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## **CODE AGRICULTURE (HOLDINGS) LIMITED**

### **科地農業控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8153)**

#### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

##### **Placing Agent**

##### **Cheong Lee Securities Limited**

On 25 September 2012 after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to independent Placees for up to 300,000,000 new Shares at a price of HK\$0.18 per Placing Share, for and on behalf of the Company.

The Placing is conditional upon (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares; and (ii) (if required) the Bermuda Monetary Authority granting permission to allot and issue the Placing Shares. If such conditions are not fulfilled, the Placing will not proceed.

The maximum number of 300,000,000 Placing Shares represents approximately 11.05% of the entire issued share capital of the Company of 2,713,798,244 Shares as at the date of this announcement and approximately 9.95% of the Company's entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$52.72 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used for general working capital of the Group.

#### **THE PLACING AGREEMENT**

Date: 25 September 2012

Placing Agent: Cheong Lee Securities Limited. To the best of the Company's knowledge, information and belief after making reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

- Placees:** The Placing Shares will be placed to one or more placees (who will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. If the number of Placees shall be less than six, the Company will issue further announcement in accordance with the requirements of the GEM Listing Rules.
- Number of Placing Shares:** Up to 300,000,000 new Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 11.05% of the entire issued share capital of the Company of 2,713,798,244 Shares as at the date of this announcement and approximately 9.95% of the Company's entire issued share capital as enlarged by the Placing. The nominal value of the Placing Shares is HK\$3,000,000.00.
- Placing Price:** HK\$0.18 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on GEM. The Placing Price represents:
- (a) a premium of approximately 12.5% to the closing price of HK\$0.160 per Share as quoted on the GEM on 25 September 2012, being the date of the Placing Agreement;
  - (b) a premium of approximately 11.7% to the average closing price of approximately HK\$0.161 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 25 September 2012 being the date of the Placing Agreement.
- The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$52.72 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.176.
- Placing Commission:** The Placing Agent will receive a placing commission of 2% on the gross proceeds of the Placing.
- General Mandate:** The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 29 September 2011 up to 542,759,648 Shares. As at the date of this announcement, no Share has been issued pursuant to the general mandate.
- Ranking of Placing Shares:** The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.
- Conditions to the Placing:** The Placing is conditional upon the following conditions:
- (a) the listing of and permission to deal in all the Placing Shares being granted by the Listing Committee of the Stock Exchange;

- (b) (if required) the Bermuda Monetary Authority granting permission to allot and issue the Placing Shares.

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares. No Shareholders approval is required for the Placing.

Completion of the Placing:

Subject to the satisfaction of all the conditions set out above, the Placing is expected to be completed on or before 25 October 2012 or such later time and/or such other date as the Placing Agent and the Company may agree.

Termination:

The Placing Agent may terminate the Placing Agreement prior to completion of the Placing Agreement if in the opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 5 trading days (other than in connection with the Placing); or
- (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (f) a change or development involving a prospective change in taxation in Hong Kong, Bermuda, or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any change or deterioration in the conditions of local, national or international securities markets.

## EFFECT OF THE PLACING ON SHAREHOLDING

The shareholdings in the Company as at the date of this announcement is and will be as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	%	No. of Shares	%
Jingquan Yingzi ( <i>note 1</i> )	45,220,000	1.67	45,220,000	1.50
Wong Man Hung Patrick ( <i>note 1</i> )	25,000,000	0.92	25,000,000	0.83
Feng Xiao Ping ( <i>note 1 &amp; 2</i> )	31,718,750	1.17	31,718,750	1.05
Public Shareholders	2,611,859,494	96.24	2,611,859,494	86.67
Places	0	0.00	300,000,000	9.95
Total	<u>2,713,798,244</u>	<u>100.00</u>	<u>3,013,798,244</u>	<u>100.00</u>

### Notes

1. Ms Jingquan Yingzi, Mr Wong Man Hung Patrick and Mr Feng Xiao Ping are Directors.
2. The shares are held by Sino Unicom Technology Limited, a company in which Mr. Feng Xiao Ping has an indirect interest of 51% therein.

## REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in manufacturing, sales and distribution of tobacco agricultural machinery, related products and provision of related services in the People's Republic of China.

In view of the current market conditions, the Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Company for its future business developments. The Directors consider the terms of the Placing Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$1.28 million in connection with the Placing. The net proceeds of approximately HK\$52.72 million from the Placing will be used for general working capital of the Group.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities for the 12 months immediately before the date of this announcement.

## DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	board of Directors
“Business Day”	has the meaning ascribed thereto under the GEM Listing Rules
“Company”	Code Agriculture (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“connected person (s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons
“Placee”	any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Cheong Lee Securities Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 25 September 2012 in relation to the Placing
“Placing Price”	HK\$0.18 per Placing Share
“Placing Shares”	a maximum of 300,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of  
**CODE AGRICULTURE (HOLDINGS) LIMITED**  
**Jingquan Yingzi**  
*Chairman*

Hong Kong, 25 September 2012.

*As at the date hereof, the executive directors of the Company are Ms. Jingquan Yingzi (Chairman), Mr. Wong Man Hung Patrick, Mr. Shan Xiaochang, Mr. Wu Zhongxin, Mr. Feng Xiaoping and Mr. Stephen William Frostick; the non-executive director is Prof. Liu Guoshun; and the independent non-executive directors are Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Mr. Zhao Zhizheng.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company.*