlying Shares through his interests in Winner Cosmos Limited.
- (c) Safe Castle Limited is directly wholly owned by Coupeville Limited, and Coupeville Limited is directly wholly owned by China Innovative Finance Group Limited. Coupeville Limited and China Innovative Finance Group Limited are deemed to be interested in underlying Shares held by Safe Castle Limited.
- (d) Byerley Resources Limited is wholly owned by HEC Securities Company Limited, and Satinu Resources Group Ltd. holds 70% of the entire issued share capital of HEC Securities Company Limited. HEC Securities Company Limited and Satinu Resources Group Ltd. are deemed to be interested in underlying Shares held by Byerley Resources Limited.
- (e) These shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds issued by the Company.

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 was adopted by the Shareholders and became effective on 2 February 2009 and shall remain in force for a period of 10 years from that date. The share option scheme mandate limit was refreshed to 10% of the issued Shares at the date of annual general meeting of the Company (the "AGM") held on 14 September 2015. As at 30 June 2017, the number of Shares available for issue under the scheme was 10,812,347 Shares, after the adjustment in respect of the share consolidation taken effect on 15 October 2015. As at the date of this announcement, no share option has been granted under the share option scheme of the Company.

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 three months ended 30 June 2017, save and except for the following:

1. Code provision E.1.2 specifies that the chairman of the board should attend the annual general meeting. Ms. Jingquan Yingzi, the chairman of the Board has been heavily involved in the business operations of the Group. Despite her utmost intention to be present at the AGM held on 29 September 2016 (the "AGM 2016"), Ms. Jingquan was unable to attend the AGM 2016 due to other urgent business commitments of the Group. Mr. Chin Wai Keung Richard, an executive Director, has taken the chair; and
2. 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 three months ended 30 June 2017.

COMPETING INTEREST

During the three months ended 30 June 2017, 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

The Company has not redeemed any of its listed securities during the three months ended 30 June 2017. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the three months ended 30 June 2017.

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 three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua ("Mr. Lee"), Mr. Hau Chi Kit and Mr. Zhao Zhizheng. Mr. Lee is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited first quarterly results for the three months ended 30 June 2017, and discussed the financial control, internal control and risk management systems.

By order of the Board
Code Agriculture (Holdings) Limited
Jingquan Yingzi
Chairman

Hong Kong, 10 August 2017

As at the date of this announcement, the executive Directors are Ms. Jingquan Yingzi (Chairman), Mr. Chin Wai Keung Richard, Mr. Hu Chao, Ms. Lin Yan Jenny, Mr. Wang Anyuan and Mr. Wang Rongqian; and the independent non-executive Directors are Mr. Hau Chi Kit, Mr. Lee Chi Hwa Joshua and Mr. Zhao Zhizheng.