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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)**

### **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED INVESTMENT**

This announcement is made by Code Agriculture (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 7 November 2016, Glory Ray Global Limited, a wholly-owned subsidiary of the Company (the “**Purchaser**”) entered into a non-legally binding memorandum of understanding (the “**MOU**”) with You Baoping (the “**Vendor**”) in relation to a proposed investment of a jade mining business in Australia (the “**Proposed Investment**”).

#### **THE MOU**

**Date:** 7 November 2016

**Parties:** the Purchaser and the Vendor

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor is independent of and not connected with the Company and its connected persons as defined in the GEM Listing Rules.

## **Subject matter**

The parties to the MOU have expressed their intention to explore the investment opportunity in the Proposed Investment. As at the date of this announcement, the Vendor legally and beneficially holds the entire issued share capital of Peak Green Mining PTY Limited (the “**Target Company**”), a company incorporated in Western Australia, which is directly and beneficially interested in the Proposed Investment.

The Purchaser will perform due diligence review in relation to the Proposed Investment covering financial, legal and taxation aspects of the holding company of the Target Business and its subsidiaries and affiliates (if any). The Vendor undertakes to furnish the Purchaser with all necessary information concerning the Proposed Investment in its possession as the Purchaser may reasonably require and provide all reasonable assistance and access as the Purchaser and its professional consultants may require.

## **Refundable Deposit**

The Purchaser will pay a refundable earnest money of HK\$10,000,000 (the “**Earnest Money**”) to the Vendor upon entering into the MOU. The Earnest Money will (i) be used to settle part of the consideration to be paid by the Purchaser to the Vendor if a formal agreement is entered into in relation to the transaction contemplated under the MOU; or (ii) be refunded by the Vendor to the Purchaser by the expiration of the term of six months or termination of the MOU.

## **Formal Agreement**

A formal agreement and any other documents (if any) in relation to the Proposed Investment is expected to be entered into by the relevant parties to finalize the specific terms for the cooperation upon acceptance of the due diligence review on the Target Company and the Proposed Investment by the Purchaser.

## **Term**

The MOU will remain in effect for 6 months after the signing date (or such longer period as the parties to the MOU may mutually agree to in writing) unless the Purchaser gives a written notice to the Vendor of its intention to abandon further negotiations, or until superseded by the execution of the formal agreement in relation to the transaction contemplated thereunder, whichever is the earlier. In the event that any of the due diligence review is unable to be completed on time, the parties to the MOU shall mutually agree to extend the term for a further period of up to 30 days.

Upon expiry of the MOU, the parties to the MOU shall have no further rights or obligations thereunder, except with respect to any antecedent breaches of the binding provisions.

### **Exclusivity**

The parties to the MOU agree that the MOU is exclusive to the Purchaser. The Vendor agrees not to execute any binding offer or enter into any agreement relating to the sale or transfer any equity interest in the Target Company and to procure the Target Company not to execute any binding offer or enter into any agreement relating to the sale or transfer any rights of the Proposed Investment with a third party other than the Purchaser or its nominee during the term of the MOU.

### **Binding effect**

The parties to the MOU understand and agree that, save and except for certain clauses specified which shall be binding and enforceable upon signing of the MOU, the MOU is not legally binding nor enforceable, does not constitute an offer, a counter-offer, an acceptance and/or a commitment to enter into any transactions, and that any binding commitment shall be subject to the execution and delivery of the formal agreement.

### **Background information of the Proposed Investment**

Based on the information provided by the Vendor, the Target Company is a mineral exploration company which concentrates on investing in exploration projects in Australia and focuses on superior quality mineral's exploration, sales, new works development and designing. The Target Company is interested in a jade mine in Australia, and its mining product can be widely used for both decoration.

The Board is of the view that the Proposed Investment may bring growth force to the Group as the jade demand is growing worldwide. The Proposed Investment is a promising opportunity for the Group to expand its business and revenue sources, which in turn will benefit the Company and its shareholders as a whole.

**The Board wishes to emphasize that the Proposed Investment is subject to, among other things, the signing of the formal agreement and the terms and conditions of which are yet to be agreed. As the Proposed Investment may or may not proceed, investors and shareholders are advised to exercise caution when dealing in the shares. Further announcement in respect of the Proposed Investment will be made by the Company should any legal binding agreement be entered into as and when appropriate in accordance with the GEM Listing Rules.**

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

Hong Kong, 7 November 2016

*As of the date of this announcement, the executive Directors are Ms. Jingquan Yingzi (Chairman), Mr. Chin Wai Keung Richard, Mr. Wang Anyuan, Mr. Wang Rongqian, Mr. Hu Chao and Ms. Lin Yan Jenny; 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 jointly and individually accept full responsibility, including the 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 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>.*