

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is made for information purpose only and does not constitute an invitation or offer to acquire, purchase, or subscribe for any securities of the Company.*



## **CODE AGRICULTURE (HOLDINGS) LIMITED**

**科地農業控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 8153)**

### **ISSUE OF SUBSCRIPTION SHARES TO THE SUBSCRIBER UNDER GENERAL MANDATE**

On 26 June 2019 (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, 500,000,000 Subscription Shares at the price of HK\$0.019 per Subscription Share on the terms and subject to the conditions set out in the Subscription Agreement.

The Subscription Price was negotiated on arm's length basis between the Company and the Subscriber with reference to the prevailing market price of the Shares and the current market conditions. The Subscription Price of HK\$0.019 per Subscription Share represents: (i) a discount of approximately 13.64% to the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 17.39% to the average closing price of approximately HK\$0.023 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the Last Trading Date.

The estimated net proceeds from the Subscription, after deduction of the legal fees, are expected to be approximately HK\$9.3 million, which are intended to be used for general working capital including operating expenses such as professional fees, employees' remuneration, interest expenses and partial repayment of outstanding loans.

The 500,000,000 Subscription Shares represent (i) approximately 13.79% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.12% 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 AGM whereby the Directors have been authorised to allot and issue a maximum of 502,895,044 new Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. 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.

**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 26 June 2019 (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, 500,000,000 Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

## THE SUBSCRIPTION AGREEMENT

Date: 26 June 2019

Parties: (i) the Company as the issuer; and  
(ii) The Subscriber as the subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party of the Company and she and her associates do not hold any Shares as at the date of this announcement. The Subscriber is an investor with extensive experience in financial market.

## **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, 500,000,000 Subscription Shares at the Subscription Price at the aggregate consideration of HK\$9,500,000. The 500,000,000 Subscription Shares represent (i) approximately 13.79% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.12% 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 Subscription Price of HK\$0.019 per Subscription Share represents: (i) a discount of approximately 13.64% to the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 17.39% to the average closing price of approximately HK\$0.023 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares immediately prior to the Last Trading Date.

The Subscription Price was negotiated on arm's length basis between the Company and the Subscriber with reference to the prevailing market price of the Shares and the current market conditions. 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 the Subscription Shares shall be settled by the Subscriber upon Completion by way of cash.

## **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; and
- (b) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Subscription Agreement and the transaction contemplated thereunder.

If any of the above conditions is not fulfilled on or before the Long Stop Date, 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.

## **Completion**

Subject to the fulfillment of the conditions precedent, the Completion shall take place on the Completion Date.

## **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 AGM whereby the Directors have been authorised to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the 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 Group principally engages in (i) provision of digital television broadcasting and advertising in Hong Kong and the PRC; (ii) money lending business in Hong Kong; and (iii) securities investments in Hong Kong.

The aggregate gross proceeds from the Subscription are expected to be HK\$9.5 million, and the aggregate net proceeds from the Subscription, after deducting the legal fees, are expected to be approximately HK\$9.3 million, which are intended to be as for general working capital including operating expenses such as professional fees, employees' remuneration, interest expenses and partial repayment of outstanding loans.

The net Subscription Price will be approximately HK\$0.0186 per Share.

The Directors believe that the Subscription represents an opportunity to provide immediate funding to strengthen the Company's financial position as well as to enlarge the shareholding base of the Company within a relatively shorter time frame and at a lower cost compared with other means of fund raising. Accordingly, the Board (including the independent non-executive Directors) is of the view that the Subscription is in the interests of the Company and the Shareholders as a whole, and the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable.

## 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:

Name of Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Directors:</b>				
WANG Dequn ( <i>Note</i> )	220,000,000	6.07	220,000,000	5.33
QIAN Gang ( <i>Note</i> )	100,000,000	2.76	100,000,000	2.42
Sub-total:	320,000,000	8.83	320,000,000	7.75
<b>Substantial Shareholder:</b>				
宋文霞	364,200,547	10.04	364,200,547	8.83
<b>The Subscriber</b>	0	0.00	500,000,000	12.12
<b>Public Shareholders</b>	2,941,972,205	81.13	2,941,972,205	71.30
<b>Total</b>	<b>3,626,172,752</b>	<b>100.00</b>	<b>4,126,172,752</b>	<b>100.00</b>

*Note:*

Mr. WANG Dequn is non-executive Director of the Company. Mr. QIAN Gang is the chairman and non-executive Director of the Company.

## EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
29 August 2018	Subscription of 150,000,000 new Shares under general mandate	HK\$15 million	Settlement of a loan due from the Company to Artic Blue Corporation	used as intended
19 September 2018	Subscription of 70,000,000 new Shares under general mandate	HK\$7 million	(i) approximately HK\$2 million to repay the loan owed by the Company, (ii) approximately HK\$2 million to increase the working capital of the Company, and (iii) approximately HK\$3 million to develop the environmental protection business of the Company	(i) Approximately HK\$1 million was used for repayment of the loan owed by the Company; (ii) approximately HK\$5.5 million was used for working capital and investment opportunities of the Company; and (iii) approximately HK\$0.5 million was maintained at bank

Save for the fund raising activities disclosed above, the Company has not conducted any fund raising activities in the past twelve months immediately preceding 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:

“AGM”	the annual general meeting of the Company convened on 21 September 2018
“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 (Stock Code: 8153), a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on the GEM of the Stock Exchange

“Completion”	the completion of the Subscription
“Completion Date”	on or before the second Business Days after fulfillment of the conditions precedent of the Subscription Agreement or such other date as the parties may agree in writing
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“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 AGM to allot, issue and deal with up to 502,895,044 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”	a person who is a third party independent of the Company and its connected persons
“Last Trading Date”	26 June 2019, being the date of the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Long Stop Date”	24 July 2019 (or such later date as may be agreed in writing between the Company and the Subscriber)
“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”	Ms. Yip Man Yi
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 June 2019 entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	HK\$0.019 per Subscription Share
“Subscription Shares”	500,000,000 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  
**Code Agriculture (Holdings) Limited**  
**Au Yeung Yiu Chung**  
*Company Secretary*

Hong Kong, 26 June 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Chow Chi Wah Vincent, Ms. Lin Yan Jenny, Mr. Wang Rongqian, Mr. Hu Chao; the non-executive directors of the Company are Mr. Qian Gang, Mr. Wang Dequn; and the independent non-executive directors of the Company 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 <http://www.hkgem.com> for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at <http://www.code-hk.com>.*