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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)**

**PROPOSED CAPITAL REORGANISATION  
AND  
DELAY IN DESPATCH OF CIRCULAR IN RELATION TO  
PROPOSED SHARE CONSOLIDATION**

**PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which involves, among other things, (i) the Share Consolidation, (ii) Change in Board Lot Size, (iii) Capital Reduction, (iv) Share Sub-division, (v) Share Premium Reduction and (vi) Credit to Contributed Surplus Account. Details and effect of the Capital Reorganisation are included in this announcement.

The Capital Reorganisation is conditional upon, among other things, the passing of the special resolution to approve the Capital Reorganisation by the Shareholders at the SGM. An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Adjusted Shares.

**DELAY IN DESPATCH OF CIRCULAR IN RELATION TO PROPOSED SHARE CONSOLIDATION**

As stated in the announcement of the Company dated 22 June 2015, the circular in relation to the Share Consolidation and Change in Board Lot Size will be despatched by the Company to the Shareholders on or before 15 July 2015.

However, the Company intends to issue a circular containing further details of the Capital Reorganisation, including the Share Consolidation as well, and a notice convening the SGM for the purpose of considering and, if thought fit, passing the necessary resolutions to approve the Capital Reorganisation will be despatched to the Shareholders on or before 30 July 2015.

Accordingly, the despatch of the circular in respect of the Share Consolidation and Change in Board Lot Size will be delayed to on or before 30 July 2015.

Reference is made to the announcements of the Company dated 20 May 2015 and 22 June 2015, in relation to the Share Consolidation and Change in Board Lot Size.

## **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which involves, among other things, (i) the Share Consolidation, (ii) Change in Board Lot Size, (iii) Capital Reduction, (iv) Share Sub-division, (v) Share Premium Reduction and (vi) Credit to Contributed Surplus Account. Details and effect of the Capital Reorganisation are included in this announcement. The details of the Capital Reorganisation are as follows:

### **i) Share Consolidation**

a proposed Share Consolidation whereby every ten (10) Shares of nominal value of HK\$0.01 each in the issued and unissued share capital of the Company will be consolidated into one (1) Consolidated Share of nominal value of HK\$0.10 each, and any fractional Consolidated Share will not be issued by the Company to Shareholders. If possible, any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company in accordance with the Bye-laws of the Company;

### **ii) Change in Board Lot Size**

The Existing Shares are currently traded in board lot size of 2,000 Existing Shares. As announced by the Company's announcement dated 20 May 2015, the Board has proposed change in board lot size for trading from 2,000 Existing Shares to 3,000 Consolidated Shares. Due to the change of market situation, the Board further proposes that, upon the Share Consolidation becoming effective, the board lot size of the Consolidated Shares for trading on the Stock Exchange will be changed to 5,000 Consolidated Shares.

Based on the closing price of HK\$0.0480 per Existing Share (equivalent to HK\$0.480 per Consolidated Share) as quoted on the Stock Exchange as at the last trading day immediately before the date of this announcement, the board lot value is HK\$96 in the current board lot size of 2,000 Existing Shares, and HK\$2,400 in the proposed new board lot size of 5,000 Consolidated Shares.

The Change in Board Lot Size will not, by itself, affect any of the rights of Shareholder. As from the effective date of the Capital Reorganisation, any new share certificate will be issued in board lots of 5,000 Consolidated Shares each (except for odd lots or where the Registrar is otherwise instructed);

**iii) Capital Reduction**

a proposed Capital Reduction whereby the nominal value of all the issued Consolidated Shares will be reduced from HK\$0.10 each to HK\$0.0001 each by cancelling paid-up capital to the extent of HK\$0.0999 on each Consolidated Share so as to form the Adjusted Share of HK\$0.0001 each, and a credit of HK\$43,206,140 arising from the Capital Reduction be credited to the Contributed Surplus Account. Upon completion of the Share Consolidation and the Capital Reduction, the issued share capital of the Company will be reduced to HK\$43,249.39 divided into 432,493,894 Adjusted Shares of nominal value of HK\$0.0001 each;

**iv) Share Sub-division**

the sub-division of each of the authorised but unissued Consolidated Shares of HK\$0.10 each into one thousand (1,000) Adjusted Shares of HK\$0.0001 each;

**v) Share Premium Reduction**

a proposed Share Premium Reduction whereby part of the amounts standing to the credit of the Share Premium Account will be cancelled and the credit arising from the Share Premium Reduction be credited to the Contributed Surplus Account. The amount standing to the credit of the Share Premium Account as at 31 March 2015, based on the audited financial statements of the Company, was HK\$1,495,537,472. It is proposed that the amount standing to the credit of the Share Premium Account be reduced by an amount of HK\$1,495,000,000, and the said amount of the credit arising therefrom be transferred to the Contributed Surplus Account.

**vi) Credit to Contributed Surplus Account**

the application of the amounts in the Contributed Surplus Account in such manner as the Board may deem fit including to set off the accumulated losses of the Company in the manner permitted by the laws of Bermuda and the Bye-Laws.

## **Effect of the proposed Capital Reorganization**

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 4,324,938,941 Shares have been issued and are fully paid or credited as fully paid. The following table shows the amount and number of issued and unissued share capital of the Company immediately before and after the Capital Reorganisation:

	<b>As at the date of this announcement</b>	<b>Immediately upon the Capital Reorganisation becoming effective</b>
Par value of each share of the Company	HK\$0.01	HK\$0.0001
Authorised share capital	HK\$100,000,000 divided into 10,000,000,000 Existing Shares	HK\$100,000,000 divided into 1,000,000,000,000 Adjusted Shares
Number of shares in issue	4,324,938,941 Shares	432,493,894 Adjusted Shares
Issued and fully paid-up share capital	HK\$43,249,389.41	HK\$43,249.39
Number of unissued shares	5,675,061,059 Shares	999,567,506,106 Adjusted Shares
Unissued share capital	HK\$56,750,610.59	HK\$99,956,750.61

Assuming that no new Shares are issued from the date of this announcement until the effective date of the Capital Reorganisation, a total credit of approximately HK\$43,206,140 and HK\$1,495,000,000 will arise as a result of the Capital Reduction and Share Premium Reduction and such amount will be credited to the Contributed Surplus Account upon the Capital Reorganisation becoming effective.

Upon the Capital Reorganisation becoming effective, the Adjusted Shares of nominal value of HK\$0.0001 each will rank pari passu in all respects with each other in accordance with the Bye-Laws. Fractional Adjusted Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Adjusted Shares will be aggregated, sold and retained for the benefit of the Company.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interest of the Shareholders, save for any fractional Adjusted Shares to which Shareholders may be entitled. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date the Capital Reorganisation is to become effective, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company, nor will it result in any change in the relative rights of the Shareholders.

## **Conditions of the Capital Reorganisation**

The Capital Reorganisation is conditional upon the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Adjusted Shares;
- (b) compliance with section 46(2) of the Companies Act, including the publication of a notice of the Share Premium Reduction and the Capital Reduction in an appointed newspaper in Bermuda on a date not more than 30 days and not less than 15 days before the Effective Date;
- (c) the Directors having been satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Effective Date will be, unable to pay its liabilities as they become due; and
- (d) the passing of a special resolution by the Shareholders to approve the Capital Reorganisation at the SGM.

Subject to all conditions being fulfilled, the Capital Reorganisation will take effect on the next business immediately following the date of the SGM passing the relevant resolutions.

## **Reasons for the Capital Reorganisation**

The proposed Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange. As such, the transaction and handling costs of the Company in relation to the dealing in the Consolidated Shares are expected to be reduced, which will be beneficial to the Company and the Shareholders as a whole. The Share Consolidation also serves to facilitate fund raising activities of the Company and to comply with the trading requirements of GEM Listing Rules. Moreover, as the market value of each board lot upon the Share Consolidation and the Change in Board Lot Size becoming effective will be higher than the market value of each existing board lot, the transaction cost as a proportion of the market value of each board lot will be lowered. It is expected that the liquidity in trading of the Shares will increase accordingly and the market value of the Shares will more precisely reflect the intrinsic value of the Company. Accordingly, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to the Company and Shareholders as a whole.

Other than the expenses to be incurred by the Company in relation to the Share Consolidation and the Change in Board Lot Size, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders as a whole, save for any fractional Consolidated Share which may arise.

As at 31 March 2015, the Company had accumulated losses of the Company of approximately HK\$2,084,700,283. It is expected that the Contributed Surplus Account will be eliminated after the Capital Reduction and Share Premium Reduction. It will therefore facilitate any dividend payment by the Company as and when appropriate in the future. Therefore, the Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

The Board further believes that the Capital Reorganisation will enable the Company to utilize the credit arising from the Capital Reorganisation to set off the accumulated losses of the Company and will thus enable the Company to declare dividends to the Shareholders at an earlier opportunity in the future.

At this stage, there can be no assurance that a dividend will be declared or paid in future even if the Capital Reorganisation becomes effective.

## **Expected Effective Date of the Capital Reorganisation**

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the next business day immediately following the date of passing the resolutions approving the Capital Reorganisation.

## **Free exchange of Adjusted Shares' certificates and trading arrangement**

Subject to the Capital Reorganisation becoming effective, which is expected to be on 24 August 2015, Shareholders may, during a period to be specified in the Circular, submit share certificates in green for the Existing Shares to the Registrar to exchange, at the expense of the Company, for new certificates in yellow of the Adjusted Shares. Thereafter, each share certificate in green for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate issued for the Adjusted Shares or each share certificate in green for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates in yellow for the Adjusted Shares at any time but are not accepted for trading, settlement and registration upon completion of the Capital Reorganisation.

## **Odd lots arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares, the Company will appoint an agent to provide matching services for sale and purchase of odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the Shareholders, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares. Details of the odd lots matching arrangement will be set out in the Circular. Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers.

As at the date of this announcement, the Company does not have any outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

## **REVISED EXPECTED TIMETABLE**

Set out below is the revised expected timetable for the implementation of the Capital Reorganisation. The below revised expected timetable is subject to the satisfaction of all the conditions for the Capital Reorganisation including without limitation, the approval of the Share Consolidation by Shareholders at the SGM, and is therefore for indicative purpose only. Further announcement(s) will be made by the Company regarding any significant change to the following revised expected timetable as and when appropriate:–

<i>Event</i>	<i>(Hong Kong time)</i>
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Despatch of Company's circular with notice and proxy form of SGM	Thursday, 30 July 2015
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<i>Event</i>	<i>(Hong Kong time)</i>
Latest time for lodging forms of proxy for the purpose of the SGM (not less than 48 hours prior to the time of the SGM)	11:00 a.m. on Wednesday, 19 August 2015
SGM	11:00 a.m. on Friday, 21 August 2015
Announcement of poll results of SGM	Friday, 21 August 2015
Effective date of the Capital Reorganisation	Monday, 24 August 2015
Dealings in the Adjusted Shares commence	9:00 a.m. on Monday, 24 August 2015
Original counter for trading in Existing Shares in board lot size of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Monday, 24 August 2015
Temporary counter for trading in Adjusted Shares in board lots of 200 Adjusted Share (in the form of existing share certificates) opens	9:00 a.m. on Monday, 24 August 2015
First day for free exchange of existing share certificates for new share certificates for Adjusted Shares	Monday, 24 August 2015
Original counter for trading in Adjusted Shares in board lots of 5,000 Adjusted Shares (in the form of new share certificates in orange) reopens	9:00 a.m. on Tuesday, 8 September 2015
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares	9:00 a.m. on Tuesday, 8 September 2015

<i>Event</i>	<i>(Hong Kong time)</i>
Parallel trading in Adjusted Shares (in the form of new and existing share certificates) begins	9:00 a.m. on Tuesday, 8 September 2015
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Adjusted Shares	4:00 p.m. on Tuesday, 29 September 2015
Temporary counter for trading in the board lot size of 200 Adjusted Shares (in the form of existing share certificates) closes	4:00 p.m. on Tuesday, 29 September 2015
Parallel trading in Adjusted Shares (in form of new share certificates) ends	4:00 p.m. on Tuesday, 29 September 2015
Latest time for free exchange of existing share certificates for new share certificates of the Adjusted Shares	4:30 p.m. on Friday, 2 October 2015

## **DELAY IN DESPATCH OF CIRCULAR IN RELATION TO PROPOSED SHARE CONSOLIDATION**

As stated in the announcement of the Company dated 22 June 2015, the circular in relation to the Share Consolidation and Change in Board Lot Size should be despatched by the Company to the Shareholders on or before 15 July 2015.

However, the Company intends to issue a circular containing further details of the Capital Reorganisation, including the Share Consolidation as well, and a notice convening the SGM for the purpose of considering and, if thought fit, passing the necessary resolutions to approve the Capital Reorganisation will be despatched to the Shareholders on or before 30 July 2015. Accordingly, the despatch of the circular in respect of the Share Consolidation and Change in Board Lot Size will be delayed to on or before 30 July 2015.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Adjusted Shares”	:	share(s) of HK\$0.0001 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Board”	:	board of the Directors
“Bye-laws”	:	the bye-laws of the Company, as amended, from time to time
“Capital Reduction”	:	the reduction of the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.0999 on each of the issued Consolidated Share such that the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.0001 and to round down the total number of issued Consolidated Shares to a whole number by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the Share Consolidation
“Capital Reorganisation”	:	the reorganisation of the share capital of the Company involving (i) the Share Consolidation, (ii) Change in Board Lot Size, (iii) Capital Reduction, (iv) Share Sub-division, (v) Share Premium Reduction and (vi) Credit to Contributed Surplus Account
“Change in Board Lot Size”	:	the proposed change in board lot size for trading from 2,000 Existing Shares to 5,000 Consolidated Shares
“Companies Act”	:	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	:	Code Agriculture (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“Consolidated Share(s)”	:	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Contributed Surplus Account”	:	Contributed surplus account of the Company

“Directors”	: directors of the Company
“Effective Date”	: the date on which the Capital Reorganisation shall become effective, being the next business day immediately following the date of the SGM at which (i) the relevant ordinary resolution approving the Share Consolidation and (ii) the relevant special resolution approving the Share Premium Reduction will be considered by the Shareholders
“Existing Share(s)”	: ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“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”	: Hong Kong Special Administrative Region of the People’s Republic of China
“Registrar”	: the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“SGM”	: the special general meeting of the Company to be convened to consider and, if thought fit, approve, among others, the Capital Reorganisation
“Share(s)”	: Existing Share(s) or Consolidated Share(s), as the case maybe
“Share Consolidation”	: the proposed consolidation of every ten (10) Existing Shares of HK\$0.01 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of HK\$0.10 each in the issued and unissued share capital of the Company as announced by the Company’s announcement dated 20 May 2015

“Share Premium Account”	:	share premium account of the Company
“Share Premium Reduction”	:	the reduction of the amount standing to the credit of the Share Premium Account by an amount of HK\$1,495,000,000 and the transfer of HK\$1,495,000,000 to the Contributed Surplus Account as at the date of passing of the relevant resolution at the SGM
“Share Sub-division”	:	the proposed sub-division of each of the authorised but unissued Consolidated Shares of HK\$0.10 each into one thousand (1,000) Adjusted Shares of HK\$0.0001 each
“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

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

Hong Kong, 17 July 2015

*As of the date of this announcement, the executive Directors 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 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 “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>.*