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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Code Agriculture (Holdings) Limited (the “**Company**”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

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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)**

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
THE ENTIRE ISSUED SHARE CAPITAL IN  
BIG SUCCESS ENTERPRISES LIMITED**

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A notice convening the special general meeting of the Company (the “**SGM**”) to be held at 11:00 a.m. on Wednesday, 1 February 2017 at Rooms 2037-40, 20th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong is set out on pages 30 to 31 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or any adjourned meeting thereof should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page and the Company’s website at <http://www.code-hk.com> for at least 7 days from the date of its posting.

16 January 2017

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## CHARACTERISTICS OF THE GEM

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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:*

“Agreement”	the conditional sale and purchase agreement dated 6 October 2016 (as supplemented by a supplemental agreement dated 12 January 2017) entered into between the Vendor and the Purchaser in respect of the Disposal
“Big Success”	Big Success Enterprises Limited, a company incorporated in the British Virgin Islands and is wholly owned by the Vendor as at the Latest Practicable Date
“Board”	the board of Directors of the Company
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for the transaction of normal business
“Channels”	Channel 92, 93 and 94 in Hunan Province, being the channels operated by the Digital Television Operation
“Company” or “Vendor”	Code Agriculture (Holdings) Limited, a company duly incorporated in Bermuda with limited liability, whose shares are listed and traded on the GEM
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Consideration”	HK\$5,000,000, being the total consideration for the Sale Share
“Cooperation”	cooperation between Hunan Digital TV and Sky Dragon
“Digital Television Operation”	operation of digital television channels, being part of the principal business of the Remaining Group
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser as contemplated under the Agreement

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## DEFINITIONS

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“Disposal Group”	Big Success and its subsidiaries
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Zhou Xin
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hunan Digital TV”	Hunan Xiaoxiang Digital Television Broadcast Company Limited (湖南瀟湘數字電視有限公司)
“Hunan TV Network”	China Hunan Province Broadcast Television Network Limited (中國湖南省廣播電視網路有限公司)
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Latest Practicable Date”	12 January 2017, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contained herein
“Long Stop Date”	10 February 2017 (or any other date as the parties to the Agreement may agree in writing)
“PRC”	the People’s Republic of China
“Purchaser”	Harmonic Ally Investments Limited, a company incorporated in the British Virgin Islands and is wholly owned by the Guarantor

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## DEFINITIONS

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“Remaining Group”	the Group upon completion of the Disposal
“Sale Share(s)”	30,001 ordinary shares of US\$1 in the capital of Big Success Enterprises Limited, representing its entire equity interest
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Disposal
“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)
“Sky Dragon”	Sky Dragon Digital Television and Movies Limited, a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tobacco Agricultural Machinery Operation”	manufacture and sale of tobacco agriculture machinery, being the principal business engaged by the Disposal Group

*In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. Jingquan Yingzi (*Chairman*)  
Mr. Chin Wai Keung Richard  
Mr. Wang Anyuan  
Mr. Wang Rongqian  
Mr. Hu Chao  
Ms. Lin Yan Jenny

*Independent Non-executive Directors:*

Mr. Hau Chi Kit  
Mr. Lee Chi Hwa Joshua  
Mr. Zhao Zhizheng

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*

Rooms 2037-40  
20th Floor, Sun Hung Kai Centre  
30 Harbour Road  
Wan Chai, Hong Kong

16 January 2017

*To the Shareholders,*

Dear Sir or Madam,

**MAJOR TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
THE ENTIRE ISSUED SHARE CAPITAL IN  
BIG SUCCESS ENTERPRISES LIMITED**

**INTRODUCTION**

Reference is made to the announcements of the Company dated 6 October 2016, 28 October 2016, 22 November 2016, 20 December 2016 and 12 January 2017 in relation to the Disposal. The purpose of this circular is to provide you with further information regarding the Disposal and to give notice of the SGM.

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## LETTER FROM THE BOARD

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### THE DISPOSAL

On 6 October 2016 (after trading hours), the Vendor, the Purchaser and the Guarantor entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at the Consideration of HK\$5,000,000 and the Guarantor has agreed to guarantee the due and punctual performance by the Purchaser of its obligations under the Agreement.

### The Agreement

**Date:** 6 October 2016 (as supplemented by a supplemental agreement dated 12 January 2017)

**Parties:**

- (i) the Vendor;
- (ii) the Purchaser; and
- (iii) the Guarantor

The Purchaser is an investment holding company and is wholly owned by the Guarantor who is a PRC citizen. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and the Guarantor are Independent Third Parties.

### Assets to be disposed of

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being 30,001 ordinary shares of US\$1 in the capital of Big Success and representing its entire issued share capital.

### Consideration

The Consideration for the Sale Shares is HK\$5,000,000, which will be satisfied by the Purchaser to the Company upon Completion by cash.

The Consideration was determined after arm's length negotiation between the parties with reference to (i) the deteriorating performance of the Disposal Group in the past years; (ii) the net liability position of the Disposal Group as at 30 September 2016 and (iii) the litigation status of the Disposal Group. During the negotiation process, the Purchaser was reluctant to provide a consideration which is higher than the book value of equity interests of Disposal Group and the Consideration is the best offer that the Company obtained from the Purchaser. Given the net liability position, unsatisfactory performance in the past, the gloomy future expected by the Directors, and the litigation status of the Disposal Group, the Directors consider that the Consideration and the terms and conditions of the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### Conditions precedent

Completion is conditional upon the satisfaction (or waiver, if applicable) of, *inter alia*, the following conditions precedent:

- (i) all necessary governmental and regulatory approvals or consents (or waivers), including but not limited to those from the Stock Exchange and/or the SFC, required by the Company, the Vendor and any of the companies of the Disposal Group in respect of the Disposal having been obtained;
- (ii) the Board approving and authorizing the Disposal; and
- (iii) if so required by the GEM Listing Rules, the passing of the necessary resolution(s) by the Shareholders at the relevant special general meeting approving and authorizing the Disposal.

As at the Latest Practicable Date and save for condition (iii), the conditions above have been fulfilled.

In the event any of the conditions precedent are not being fulfilled on or before the Long Stop Date, the Vendor may at its sole and absolute discretion by written notice to the Purchaser terminate the Agreement.

### Completion

Completion for the sale and purchase of the Sale Shares shall take place at or before 4 p.m. on the third Business Day after all the conditions are being satisfied, or at such time as the Purchaser and the Vendor may otherwise agree in writing.

### Guarantee by the Guarantor

In consideration of the Vendor agreeing to enter into the Agreement, the Guarantor unconditionally and irrevocably:

- (i) guarantee by way of continuing obligation to the Vendor as primary obligor, and not merely as surety, the due and punctual performance and discharge of all the terms, conditions, duties, obligations, liabilities and payments by the Purchaser under the Agreement; and

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## LETTER FROM THE BOARD

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- (ii) indemnify the Vendor on demand against any loss or liability suffered by it as a result of any breach by the Purchaser of any term and condition under the Agreement or if any term, condition, duty, obligation, liability and/or payment guaranteed by the Guarantor is or becomes unenforceable, invalid or illegal as if the obligation guaranteed had not become unenforceable, invalid or illegal provided that the Guarantor's liabilities shall be no greater than the Purchaser's liabilities would have been if the obligation guaranteed had not become unenforceable, invalid or illegal.

The Guarantor's obligations as stated above are continuing obligations and are to remain in full force and effect until all of the moneys or obligations for which the Purchaser is or may become liable under the Agreement have been paid, satisfied or performed.

### INFORMATION ON THE DISPOSAL GROUP

The Disposal Group is principally engaged in the Tobacco Agricultural Machinery Operation. Set out below is the audited financial information of the Disposal Group for each of the two financial years ended 31 March 2015 and 31 March 2016 and the unaudited financial information for six months ended 30 September 2016:

	<b>For the six months ended 30 September 2016 (unaudited) HK\$'000</b>	<b>For the year ended 31 March 2016 (audited) HK\$'000</b>	<b>For the year ended 31 March 2015 (audited) HK\$'000</b>
Revenue	116	13,169	122,943
Loss before taxation	(23,103)	(210,508)	(215,981)
Loss after taxation	(23,125)	(208,943)	(210,856)

The Disposal Group recorded unaudited net liabilities of approximately HK\$79,840,000 as at 30 September 2016.

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## LETTER FROM THE BOARD

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### FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and the Group will cease investment in the Tobacco Agricultural Machinery Operation. The financial results of the Disposal Group will no longer be consolidated into the Group's financial statements.

The asset, liability and revenue of the Group will decrease after the Disposal. Based on, inter alia, the Consideration, the net liability of the Disposal Group, the release of exchange reserve and the related expenses relating to the Disposal, the Group currently expects to record a gain arising from Disposal of approximately HK\$186 million, being HK\$5 million from the proceeds from the Disposal, the release of the net liabilities of the Group on Disposal for the amount of approximately HK\$79.84 million and the reversal of exchange reserve for the amount of approximately HK\$101 million by reference to the management accounts of the Group as at 30 September 2016. In addition, given the loss-making position of the Disposal Group, the Disposal is expected to bring in a positive impact on the future income of the Group.

The aforesaid estimation is for illustrative purpose only and does not purport to represent how the financial position of the Group will be after Completion, which is subject to review and confirmation by the Company's auditors.

### INFORMATION ON THE REMAINING GROUP

The Remaining Group is principally engaged in provision of digital television services in the PRC, provision of car beauty services in Hong Kong, and money lending business in Hong Kong.

#### Digital Television Operation

The Digital Television Operation is operated by Hunan Digital TV, an indirectly owned subsidiary of the Company. Hunan Digital TV is currently operating three broadcasting Channels, namely Channel 92, 93 and 94 in Hunan Province. The names of the Channels are 《科學生活》(Science and Living), 《財富劇場》(Wealth Theater) and 《地方戲曲》(Regional Chinese opera). The content of these includes program about science, finance, business and Chinese opera.

The Channels are operated under a cooperation agreement entered into between Hunan TV Network and Sky Dragon, a subsidiary of the Company on 21 March 2003. According to the agreement, the parties cooperate to build and serve a digital television platform in Hunan, to sale and lease the television terminals, to build and provide television shows, to design and produce television equipment, and to provide advertisement. Sky Dragon can benefit from this cooperation with terms of sharing profits of 70% after deducting expenses of operation.

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## LETTER FROM THE BOARD

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### ***Investment in the cooperation***

The total investment amount of the cooperation is RMB100,000,000 and the registered share capital is RMB70,000,000 which is provided by Sky Dragon.

### ***Board of directors***

The board of directors have 7 members, of which 3 members are nominated by Hunan TV Network and 4 members are nominated by Sky Dragon.

### ***Board of supervisors***

The board of supervisors have 5 members, of which 2 members are nominated by Hunan TV Network, 2 members are nominated by Sky Dragon and 1 member is collectively nominated by Hunan TV Network and Sky Dragon.

### ***Term of the cooperation***

The term of the cooperation is 30 years, starting from the date of business license of the cooperation company. Upon the end of the cooperation, (a) fixed assets will belong to Hunan TV Network, free of charge; (b) liquid assets (including but not limited to capital, shows, receivables, outside lending), if any, will be distributed to Hunan TV Network and Sky Dragon, portion at their equity interest; and (c) other assets will be dealt with in accordance with the cooperation laws in the PRC.

### **Program Production**

Hunan Digital TV invested RMB30 million in building up the studio. It can produce its own digital television shows or purchase digital television shows and overseas shows. Majority of digital television shows are self-produced.

During the first half of 2016, the shooting equipment has been upgraded. Hunan Digital TV has recruited new actors to drama series. Hunan Digital TV is also providing training to starters to participate in operation. New drama series are have been launched during the second half of 2016.

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## LETTER FROM THE BOARD

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### Staffing by Operational Department

Staff of the Digital Television Operation includes:

Management	7
Administration	4
Technical	6
Program design	4
Program broadcast	17
Marketing	2
Business development	<u>3</u>
Full-time employees	<u><u>43</u></u>

Apart from this, Digital Television Operation also engaged directors, actors, script-writer, lighting and audio professionals for the production on contract basis.

### General Management

This cooperative operation was started up in 2003. At that time, there were a lot of restrictions on the advertisement and income level in the PRC was still low. The Company had invested more than RMB30 million in equipment but the performance was still not satisfactory.

In the year around 2012, the cultural market in the PRC was gradually opened. However, at that time the management has delegated the work to a general manager who was stationed in Hunan since 2008. The general manager did not have sufficient experience in customer relationship and personal fame to build up the relationship with the clients. All executive Directors devoted the majority of their time to the Tobacco Agricultural Machinery Operation, which represented 99% of total revenue of the Group in 2012. Hence, the Digital Television Operation could not catch the rising business environment to expand the business.

The turnover of Tobacco Agricultural Machinery Operation was significantly dropped from 2014. During 2015, the Tobacco Agricultural Machinery Operation also involved in a number of litigations. The Board decided to scale down the Tobacco Agricultural Machinery Operation and reallocate more resources to Digital Television Operation to grasp the opportunities arising from flourishing film exhibition and the entertainment industry in the PRC.

In the latter half of 2015, the management abandoned the Tobacco Agricultural Machinery Operation and regained directional and strategy control over the Digital Television Operation by appointing one executive Director of the Company to the board of directors of Sky Dragon. In March 2016, the appointed executive director placed more effort and resources on the television business.

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## LETTER FROM THE BOARD

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Now customer relationship management becomes the core value of Hunan Digital TV. The management has built up the strong relationship with the client and media network.

The main viewers of the Channels are senior citizen of the Hunan with those above 50 years of age. They tend to view traditional programs and health related information.

### **Revenue Model**

During the period from 2003 to 2012, the market in the PRC was not mature and there were a lot of restrictions on broadcasting. The income for the PRC consumers was not as good as nowadays. Most of the advertisement contents are provided by the clients. Our role is to arrange the air time to broadcast the advertisement in the Channels. Major revenue was aroused from subscription fee from digital set-top boxes and provision of the system platform for digital TV network (in substance, selling airtime) and provision of digitalization related technical support services (in substance, maintenance service).

Due to popularity of the internet and the unwillingness of the public to spend money on pay TV, the Channels become free to watch for Hunan audiences during the last few years. Advertising income became the major revenue of Hunan Digital TV. The Hunan Digital TV also participated in the production of simple commercial clip and most of the shows were repeated. Most of the clients for advertising were within Hunan at that time.

Following the decision of the management to place resources and effort on Hunan Digital TV, the following actions have been taken:-

- (a) The Company has injected capital on this business segment, and it has a significant effect to Hunan Digital TV. Settling the overdue accrued will clear up the reputation of the operation. In the past, due to late payment, most of the good business partners and service providers were not willing to operate with Hunan Digital TV. This is crucial as in this industry the talent staff and good business partners are very concerned on the reputation in payment. Usually the fees will be paid after film shooting. Therefore, any unsettled cases will spread around the industry in such a small circle.

The upgrading of certain equipment could provide a better vision effect to the audience. Without that, the shows could not attract audience no matter how good the content is.

The quality of staff is important to the operation as the staff could provide creative ideas to the clients. The ideas could not be quantified in dollar value as it depends on how the client will accept and will be convinced.

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## LETTER FROM THE BOARD

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- (b) The management focused on the elderly and health care clients which is more in line with the theme of the Channels. The management also focused more on the production of advertisement instead of purely selling air time and simple advertisement clips. Therefore they provided the platform for the management for the growth of business.
- (c) The management has designed an advertisement campaign “Advertisement Campaign Coordination” for Digital Television Operation in latter half of 2015 to first half of 2016. Advertisement Campaign Coordination was commenced from 1 March 2016. The services of Advertisement Campaign Coordination are tailored to each client and in general include:-
- assisting the clients in advertising planning;
  - providing recommendations on advertising production;
  - reviewing the advertising contents which can comply with the PRC’s laws and regulations, norms and Chinese culture;
  - arranging the professional video team;
  - arranging the advertisement to publish in the medial player;
  - engaging directors and actors for the productions;
  - providing site for the production of advertisements;
  - participating on the ideas on the advertisement productions;
  - coordinating of accommodation for actors, directors, clients, production crews, etc.; and/or
  - if required, inviting production crews from overseas to participate in the production.

The Advertisement Campaign Coordination turns out to be warmly welcomed by clients, and during the first half of 2016, over 10 clients have placed orders for the service. Feedback of existing clients is positive and demand of similar services is promising. The Digital Television Operation will be continuously developed and expanded.

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## LETTER FROM THE BOARD

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The fees are received stage by stage. There is no separation of directors' fee, actors fee etc. but on contract by contract basis. This is very common in this industry. Therefore 99.1% of the revenue comes from the provision of the comprehensive service of coordinating advertisement campaign. This campaign composed of various activities done for the clients and inseparable. Therefore, the Hunan Digital TV could ask for a higher fee compared with the past which were more cost related.

- (d) The management changed the strategy of getting clients in Hunan to focus on customers in Hong Kong. Most of the clients are in Hong Kong and they are more willing to spend on advertising as they want to enter into a huge consumers' market in the PRC.
- (e) The management focused our clientele base with those in line with the theme of the Channels. Some of the clients relates health care, wine, car beauty, financing. The management and advertising clients believed high end customers are those in the middle age and are the frequent viewers of the channels provided by the Hunan Digital TV.

### The Results

With the above changes in strategy and effect of the management, the Digital Television Operation has been performing well during the period.

	<b>Six months ended 30 September 2016 (unaudited) HK\$'000</b>	<b>Year ended 31 March 2016 (audited) HK\$'000</b>	<b>Six months ended 30 September 2015 (unaudited) HK\$'000</b>
Revenue	<u>27,268</u>	<u>5,545</u>	<u>4,014</u>

Around 50% in term of number or 38% in term of revenue during the six months period ended 30 September 2016 are derived from the old customers which already have the business with the Company before 31 March 2016. The main focus in the past is the selling of air time and some participation of the advertisement for the old clients. However, they also accepted our proposal to allow us to participate in the activities in the Advertisement Campaign Coordination. Therefore, the Company considers that there is a stable and reliable business trend for the upcoming periods.



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## LETTER FROM THE BOARD

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Hunan Digital TV has also gotten solid promises and contracts to continue performing well. A number of clients have already expressed their interest to place orders with the Company. As at the Latest Practicable Date, around HK\$12 million has been confirmed for advertisement for the period from 1 October 2016 to 31 March 2017. Approximately HK\$17 million are being negotiated for the revenue from 1 October 2016 to 31 March 2017 and expected to be finalized soon. The Company believes that due to the peak season for advertising industry during New year and Chinese Lunar New Year, the Company could derive revenue similar to or better than the first half of the year.

Although the Company does not have the option to renew or a renewal clause under the existing contracts, most of the contracts are tailor-made to customers. As mentioned above, we have received repeated orders from clients. Therefore, the Company believes that the clients will repeat their orders in future.

### **Car Beauty Operation**

The Car Beauty Operation, which has started in December 2015, has generated a turnover of HK\$611,000 for the first half of 2016, compared with HK\$698,000 for the last quarter of FY 2016. This revenue was generated by the first workshop in Tsuen Wan. In May 2016, the Company became the sole agent of a Japan car beauty product manufacturer in Hong Kong. All materials used in the car beauty workshop are directly imported from this Japanese manufacturer with an aim of bringing a high quality of the services to the customers. In August 2016, the Company has started the second workshop in Kowloon Bay which the Company expects to provide more revenue to the Company for only one car workshop in the past.

### **Money Lending Operation**

The Group has successfully applied for the money lenders license on 8 March 2016. For the first half of 2016, the money lender related operation has already generated HK\$2.3 million. The Company believes the business will grow in the future.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED USE OF THE DISPOSAL PROCEEDS**

The Group is principally engaged in manufacture and sale of tobacco agricultural machinery in the PRC, provision of digital television services in the PRC, provision of car beauty services in Hong Kong, and money lending business in Hong Kong.

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## LETTER FROM THE BOARD

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Upon the Completion, the Group will be principally engage in provision of digital television services in the PRC, provision of car beauty services in Hong Kong, and money lending business in Hong Kong.

Reference is made to the annual report of the Company for the year ended 31 March 2016. As stated in the 2016 annual report, financial performance of the Tobacco Agricultural Machinery Operation in the past years is far from satisfactory. Revenue from this segment for the year ended 31 March 2016 significantly decreased by 89.3% to approximately HK\$13.2 million, as compared with the year ended 31 March 2015. It recorded a significant loss for the year ended 31 March 2016. Such performance was primarily due to the shrinkage of sales and uncertain market conditions of tobacco flue-curing barns in the PRC.

The Tobacco Agricultural Machinery Operation is in a net liability position due to its heavy borrowing and legal proceedings. As at 30 September 2016, the Disposal Group recorded outstanding liabilities of approximately HK\$360,934,000 and unaudited net liabilities of approximately HK\$79,840,000. The Disposal Group is thus fettered by its liquidity problem. It encounters difficulties to sustain or expand its business, and consistently requires a large amount of fund injection from the Company. Such fund requirement is always of high urgency but provides low or nil return. The Company has assisted in negotiation for better terms of settlement for the outstanding liabilities including but not limited to possible hair-cut arrangements with creditors. Upon Completion, the Company has no further commitment or obligation to settle all or part of the outstanding liabilities of the Disposal Group, or indemnify the Purchaser against any potential loss or liability resulting from the litigations of the Disposal Group. In addition, the Consideration under the Disposal is not subject to any adjustment.

Looking into the future, the Company considers that the operating environment of the Tobacco Agricultural Machinery Operation in the PRC has turned into being very challenging and will continue to be so in the coming years. Despite the efforts and resources spent by the Group on the tobacco machinery market, the Disposal Group persistently finds it difficult to expand its business or engage high caliber staff. Therefore, the Company is not positive on the Disposal Group's future turn-around.

Given the unsatisfactory performance, net liability position and gloomy future of the Disposal Group, the Disposal represents a good opportunity for the Group to exit its investment in the Tobacco Agricultural Machinery Operation. The Disposal is expected to bring into a significant gain from disposal.

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## LETTER FROM THE BOARD

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The Group will apply the proceeds from the Disposal as the general working capital. Significant part of which will be for the payment of other payables or accrual of the Company for the Remaining Business. The Group is positive about the future performance of the Remaining Business, which is expected to sustainably grow and bring in steady income in the coming years. As the Remaining Group is released from the burden to finance the fund requirements of the Tobacco Agricultural Machinery Operation, the Disposal allows the Group to re-deploy its resources. Accordingly, the Company considers that the Disposal will enhance the working capital and the liquidity position of the Company, and on the other hand allow the Group to restructure its strategic development, by disposing of the under-performing businesses and focusing in promising opportunities.

In light of the above, the Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

### **GEM LISTING RULES IMPLICATIONS**

As the applicable percentage ratio (as defined in the GEM Listing Rules) for the Disposal is more than 25% but less than 75%, the Disposal constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

The Company will seek approval for, among other things, the Agreement and the transactions contemplated thereunder from the Shareholders at the SGM.

### **GENERAL**

The SGM will be convened and held to approve the Disposal. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has an interest in the Disposal which is materially different from the other Shareholders. Therefore, no Shareholder will be required to abstain from voting at the SGM to approve the Agreement and the transactions contemplated thereunder.

A notice convening the SGM is set out on pages 30 to 31 of this circular. All resolutions proposed at the SGM will be voted on by poll. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the SGM or any adjourned meeting thereof should you so wish.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the Disposal is fair and reasonable, in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

### FURTHER INFORMATION

Your attention is also drawn to the additional information as set out in the appendices to this circular.

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

**1. FINANCIAL SUMMARY**

Details of the financial information of the Group for each of the three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 respectively have been set out on pages 48 to 159, pages 53 to 187 and pages 50 to 159 of the Company's annual reports for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 respectively, and are incorporated by reference into this circular. The said annual reports of the Company have been posted on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company at ([www.code-hk.com](http://www.code-hk.com)).

**2. INDEBTEDNESS**

As at the close of business on 30 November 2016 (being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular), the Group had outstanding indebtedness denominated in HK\$526,145,000. The outstanding indebtedness comprised of (i) secured bank loans of approximately HK\$189,869,000; (ii) unsecured small and medium-sized enterprise Private Placement Bonds of approximately HK\$19,080,000; (iii) provision for legal claim of approximately HK\$45,836,000; (iv) unsecured other loans of approximately HK\$63,360,000; (v) unsecured 6% convertible bonds due 2018 with aggregate principal amount remain outstanding approximately HK\$101,000,000 and (vi) unsecured 6% convertible bonds due 2019 with aggregate principal amount remain outstanding approximately HK\$107,000,000.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 30 November 2016 any debt securities authorized or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees, or other material contingent liabilities.

**3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the present financial resources and the net proceeds from the Disposal, the Company has sufficient working capital for at least twelve months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

Save for the Disposal, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2016, being the date to which the latest published audited financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

Upon the Completion, the Group will be principally engage in provision of digital television services in the PRC, provision of car beauty services in Hong Kong, and money lending business in Hong Kong.

**Digital television services**

Revenue from the Hunan Digital TV for the six month ended 30 September 2016 has been significantly increased by 579% to HK\$27.3 million. The revenue growth was mainly due to effort of the management to place more emphasis on this operation. The Company has enlarged its capital injection to upgrade certain equipment in order to enhance the quality of the content of the programs. The culture, media and entertainment related business are fast growing along with the increase in the disposable personal income in the PRC, so the management believes the market is full of expansion capacity and the performance of the digital television broadcasting could be uplifted in the future. The Company is optimistic that this operation will have a sustainable growth in future.

Hunan Digital TV has also got solid promises and contracts to continue performing well. A number of clients have already expressed their interest to place orders with the Company. As at the Latest Practicable Date, around HK\$12 million has been confirmed for advertisement for the period from 1 October 2016 to 31 March 2017. Approximately HK\$17 million are being negotiated for the revenue from 1 October 2016 to 31 March 2017 and expected to be finalized soon. The Company believes that due to the peak season for advertising industry during New year and Chinese Lunar New Year, the Company could derive revenue similar to or better than the first half of the year.

Although the Company does not have the option to renew or a renewal clause under the existing contracts, most of the contracts are tailor-made to customers. As mentioned above, we have received repeated orders from clients. Therefore, the Company believes that the clients will repeat their orders in future.

**Car beauty operation**

The Group has launched the first car beauty workshop in Hong Kong on 30 December 2015 which targets on mid-to-high end private cars. In order to expand its market share, the Company has set up one more workshop at Kowloon Bay in August 2016.

Revenue from this operation for the six months ended 30 September 2016 was HK\$1.2 million, accounted for 4.0% of the Group's revenue. The Company has formulated strategic planning for this operation and believes this operation will provide steady revenue for the Group in the forthcoming financial periods.

**Money lending related operation**

The Group has successfully applied for Money Lenders Licence on 8 March 2016 and the business of money lending has officially launched since March 2016. It is envisaged to provide mainly short-term secured financing and mortgage loans in Hong Kong, whereby personal properties or other securities will be demanded as collaterals. Revenue from this operation for the six months ended 30 September 2016 was HK\$2.4 million, accounted for 7.8% of the Group's revenue. The Group is positive towards incubating money lending business.

**1. RESPONSIBILITY STATEMENT**

This circular, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST**

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Position</b>	<b>Number of Shares or underlying Shares</b>	<b>Approximate percentage of interest</b>
Jingquan Yingzi	Beneficial owner	Long	1,130,500	0.1%

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.



## 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to any Directors or chief executives of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholders	Capacity	Number of Shares held	Number of underlying Shares held	Percentage of issued share capital of the Company
Yiu Kwok Ming Tommy	Beneficial owner	80,458,628	420,000,000 <i>(note (c))</i>	44.61%
Proud Glory Investments Limited	Beneficial owner	58,128,628	320,000,000 <i>(note (c))</i>	33.70%
Lee Yuk Lun <i>(note (a))</i>	Interest of a controlled corporation	58,128,628	320,000,000 <i>(note (c))</i>	33.70%
Chow Kam Wah	Beneficial owner	168,541,366	–	15.02%
Ip Po Ki	Beneficial owner	78,978,629	–	7.04%
Lam Kai Tai	Beneficial owner	13,400,958	180,000,000 <i>(note (c))</i>	17.24%
Lau Kevin	Beneficial owner	14,150,958	180,000,000 <i>(note (c))</i>	17.31%
Winner Cosmos Limited	Beneficial owner	34,457,670	240,000,000 <i>(note (c))</i>	24.46%
Ng Kwok Wing <i>(note (b))</i>	Interest of a controlled corporation	34,457,670	240,000,000 <i>(note (c))</i>	24.46%
Kitchell Osman Bin	Beneficial owner	–	180,000,000 <i>(note (c))</i>	16.04%
Wong Ying Seung Asiong	Beneficial owner	–	180,000,000 <i>(note (c))</i>	16.04%
Chan Chak Kai Kenneth	Beneficial owner	–	160,000,000 <i>(note (c))</i>	14.26%
Kwong Kai Sing Benny	Beneficial owner	–	160,000,000 <i>(note (c))</i>	14.26%
Au Shuk Yee, Sue	Beneficial owner	–	400,000,000 <i>(note (c))</i>	35.65%
Ip Cheuk Ho	Beneficial owner	25,151,232	360,000,000 <i>(note (c))</i>	34.33%

Name of Shareholders	Capacity	Number of Shares held	Number of underlying Shares held	Percentage of issued share capital of the Company
Shimazaki Koji	Beneficial owner	143,475,068	260,000,000 <i>(note (c))</i>	35.96%
To Yuet Sing	Beneficial owner	40,151,233	360,000,000 <i>(note (c))</i>	35.67%
Tsang Kai Ming	Beneficial owner	40,151,233	360,000,000 <i>(note (c))</i>	35.67%
Alexia Joulian	Beneficial owner	136,541,900	60,000,000 <i>(note (c))</i>	17.52%
Au Yeung Kai Wah	Beneficial owner	–	200,000,000 <i>(note (c))</i>	17.83%

*Notes:*

- (a) Mr. Lee Yuk Lun is deemed to be interested in 58,128,628 Shares and 320,000,000 underlying Shares through his interests in Proud Glory Investments Limited.
- (b) Mr. Ng Kwok Wing is deemed to be interested in 34,457,670 Shares and 240,000,000 underlying Shares through his interests in Winner Cosmos Limited.
- (c) These shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds issued by the Company.

Save as disclosed above, so far as is known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

#### 5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, controlling Shareholders or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the GEM Listing Rules.

## 6. LITIGATION

The Group has involved in a number of litigations and all of them are related to Disposal Group. The litigation involved are summarized as below:–

### (a) (2015) Xi Min Chu Zi No. 0005<sup>#</sup>

As disclosed in the Company's announcement dated 18 June 2015, there was a legal proceeding in the PRC (the “**PRC Proceeding**”), namely (2015) Xi Min Chu Zi No. 0005<sup>#</sup> ((2015)錫民初字第0005號) whereby Jiangsu Kedi Modern Agriculture Company Limited (“**Jiangsu Kedi**”), an indirectly wholly-owned subsidiary of the Company, together with Jiangsu Zhongsai Environment Technology Company Limited<sup>#</sup> (中賽環境科技有限公司), Shan Xiaochang<sup>#</sup> (單曉昌) and Shan Zhuojun<sup>#</sup> (單茁君), were named as co-defendants in their capacity of guarantors to the Alleged Loan (as defined in aforesaid announcement) owing by Jiangsu Yonglu Fertilizer Company Limited (“**Jiangsu Yonglu**”)<sup>#</sup> (江蘇永祿肥料有限公司) to the plaintiff, Mei Jingsong<sup>#</sup> (梅勁松). The hearing of the PRC Proceeding was held on 4 August 2015. A judgment was subsequently handed down against Jiangsu Yonglu and the co-defendants. Jiangsu Yonglu was required to pay RMB44.6 million together with the interests incurred thereon to the plaintiff, and the other co-defendants were required to undertake the responsibilities of joint guarantee but were granted the right of recourse against Jiangsu Yonglu. The Company is in the course of seeking legal advice from its PRC legal advisor and will make further announcement(s) on any significant development.

Shan Xiaochang (“**Mr. Shan**”) was the legal representative of Jiangsu Kedi at the date of signing the guarantee in question over the Alleged Loan during the material time. According to a declaration made by Mr. Shan dated 9 June 2015, he confirmed that the Board has never authorised him to enter into such guarantee on behalf of Jiangsu Kedi. In the opinion of the PRC legal advisor of the Company, the validity of the guarantee in question over the Alleged Loan is doubtful. However, based on the civil judgment dated 24 May 2016, the Directors made the full provision of HK\$55,002,000 for the year ended 31 March 2016.

### (b) (2015) Xi Bin Shang Chu Zi No. 00179<sup>#</sup>

Jiangsu Kedi received a civil judgment, namely (2015) Xi Bin Shang Chu Zi No. 00179<sup>#</sup> ((2015)錫濱商初字第00179號) whereby Jiangsu Kedi, together with Yi Xing Shen Li Chemical Company Limited<sup>#</sup> (宜興申利化工有限公司), Ma Jungan<sup>#</sup> (馬君乾), Jiang Yiqun<sup>#</sup> (蔣益群) and Pan Xiaoqin<sup>#</sup> (潘曉琴), were named as co-defendants in their capacity of guarantors of the a loan amounted to RMB4.4 million owned by Shi Lixin (史利信) to the plaintiff, Wuxi City Binhu District Taihu Rural Village Small Loan Company Limited<sup>#</sup> (無錫市濱湖區太湖農村小額貸款有限公司).

After a preliminary investigation, the Directors are of opinion that the allegation made by the plaintiff against Jiangsu Kedi is not justifiable. To the best knowledge and information available, the Group and Jiangsu Kedi have never authorized the provision of the alleged guarantee to the plaintiff over the loan. Nevertheless, the Group has established a committee and engaged a PRC legal advisor to follow up this litigation.

**(c) (2015) Xi Bin Shang Chu Zi No. 00180<sup>#</sup>**

Jiangsu Kedi received a civil judgment, namely (2015) Xi Bin Shang Chu Zi No. 00180<sup>#</sup> ((2015) 錫濱商初字第00180號) whereby Jiangsu Kedi, together with Yi Xing Shen Li Chemical Company Limited<sup>#</sup> (宜興申利化工有限公司), Jiang Yiqun<sup>#</sup> (蔣益群) and Pan Xiaoqin<sup>#</sup> (潘曉琴), were named co-defendants in their capacity of guarantors of the a loan amounted to RMB5 million owned by Ma Jungan<sup>#</sup> (馬君乾) to the plaintiff, Wuxi City Binhu District Taihu Rural Village Small Loan Company Limited<sup>#</sup> (無錫市濱湖區太湖農村小額貸款有限公司).

After a preliminary investigation, the Directors are of opinion that the allegation made by the plaintiff against Jiangsu Kedi is not justifiable. To the best knowledge and information available, the Group and Jiangsu Kedi have never authorized the provision of the alleged guarantee to the plaintiff over the loan. Nevertheless, the Group has established a committee and engaged a PRC legal advisor to follow up this litigation.

**(d) (2015) Xi Zhong Bao Zi No. 0062<sup>#</sup>**

The Company received a civil judgment of (2015) Xi Zhong Bao Zi No. 0062<sup>#</sup> ((2015)錫仲保字第0062號)(the “**Judgment**”) on 2 September 2015, which was related to a dispute (the “**Dispute**”) arising from the small and medium-sized enterprise placement bonds (the “**SME Private Bonds**”) of outstanding aggregate principal amount of RMB33.3 million. According to the Judgment, the applicants of the Dispute (the “**Applicants**”) had applied for arbitration in May 2015. The Applicants had demanded to freeze the sum of RMB41 million in the bank account of Jiangsu Kedi or other assets of equivalent amount of Jiangsu Kedi. Up to the Latest Practicable Date, the Company has repaid the Applicants RMB15.6 million together with relevant accrued interest of the SME Private Bonds. For the remaining outstanding principal, the Company, through its legal advisor is actively in negotiating with the Applicants in the PRC.

The English names of the parties involved in these litigations are for reference only. The official names are in Chinese.

Pursuant to the Agreement, following the Completion, the Company will not have any commitment or obligation to settle all or part of the liabilities of the Disposal Group, or indemnify the Purchaser against any potential loss or liability resulting from the litigations and there will be no adjustment to the Consideration which will depend on the outcome of the litigation stated above.

So far as the Company is aware and save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

#### 7. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 March 2016, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

#### 8. AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review, in draft form, the Company’s annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process, risk management and internal control of the Group. The Audit Committee comprises Mr. Lee Chi Hwa Joshua (Chairman), Mr. Hau Chi Kit and Mr. Zhao Zhizheng, all of whom are independent non-executive Directors. Further details of them are as follows:

**(a) Mr. Lee Chi Hwa Joshua (“Mr. Lee”)**

Mr. Lee joined the Group and was appointed as an independent non-executive director of the Company on 1 December 2007. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. Mr. Lee has extensive experience in the fields of auditing, accounting and finance. Mr. Lee currently serves as an executive director of China Healthcare Enterprise Group Limited (Stock Code: 1143) which is listed on the Main Board of the Stock Exchange, an independent non-executive director of Hao Tian Development Group Limited (Stock Code: 474) and Jin Bao Bao Holdings Limited (Stock Code: 1239), which are listed on the Main Board of the Stock Exchange; and China Fortune Investments (Holding) Limited (Stock Code: 8116) and Focus Media Network Limited (Stock Code: 8112), which are listed on the GEM Board of the Stock Exchange. He was an independent non-executive director of China Minsheng Drawin Technology Group Limited (Stock Code: 726) from December 2013 to February 2015. He is the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Company.

**(b) Mr. Hau Chi Kit (“Mr. Hau”)**

Mr. Hau, aged 45, is an independent non-executive director of China Zenith Chemical Group Limited (Stock Code: 362) and eForce Holdings Limited (Stock Code: 943), both being companies whose shares are listed on the Main Board of the Stock Exchange; and Trillion Grand Corporate Company Limited (Stock Code: 8103), a company whose shares are listed on the GEM. Mr. Hau was a barrister-at-law in private practice from 2001 to 2008. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. Mr. Hau is a solicitor.

**(c) Mr. Zhao Zhizheng (“Mr. Zhao”)**

Mr. Zhao joined the Group and was appointed as an independent non-executive director of the Company on 26 July 2012. Mr. Zhao is qualified by the State Tobacco Monopoly Bureau (國家煙草專賣局) of the PRC as a Senior Economist. Moreover, Mr. Zhao was awarded as one of the Best Chinese Entrepreneurs by the China Enterprise Confederation/China Enterprise Directors Association in 2004. Mr. Zhao completed the Business Administration Master Program Studies Course (工商管理 (MBA) 碩士課程研修班) organised by the Graduate School of the Renmin University of China in 2000. Mr. Zhao was awarded the Labour Award (五一勞動獎章) by the All China Federation of Trade Unions in year 1997.

**9. MATERIAL CONTRACTS**

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (a) the Agreement;
- (b) the placing agreement dated 22 April 2016, entered into between the Company and Win Wind Securities Limited, and in relation to placing of the convertible bonds of HK\$120 million on a fully underwritten basis, details of which can be found in the announcement of the Company dated 22 April 2016;
- (c) the placing agreement dated 28 August 2015 and the supplemental agreement dated 22 September 2015, entered into between the Company and Pico Zeman Securities (HK) Limited, and in relation to placing of the convertible bonds of HK\$250 million on a best effort basis, details of which can be found in the announcements of the Company dated 28 August 2015 and 22 September 2015;

- (d) the placing agreement dated 2 June 2015, entered into between the Company and China Rise Securities Asset Management Co. Limited, and in relation to placing of up to 258,000,000 new shares at a price of HK\$0.075 per placing share, details of which can be found in the announcement of the Company dated 2 June 2015;
- (e) the placing agreement dated 11 May 2015, entered into between the Company and China Rise Securities Asset Management Co. Limited, and in relation to placing of up to 400,000,000 new shares at a price of HK\$0.074 per placing share, details of which can be found in the announcement of the Company dated 11 May 2015;
- (f) the placing agreement dated 21 April 2015, entered into between the Company and China Rise Securities Asset Management Co. Limited, and in relation to placing of up to 542,000,000 new shares at a price of HK\$0.07 per placing share, details of which can be found in the announcement of the Company dated 21 April 2015; and
- (g) the placing agreement dated 4 March 2015, the supplemental agreement dated 17 March 2015, and the second supplemental agreement dated 31 March 2015, entered into between the Company and Upbest Securities Company Limited, and in relation to placing of up to 542,000,000 new shares, details of which can be found in the announcements of the Company dated 4 March 2015, 17 March 2015 and 31 March 2015.

## 10. GENERAL

- (a) The compliance officers of the Company are Mr. Wang Anyuan (“**Mr. Wang**”). Mr. Wong obtained a bachelor degree in accounting from Shanghai Maritime University in 1994. Mr. Wang worked at China Merchants Group Limited and its main financial enterprises from 1994 to 2008. Mr. Wang served as an executive director and head of china operation at BOCOM International Holdings Company Limited and CITIC Securities International Company Limited from 2008 to 2013. Mr. Wang has extensive experience and capability in the areas of business operation management, risk control, investment and financing. Mr. Wang is currently licensed with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 2 (dealing in future contracts) regulated activities and served as an operation director of Orient Finance Holding (Hong Kong) Limited. Mr. Wang is also a director of certain subsidiaries of the Company.
- (b) The company secretary of the Company is Mr. Tam Chun Wa, who has obtained a Master degree of Business Administration from University of Sydney and is a member of Hong Kong Institute of Certified Public Accountants, CPA (Australia) and Institute of Singapore Chartered Accountants.

- (c) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (d) The head office and principal place of business of the Company in Hong Kong is at Rooms 2037-40, 20th Floor Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong.
- (e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (f) The principal share registrar of the Company is MUFG Fund Services (Bermuda) Limited at the Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (g) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

#### **11. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Rooms 2037-40, 20th Floor Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (c) the annual reports of the Company for each of the two financial years ended 31 March 2015 and 31 March 2016; and
- (d) this circular.



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## NOTICE OF THE SGM

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Code Agriculture (Holdings) Limited (the “**Company**”) will be held at 11:00 a.m. on Wednesday, 1 February 2017 at Rooms 2037-40, 20th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT**

- (a) the conditional sale and purchase agreement dated 6 October 2016 and its supplemental agreement dated 12 January 2017 (the “**Agreements**”) entered into among the Company as vendor, Harmonic Ally Investments Limited as purchaser, and Zhou Xin as guarantor to the purchaser, in relation to, among other matters, the sale and purchase of 30,001 ordinary shares of US\$1.00 each in the capital of Big Success Enterprises Limited, which represents its entire issued share capital, for a total consideration of HK\$5,000,000 (the “**Disposal**”) (a copy of the Agreements are marked “A” and produced to the SGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;
- (b) any one or more of the directors of the Company (the “**Director**”) be and is/are hereby generally and unconditionally authorized to do all such acts and things, to sign and execute all such documents for and on behalf of the Company by hand, or in the case of execution of documents under seal, to do so jointly with any one of a second Director, a duly authorized representative of the Director or the secretary of the Company, and to take such steps as he may in his absolute discretion considers necessary, appropriate, desirable or expedient to give effect to or in connection with the Disposal and the transactions contemplated thereunder.”

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

Hong Kong, 16 January 2017

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## NOTICE OF THE SGM

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*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of business  
in Hong Kong:*

Rooms 2037-40  
20th Floor, Sun Hung Kai Centre  
30 Harbour Road  
Wan Chai, Hong Kong

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the SGM shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A shareholder who is the holder of two or more shares may appoint more than one proxy(ies) to represent him/her/it and vote on his/her/its behalf. A proxy need not to be a shareholder of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the SGM (or any adjournment thereof).
3. Completion and delivery of a form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the SGM, and in such event, such form of proxy shall be deemed to be revoked.
4. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy, in respect of such shares as if he/she/it was solely entitled thereto; but if more than one of such joint holders be present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.
5. A form of proxy for use at the SGM is attached herewith.
6. Any voting at the SGM shall be taken by poll.
7. The form of proxy shall be signed by the shareholder of the Company or his/her attorney duly authorised in writing or, in the case of a corporation, must be either executed under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

*As of the date of this notice, 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. Hau Chi Kit, Mr. Lee Chi Hwa Joshua and Mr. Zhao Zhizheng.*