

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.



CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

Royston Securities Limited

On 29 August 2019 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, for up to 500,000,000 new Shares to any number of Placee(s) at a price of HK\$0.019 per Placing Share, for and on behalf of the Company.

The Placing is conditional upon the following conditions:

- (a) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in the Placing Shares;
- (b) (if necessary), the Bermuda Monetary Authority approving or agreeing to approve the allotment and issue the Placing Shares.

If the above conditions are not fulfilled on or prior to 19 September 2019 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).

The Placing Price of HK\$0.019 per Placing Share: (i) is equal to the closing price of HK\$ 0.019 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) represents a premium of approximately 11.76% to the average closing price per Share of HK\$0.017 as quoted on the Stock Exchange for last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

The maximum number of 500,000,000 Placing Shares represents approximately 13.35% of the entire issued share capital of the Company of 3,746,172,752 Shares as at the date of this announcement and approximately 11.78% of the Company's entire issued share capital as enlarged by the Placing. Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the net proceeds from the Placing will amount to approximately HK\$9.1 million (assuming the Placing Shares are fully placed and after deducting all relevant expenses), which will be used for repayment of outstanding loans and general working capital of the Group.

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 29 August 2019

Placing Agent: Royston Securities Limited. To the best of the Company's knowledge, information and belief after making reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placee(s): The Placing Shares will be placed to any number of Placee(s) (who will be independent individual, institutional or other professional investor). The Placee(s) and his/their ultimate beneficial owners will be Independent Third Party(ies) and will not become controlling Shareholder(s) (as defined in the GEM Listing Rules) immediately upon completion of the Placing. If the number of Placee(s) shall be less than six, the Company will issue further announcement in accordance with the requirements of the GEM Listing Rules.

Number of Placing Shares: Up to 500,000,000 new Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 13.35% of the entire issued share capital of the Company of 3,746,172,752 Shares as at the date of this announcement and approximately 11.78% of the Company's entire issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares is HK\$200,000.

Placing Price: HK\$0.019 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the recent trading price of the Shares on GEM. The Placing Price:

- (a) is equal to the closing price of HK\$0.019 per Share as quoted on the GEM on 29 August 2019, being the date of the Placing Agreement;
- (b) represents a premium of approximately 11.76% to the average closing price of approximately HK\$0.017 per Share as quoted on the GEM for the last 5 full trading days of the Shares immediately before 29 August 2019 being the date of the Placing Agreement.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$9.1 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.0182.

Placing Commission: The Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing.

- General Mandate:** The Placing Shares will be issued pursuant to the general mandate granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting held on 21 September 2018 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the annual general meeting, which is 502,895,044 Shares. As at the date of this announcement, no Share has been issued pursuant to the general mandate and the 500,000,000 Placing Shares to be allotted and issued represent approximately 99.42% of the said general mandate. Therefore the Placing is not subject to Shareholders' approval.
- Ranking of Placing Shares:** The Placing Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.
- Conditions to the Placing:** The Placing is conditional upon the following conditions:
- (c) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in the Placing Shares;
 - (d) (if necessary), the Bermuda Monetary Authority approving or agreeing to approve the allotment and issue the Placing Shares.
- If the above conditions are not fulfilled on or prior to 19 September 2019 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach).
- Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.
- Completion of the Placing:** Completion of the Placing will take place on the date falling two Business Days after the date upon which the conditions set out in the paragraph headed "Conditions to the Placing" are fulfilled or such later time and/or such other date as the Placing Agent and the Company may agree.

Termination:

The Placing Agent may terminate the Placing Agreement prior to completion of the Placing Agreement if in the opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 3 days (other than in connection with the Placing); or
- (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (f) a change or development involving a prospective change in taxation in Hong Kong or Bermuda which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any change or deterioration in the conditions of local, national or international securities markets occurs

EFFECT OF THE PLACING ON SHAREHOLDING

The shareholdings in the Company immediately before the completion of the Placing and immediately after completion of the Placing assuming all the Placing Shares are fully placed is and will be as follows:

As at the date of this announcement

Name of Shareholders	As at the date of this announcement		Immediately upon completion of the Placing assuming all the Placing Shares are fully placed	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Director(s):				
WANG Dequn (<i>Note</i>)	220,000,000	5.87	220,000,000	5.18
Substantial Shareholder:				
SONG Wenxia	364,200,547	9.72	364,200,547	8.58
Placee(s)	–	–	500,000,000	11.77
Public Shareholders	<u>3,161,972,205</u>	<u>84.41</u>	<u>3,161,972,205</u>	<u>74.47</u>
	<u><u>3,746,172,752</u></u>	<u><u>100.00</u></u>	<u><u>4,246,172,752</u></u>	<u><u>100.00</u></u>

Note:

Mr. Wang Dequn is a non-executive Director.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE 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 Placing are expected to be HK\$9.5 million, and the aggregate net proceeds from the Placing, after deducting the fees and expenses, are expected to be approximately HK\$9.1 million, of which approximately HK\$7.5 million is intended to be applied for repayment of outstanding loans and the balance will be used for general working capital including operating expenses such as professional fees, employees' remuneration and interest expenses.

The net Placing Price will be approximately HK\$0.0182 per Share.

The Directors believe that the Placing 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 Placing is in the interests of the Company and the Shareholders as a whole, and the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE 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.

GENERAL

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	board of Directors
“Business Day”	has the meaning ascribed thereto under the GEM Listing Rules
“Company”	Code Agriculture (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“connected person (s)”	has the meaning ascribed to it under the GEM Listing Rules
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is independent of and not connected with the Company and its connected persons

“Placee(s)”	any individual, institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Royston Securities Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 29 August 2019 in relation to the Placing
“Placing Price”	HK\$0.019 per Placing Share
“Placing Shares”	a maximum of 500,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.0004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Code Agriculture (Holdings) Limited
Tsang King Sun
Executive Director

Hong Kong, 29 August 2019

As of the date of this announcement, the executive directors are Mr. Chow Chi Wah Vincent, Mr. Tsang King Sun, 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. Lee Chi Hwa Joshua, Mr. Wong Ching Keung, Ms. Ng Yin Ling Elaine and Dr. Antonio Maria Santos.

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>.