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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



華晉證券資產管理有限公司
China Rise Securities Asset Management Co. Limited

On 21 April 2015 (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 not less than six independent Placées for up to 542,000,000 new Shares at a price of HK\$0.07 per Placing Share, for and on behalf of the Company.

The Placing is conditional upon the following conditions:

- (a) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscribed Shares; and
- (b) (if necessary), the Bermuda Monetary Authority approving or agreeing to approve the allotment and issue the Subscribed Shares.

If the above conditions are not fulfilled on or prior to 5 May 2015 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).

The maximum number of 542,000,000 Placing Shares represents approximately 14.33% of the entire issued share capital of the Company of 3,782,938,941 Shares as at the date of this announcement and approximately 12.53% of the Company's entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$36.75 million (assuming the Placing Shares are fully placed and after all relevant expenses) will be used for general working capital of the Group.

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

- Date: 21 April 2015.
- Placing Agent: China Rise Securities Asset Management Limited. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
- Placees: The Placing Shares will be placed to not less than six Placees (who will be independent individual, institutional or other professional investors). The Placees and their ultimate beneficial owners will be Independent Third Parties and will not become substantial Shareholders (as defined in the GEM Listing Rules) immediately upon completion of the Placing. 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 542,000,000 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 14.33% of the entire issued share capital of the Company of 3,782,938,941 Shares as at the date of this announcement and approximately 12.53% of the Company's entire issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares is HK\$5,420,000.00.

Placing Price: HK\$0.07 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 discount of approximately 12.5% to the closing price of HK\$0.08 per Share as quoted on the GEM on 21 April 2015, being the date of the Placing Agreement;
- (b) a discount of approximately 18.6% to the average closing price of approximately HK\$0.086 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 21 April 2015 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\$36.75 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.068.

Placing Commission: The Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing.

General Mandate: The Placing Shares will be issued pursuant to the general mandate granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 29 September 2014 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the annual general meeting, which is 542,759,648 Shares. As at the date of this announcement, no Share has been issued pursuant to the general mandate and the 542,000,000 Placing Shares to be allotted and issued represent approximately 99.86% of the said general mandate. Therefore the Placing is not subject to Shareholders' approval.

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 GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscribed Shares;
 - (b) (if necessary), the Bermuda Monetary Authority approving or agreeing to approve the allotment and issue the Subscribed Shares.

If the above conditions are not fulfilled on or prior to 5 May 2015 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Subscribed Shares.

- Completion of the Placing: Completion of the Placing will take place on the date falling two Business Days after the date upon which the conditions set out in the paragraph headed “Conditions to the Placing” are fulfilled 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 occurs.

EFFECT OF THE PLACING ON SHAREHOLDING

The shareholding in the Company as at the date of this announcement and immediately after completion of the Placing assuming all the Placing Shares are fully placed is and will be as follows:

Shareholder(s)	As at the date of this announcement		Immediately upon completion of the Placing assuming all the Placing Shares are fully placed	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>Approximate %</i>	<i>Shares</i>	<i>Approximate %</i>
Jingquan Yingzi (<i>Note</i>)	45,220,000	1.20	45,220,000	1.05
Cyberland (China) Limited (<i>Note</i>)	1,069,140,697	28.26	1,069,140,697	24.72
Placees	–	–	542,000,000	12.53
Public Shareholders	2,668,578,244	70.54	2,668,578,244	61.70
Total	3,782,938,941	100.00	4,324,938,941	100.00

Note:

Ms. Jingquan Yingzi (“Ms. Jingquan”) is the chairman and an executive director of the Company. There are totally 1,069,140,697 Shares held by Cyberland (China) Limited (“Cyberland”) which is legally and beneficially owned as to 30.37% by Rise Enterprises Limited (“Rise Enterprises”) and 15% by Wealth Way Investment Limited (“Wealth Way”), respectively. Rise Enterprises is beneficially owned as to 62.96% by Eagle Bliss Limited which in turn is wholly owned by Ms. Jingquan, while Wealth Way is directly and wholly owned by Ms. Jingquan. Cyberland is in aggregate indirectly 34.12% owned by Ms. Jingquan. For the purpose of Part XV of SFO, Ms. Jingquan is deemed to be interested in the Shares held by Cyberland.

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.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$37.94 million. The Company will bear the costs and expenses (including the Placing commission) of approximately HK\$1.19 million in connection with the Placing. The net proceeds of approximately HK\$36.75 million from the Placing (assuming all the Placing Shares are fully placed) 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.

GENERAL

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is independent of and not connected with the Company and its connected persons
“Placee(s)”	any individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for 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”	China Rise Securities Management Company Limited, a licensed corporation to carry on businesses in type 1 (dealing in securities), type 4 (investment advisory) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 21 April 2015 in relation to the Placing
“Placing Price”	HK\$0.07 per Placing Share
“Placing Shares”	a maximum of 542,000,000 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 issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribed Shares”	the Placing Shares to be subscribed by the Placee(s) upon completion of the Placing

“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, 21 April 2015.

As of the date of this announcement, the executive directors of the Company are Ms. Jingquan Yingzi (Chairman), Mr. Chin Wai Keung Richard, Mr. Wu Zhongxin 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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of its publication and on the Company’s website at <http://www.code-hk.com>.