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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF A SUBSIDIARY**

#### **THE DISPOSAL**

On 31 October 2018, after trading hours, the Purchaser and the Vendor, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire equity interest of the Disposal Company at a Consideration of HK\$300,000.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As certain applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

#### **INTRODUCTION**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Code Agriculture (Holdings) Limited (the “**Company**”) hereby announces that on 31 October 2018, after trading hours, Sparkle View Enterprises Limited (the “**Vendor**”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the purchaser (the “**Purchaser**”) pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire equity interest of Super Car Service Company Limited (the “**Disposal Company**”) at a consideration of HK\$300,000 (the “**Disposal**”).

# THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

## Date

31 October 2018

## Parties

- (i) Purchaser: Mr. Lee Kwok Lun William
- (ii) Vendor: Sparkle View Enterprises Limited, a company incorporated in the British Virgin Islands (“BVI”) with limited liability and is a wholly-owned subsidiary of the Company

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the Purchaser is third party independent of and not connected with the Company and its connected person.

## Equity interest to be disposed of

100% of the equity interest of the Disposal Company to be sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement.

## Consideration

The consideration is HK\$300,000 (the “**Consideration**”) payable by the Purchaser to the Vendor at the completion of the Disposal in accordance with the Sale and Purchase Agreement.

The Consideration was arrived at based on normal commercial terms after arm’s length negotiations between the Purchaser and the Vendor, with reference to the net asset value and fair value of the Disposal Company.

## Completion

Completion shall take place immediately after signing of the Sale and Purchase Agreement.

Upon Completion, the Vendor will no longer hold any equity interest in the Disposal Company and the Disposal Company will cease to be a subsidiary of the Company.

## INFORMATION OF THE DISPOSAL COMPANY

The Disposal Company is a company incorporated in Hong Kong with limited liability. The principal business activities of the Disposal Company are provision of car beauty services in Hong Kong. There is only one shop in operation in Tsuen Wan.

The financial information of the Disposal Company for the years ended 31 March 2017 and 31 March 2018 are as follows:

	<b>For the year ended 31 March 2018 <i>HK\$'000</i> (audited)</b>	<b>For the year ended 31 March 2017 <i>HK\$'000</i> (audited)</b>
Loss before income tax	3,478	5,306
Loss after income tax	4,494	4,430

As at 30 September 2018, the unaudited total asset value and net asset value of the Disposal Company were approximately HK\$856,000 and HK\$277,000 respectively. Loss before income tax and loss after income tax of the Disposal Company for the six months ended 30 September 2018 were approximately HK\$252,000 and HK\$240,000 respectively.

## FINANCIAL EFFECT OF THE DISPOSAL

Based on the unaudited financial statements of the Disposal Company as at 30 September 2018, the Group is expected to record a gain of approximately HK\$23,000 (before taxation and subject to audit) from the Disposal, which is calculated with reference to the Consideration and the net asset value of the Disposal Company as at 30 September 2018.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the results and assets and liabilities of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Group.

Proceeds of the Disposal are intended for general working capital purposes of the Group.

## REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in (i) provision of digital television broadcasting and advertising in Hong Kong and the People's Republic of China (the "PRC"); (ii) provision of car beauty services in Hong Kong; (iii) money lending business in Hong Kong; and (iv) securities investments in Hong Kong.

The business of the Disposal Company is loss-making as a result of unfavourable market conditions and price competition in the relevant industry, and it is difficult to turn loss to profit in the foreseeable future. The Disposal represents a continuation of the Group's strategy to strip loss-making business, streamline its businesses and increase its overall performance and prospects. As disclosed in the announcements of the Company dated 19 June 2018 and 6 September 2018, the Group has commenced the environmental protection (“EP”) and related business which include production and sale of EP construction materials and EP construction engineering projects (collectively, the “**New Business Activities**”). The New Business Activities enable the Group to expand its business portfolio, provide a good opportunity for the Group to diversify its revenue stream and possibly enhance its financial position. The Directors consider that the Disposal is fair and reasonable, on normal commercial terms and in the interests of the Company and the shareholders of the Company as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As certain applicable percentage ratios (as defined under the Rules Governing the Listing of Securities on GEM (“**GEM Listing Rules**”)) in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

By order of the Board  
**Code Agriculture (Holdings) Limited**  
**Wu Meirong**  
*Chairlady*

Hong Kong, 31 October 2018

*As of the date of this announcement, the executive Directors are Ms. Wu Meirong, Ms. Jingquan Yingzi, Mr. Wang Rongqian, Mr. Hu Chao, Ms. Lin Yan Jenny and Mr. Mao Songtao; and the independent non-executive Directors are Mr. Hau Chi Kit, Mr. Lee Chi Hwa Joshua, and Mr. Wong Ching Keung.*

*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 at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the Company's website at <http://www.code-hk.com>.*