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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 29 August 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 150,000,000 Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the market prices of the Shares, the recent trading volume of the Shares and the prospects of the Group. The total subscription price of approximately HK\$15,000,000 is calculated based on the Subscription Price of HK\$0.10 per Subscription Share, which represents: (i) a discount of approximately 4.76% to the closing price of HK\$0.105 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 0.99% the average closing price of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Date.

The 150,000,000 Subscription Shares represent (i) approximately 7.42% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the Company's Annual General Meeting held on 29 September 2017 whereby the Directors have been duly authorised to allot and issue a maximum of 228,674,113 new Shares, representing 20% of the issued nominal capital of the Company as at 30 August 2017. As such, the allotment and issue of the Subscription Shares are not subject to additional Shareholders' approval.

The Subscription is conditional upon, inter alia, the approval by the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and, if required, the Bermuda Monetary Authority having granted permission for the issue of the Subscription Shares.

As Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement and the Subscription may or may not proceed to Completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 29 August 2018 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 150,000,000 Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date: 29 August 2018

Parties: (i) the Company; and
(ii) the Subscriber.

The Subscriber is a company incorporated in Mahé, Seychelles. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its beneficial owners are Independent Third Parties prior to the entering into of the Subscription Agreement and the Subscriber and its associates do not hold any Shares as at the date of this announcement.

Reference is also made to the announcements of the Company dated 11 January 2018 and 8 June 2018, in relation to the termination of the deed of settlement and the withdrawal of the winding up petition against the Company respectively. As at the date of this announcement, the outstanding sum by the Company to the Subscriber amounts to approximately HK\$15,000,000.

Subscription Shares

Subject to the fulfilment of the conditions and the terms set out in the Subscription Agreement, the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 150,000,000 Subscription Shares at the Subscription Price. The 150,000,000 Subscription Shares represent (i) approximately 7.42% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid up, shall rank *pari passu* among themselves and with all of the Shares in issue as at the Completion Date.

Subscription Price

The total subscription price of approximately HK\$15,000,000 is calculated based on the Subscription Price of HK\$0.10 per Subscription Share, which represents: (i) a discount of approximately 4.76% the closing price of HK\$0.105 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 0.99% the average closing price of approximately HK\$0.101 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the Last Trading Date.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the market price of the Shares, the recent trading volume of the Shares and the prospects of the Group. The Board (including the independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

The aggregate Subscription Price for all 150,000,000 Subscription Shares shall be settled by the Subscriber upon completion by way of set off the total sum owed by the Company to the Subscriber under the Loan Agreement.

Subject to Completion, the Subscriber agrees to waive the interest accrued on the principal amount of the loan under the Loan Agreement for the period from the date of the Subscription Agreement to the date of Completion.

Conditions of the Subscription

Completion is conditional upon the fulfillment of the following conditions:

- (a) approval by the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares;
- (b) all necessary corporate approvals and consents and third party consents, including the approval of the Bermuda Monetary Authority to the issue of the Subscription Shares (if necessary) for the transactions contemplated under the Subscription Agreement being obtained on or before completion of the Subscription;
- (c) the Subscriber being satisfied that the warranties set out in the Subscription Agreement are true and accurate in all respects as at the date of the Subscription Agreement and at the Subscription Completion Date; and
- (d) there shall not have occurred any material breach or any event render untrue or inaccurate, any of the warranties under the Subscription Agreement;
- (e) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Subscription Agreement up to the Completion Date, save for any temporary suspension not exceeding seven consecutive trading days (other than any temporary suspension relating to the clearance of any announcement in respect of the Subscription Agreement), or such longer period as the Subscriber may accept; and
- (f) no indication being received on or before the Completion Date from the Stock Exchange and/or the Securities and Futures Commission to the effect that the listing of the Shares or Subscription Shares (as the case may be) on the Stock Exchange will or may be withdrawn or objected to (or conditions will or may be attached thereto) as a result of the Completion or in connection with the terms of the Subscription Agreement.

If any of the above conditions is not fulfilled on or before the Completion Date or such later date as may be agreed between the parties, the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations thereunder, save for, among others, the liabilities for any antecedent breaches thereof.

Restriction on the Disposal of Shares

Pursuant to the Subscription Agreement, the Subscriber undertakes to and covenants with the Company that the Subscriber shall not, in the period commencing on the Completion Date and ending on the date which is 12 months from the Completion Date, dispose of, nor enter into any agreement to dispose of or otherwise create any encumbrances in respect of any of the Shares which the Subscriber is the beneficial owner, provided that the such restrictions shall not apply to any Shares which the Subscriber or any of its associates may acquire or become interested in following the Completion Date.

Completion

Subject to the fulfillment of the conditions precedent, the Completion shall take place on the Completion Date or such other date as the parties may agree in the office of the Company or at such other place in such other manners as the parties may agree and each party shall perform its respective obligations as set out in the Subscription Agreement.

General Mandate

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed at the Company's Annual General Meeting held on 29 September 2017 whereby the Directors have been duly authorised to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company as at 30 August 2017. As at the date of this announcement, the Company has not exercised the power to allot and issue any new Shares under the General Mandate prior to the allotment and issue of the Subscription Shares. As such, the allotment and issue of the Subscription Shares are not subject to additional Shareholders' approval.

Application for listing

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider the Subscription offers a good opportunity to settle the outstanding sum due from the Company to the Subscriber absolutely and unconditionally. Furthermore, the subscription will broaden the shareholder base of the Company.

The Board (including the independent non-executive Directors) considers that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and its Shareholders as a whole.

EFFECT ON THE SHAREHOLDING STRUCTURE

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon issue of the Subscription Shares immediately after the Completion (assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion) is set out as follows:

Shareholder	As at the date of this announcement		Upon allotment and issue of the Subscription Shares	
	Number of Shares	Approximate % ¹	Number of Shares	Approximate % ¹
Yiu Kwok Ming Tommy	80,458,628	3.98%	80,458,628	3.71%
Lau Kevin	24,950,958	1.23%	24,950,958	1.15%
Kitchell Osman Bin	21,600,000	1.07%	21,600,000	1.00%
Wong Ying Seung Asiong	21,600,000	1.07%	21,600,000	1.00%
Chan Chak Kai Kenneth	19,200,000	0.95%	19,200,000	0.88%
Kwong Kai Sing Benny	19,200,000	0.95%	19,200,000	0.88%
Latop International Investment Limited ²	36,000,000	1.78%	36,000,000	1.66%
Wing Wise International Limited ³	24,000,000	1.19%	24,000,000	1.11%
Ip Cheuk Ho	42,001,232	2.08%	42,001,232	1.93%
To Yuet Sing	14,811,233	0.73%	14,811,233	0.68%
Tsang Kai Ming	52,151,233	2.58%	52,151,233	2.40%
Shimazaki Koji	143,475,068	7.10%	143,475,068	6.61%
Alexia Joulian	143,341,900	7.09%	143,341,900	6.60%
Other public shareholders	1,377,884,423	68.19%	1,377,884,423	63.48%
Subscriber	—	—	150,000,000	6.91%
Total	<u>2,020,674,675</u>	<u>100.00%</u>	<u>2,170,674,675</u>	<u>100.00%</u>

Notes:

1. The percentage figures in this table are subject to rounding adjustment.
2. Latop International Investment Limited is directly wholly owned by Faith Elite International Holdings Limited which is directly wholly owned by Mr. Song Chun Xiao. Mr. Song Chun Xiao is deemed to be interested in Shares held by Latop International Investment Limited.
3. Mr. Zhou Yi is deemed to be interested in 24,000,000 Shares through his interests in Wing Wise International Limited.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities (including securities convertible into equity securities of the Company) in the past twelve months prior to the date of this announcement.

As Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement and the Subscription may or may not proceed to Completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong and on which the Stock Exchange is open for the business of dealing in securities;
“Company”	Code Agriculture (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the GEM of the Stock Exchange (Stock Code: 8153)
“Completion”	the completion of the Subscription
“Completion Date”	on the basis that the conditions precedent is fulfilled, within three business days after the date upon the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM made by the Stock Exchange from time to time

“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 29 September 2017 to allot, issue and deal with up to 228,674,113 new Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and its connected persons
“Last Trading Date”	28 August 2018, being the day on which the Shares were traded on the Stock Exchange prior to the issue of this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) of with a par value of HK\$0.0004 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Artic Blue Corporation, a company incorporated in Mahé, Seychelles
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 August 2018 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.10 per Subscription Share

“Subscription Shares” 150,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement

“%” per cent

By order of the Board
WU Meirong
Chairlady

Hong Kong, 29 August 2018

As at the date of this announcement, the executive Directors are Ms. Wu Meirong, Ms. Jingquan Yingzi, Mr. Chin Wai Keung Richard, Mr. Wang Rongqian, Mr. Hu Chao and Ms. Lin Yan Jenny; and the independent non-executive Directors are Mr. Hau Chi Kit, 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’s website at www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at <http://www.code-hk.com> for at least 7 days from the day of its posting.