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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 SHARE CONSOLIDATION**

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The Board proposes to implement the Share Consolidation on the basis that every four (4) issued and unissued Shares of HK\$0.0001 each will be consolidated into one (1) Consolidated Share of HK\$0.0004 each.

The Shares are currently traded on GEM in board lots of 5,000 Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lots of 5,000 Consolidated Shares.

The Circular containing, among other things, further details of the Share Consolidation and the notice of SGM will be despatched to the Shareholders as soon as possible.

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## **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000,000 Shares of HK\$0.0001 each, of which 432,493,894 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot, issue or repurchase any Shares prior thereto, the authorised share capital of the Company shall become HK\$100,000,000 divided into 250,000,000,000 Consolidated Shares of HK\$0.0004 each, of which 108,123,473 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the Company's memorandum and bye-laws.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

As at the date of this announcement, the Company does not have any outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares.

## **Conditions Precedent to the Share Consolidation**

The Share Consolidation is conditional on:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM;
- (ii) the Listing Division of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the Bermuda law (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

## **Listing Application**

An application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares in issue and to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **Reasons for the Share Consolidation**

The proposed Share Consolidation will increase the nominal value of the Shares and decrease 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, which will reduce the overall transaction and handling costs of dealings in the Shares. It is also 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.

As disclosed in the announcement of the Company dated 28 August 2015 (the “**CB Placing Announcement**”), the Company had entered into a placing agreement with a placing agent in respect of placing of convertible bonds of up to an aggregate principal amount of HK\$250,000,000 (the “**CB Placing**”). The net proceeds from the CB Placing was approximately HK\$236.9 million. The Group has been showing weak financial performance as illustrated by continuing loss-making track records and capital deficiency for the last three consecutive financial years. According to the annual report of the Group for the year ended 31 March 2015, it registered net liability position of approximately HK\$0.28 per Share. Furthermore, as disclosed in the CB Placing Announcement, the Group had a small and medium-sized enterprises private placement bonds (the “**SME Private Bonds**”) with principal amount of approximately RMB33 million which was already overdue. Furthermore, as disclosed in the announcement of the Company dated 4 September 2015, on 2 September 2015, in respect of the dispute arising from the overdue SME Private Bonds (the “**Dispute**”), the Group received civil court judgement (the “**Judgement**”) regarding the Dispute where the applicants of the Dispute applied for arbitration in May 2015 and demanded the freeze of a sum of RMB41 million in the bank account of Jiangsu Kedi Modern Agriculture Company Limited (“**Jiangsu Kedi**”), a wholly owned subsidiary of the Company, or other assets of equivalent amount of Jiangsu Kedi for the Dispute.

As at the date of this announcement, the Group has bank borrowings (excluding a revolving bank loan which is intended to be maintained by the Group) with aggregate principal amount of approximately RMB129.0 million (the “**Bank Borrowings**”), out of which approximately RMB22.0 million are overdue and approximately RMB107.0 million are repayable within one year. The aggregate outstanding amount of the overdue SME Private Bonds and the Bank Borrowings which are either overdue or are repayable within one year was approximately RMB162 million. It is intended that the net proceeds from CB Placing will be substantially used for settlement of borrowings of the Group and the remaining balance as general working capital for the Group. Based on the foregoing, the Group has an imminent need of funding to cope with its already overdue SME Private Bonds as its immediate focus and to settle other bank borrowings in order to reduce its huge interest burden and avoid the possibility of interest penalty and default risk. The Company is making its best endeavor to trim down its debt level to a manageable level. The Directors consider that with a higher trading price of the Consolidated Shares with theoretical trading price at a level close to HK\$1 will show a more positive image of the Group and thus facilitate the CB Placing as means to cope with the financial distress encountered by the Group.

With a higher trading price of the Consolidated Shares and the reduction of the transaction and handling costs as a proportion of the market value of each board lot, the Company believes that the Share Consolidation will make investing in Shares more attractive to a broader range of institutional and professional investors and other members of the investing public. As such, the Board believes that the Share Consolidation may attract more investors and extend the shareholders’ base of the Company. Furthermore, the Share Consolidation would enable the Company to comply with the trading requirements under the GEM Listing Rules. Accordingly, the Directors consider that the Share Consolidation is beneficial to and in the interests of the Company and the shareholders as a whole.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

### **Board lot size**

Currently, the Shares are traded on the Stock Exchange in the board lot size of 5,000 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 5,000 Consolidated Shares.

Based on the closing price of HK\$0.285 per Share (equivalent to the theoretical closing price of HK\$1.14 per Consolidated Share) as at the date of this announcement, the value of each board lot of the Shares is HK\$1,425 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$5,700.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the Circular.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Monday, 12 October 2015 until Wednesday, 18 November 2015 (both days inclusive), submit share certificates for the Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (on the basis of four (4) Shares for one (1) Consolidated Share). Thereafter, certificates of Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher. After 4:00 p.m. on Monday, 16 November 2015, existing share certificates for the Shares will only remain effective as documents of title and may be exchanged for certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the new share certificates for the Consolidated Shares will be announced by the Company in due course.

## **Expected timetable**

Set out below is the expected timetable for the implementation of the Share Consolidation:

| <b>Event</b>   | <b>Hong Kong Time</b>     |
|--|---------------------------|
| Expected date of despatch of the Circular<br>with notice and form of proxy of the SGM .....  | Monday, 21 September 2015 |
| Latest date and time for lodging forms of proxy<br>for the SGM .....11:00 a.m. Wednesday, 7 October 2015   |                           |
| Date and time of the SGM .....11:00 a.m. Friday, 9 October 2015  |                           |
| Announcement of voting result of the SGM .....Friday, 9 October 2015   |                           |
| Effective date of the Share Consolidation .....Monday, 12 October 2015   |                           |
| Dealing in the Consolidated Shares commences .....9:00 a.m. Monday, 12 October 2015  |                           |
| First day for free exchange of existing share certificates<br>for new share certificates for the Consolidated Shares .....Monday, 12 October 2015  |                           |
| Original counter for trading in the Shares<br>in board lots of 5,000 Shares (in the form of<br>existing share certificates) temporarily close.....9:00 a.m. Monday, 12 October 2015                |                           |
| Temporary counter for trading in the Consolidated Shares<br>in board lots of 1,250 Consolidated Shares<br>(in the form of existing share certificates) opens.....9:00 a.m. Monday, 12 October 2015 |                           |
| Original counter for trading in the Consolidated Shares<br>in board lots of 5,000 Consolidated Shares<br>(in the form of new share certificates) re-opens.....9:00 a.m. Tuesday, 27 October 2015   |                           |
| Parallel trading in the Consolidated Shares<br>(in the form of new share certificates and<br>existing share certificates) commences .....9:00 a.m. Tuesday, 27 October 2015                        |                           |

Designated broker starts to stand in the market  
to provide matching services for odd lots of  
the Consolidated Shares ..... 9:00 a.m. Tuesday, 27 October 2015

Temporary counter for trading in the Consolidated Shares  
in board lots of 1,250 Consolidated Shares  
(in the form of existing share certificates) closes ..... 4:00 p.m. Monday, 16 November 2015

Parallel trading in the Consolidated Shares  
(in the form of new share certificates and  
existing share certificates) ends ..... 4:00 p.m. Monday, 16 November 2015

Designated broker ceases to stand  
in the market to provide matching services for sale and  
purchase of odd lots of the Consolidated Shares ..... 4:00 p.m. Monday, 16 November 2015

Latest time for free exchange of existing share certificates  
for new share certificates for the Consolidated Shares. .... 4:00 p.m. Wednesday, 18 November 2015

*Note:*

All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this announcement for events in the timetable for the Share Consolidation is subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by Shareholders at the SGM, and is therefore for indicative purpose only.

In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

## **GENERAL**

The Share Consolidation is conditional upon, *inter alia*, the convening of the SGM for Shareholders to consider and, if thought fit, passing the resolutions to approve, *inter alia*, the Share Consolidation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution in relation to the Share Consolidation to be proposed at the SGM.

The Circular containing, among other things, further details of the Share Consolidation with the notice of SGM will be despatched to the Shareholders as soon as possible.

## **DEFINITIONS**

The following terms are used in this announcement with the meanings set opposite them:

|                         |   |
|-------------------------|---|
| “Business Day(s)”       | a day on which banks are open for business in Hong Kong (excluding Saturdays and Sundays)   |
| “CCASS”                 | the Central Clearing and Settlement System established and operated by HKSCC  |
| “Circular”              | the circular of the Company to be despatched to the Shareholders to provide, among other things, further details regarding the Share Consolidation      |
| “Company”               | Code Agriculture (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM (stock code: 8153) |
| “Consolidated Share(s)” | Share(s) of HK\$0.0004 each in the issued share capital of the Company immediately following the Share Consolidation                                    |
| “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  |
| “HK\$”                  | the lawful currency of Hong Kong  |
| “HKSCC”                 | Hong Kong Securities Clearing Company Limited   |
| “Hong Kong”             | Hong Kong Special Administrative Region of the People’s Republic of China   |
| “RMB”                   | Chinese Yuan Renminbi, the lawful currency of the People’s Republic of China  |
| “SGM”                   | the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation         |

|                       |  |
|-----------------------|--|
| “Share(s)”            | ordinary shares of HK\$0.0001 each in the share capital of the Company   |
| “Share Consolidation” | the consolidation of every four (4) issued and unissued Shares of par value of HK\$0.0001 each into one (1) Consolidated Share of par value of HK\$0.0004 each |
| “Shareholder(s)”      | the holder(s) of the issued Share(s) and/or the Consolidation Share(s), as the case may be   |
| “Stock Exchange”      | The Stock Exchange of Hong Kong Limited  |
| “%”                   | per cent.  |

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

Hong Kong, 11 September 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>.*