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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.

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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)**

**(1) PROPOSED AMENDMENTS TO THE TERMS AND  
CONDITIONS OF THE 2015 CONVERTIBLE BONDS AND  
THE 2016 CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;  
(2) PROPOSED SHARE CONSOLIDATION;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

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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, 5 December, 2018 at Room 2007, 20th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong is set out on pages SGM-1 to SGM-4 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, and in such case, the form of proxy submitted by you shall be deemed to be revoked.

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.

19 November 2018

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## CHARACTERISTICS OF THE GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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, unless the context requires otherwise, the following expressions shall have the following meanings:*

“2015 Bondholders”	the registered holders and/or beneficial owners of the 2015 Convertible Bonds
“2015 Convertible Bonds”	the six (6) per cent. interest convertible bonds due 2018 in an aggregate principal amount of HK\$130,000,000 issued by the Company on 5 November 2015 and with outstanding principal amount of HK\$80,000,000 as at the Latest Practicable Date
“2016 Bondholder”	the registered holder and/or beneficial owners of the 2016 Convertible Bonds
“2016 Convertible Bonds”	the six (6) per cent. interest convertible bonds due 2019 in an aggregate principal amount of HK\$120,000,000 issued by the Company on 28 June 2016 and with outstanding principal amount of HK\$83,000,000 as at the Latest Practicable Date
“Additional Shares”	collectively, the Additional Shares in relation to the 2015 Convertible Bonds and the Additional Shares in relation to the 2016 Convertible Bonds
“Additional Shares in relation to the 2015 Convertible Bonds”	the Shares to be allotted and issued by the Company at the Conversion Price in the event the 2015 Bondholder(s) requested the Company to pay the interest of the 2015 Convertible Bonds by Shares instead of cash
“Additional Shares in relation to the 2016 Convertible Bonds”	the Shares to be allotted and issued by the Company at the Conversion Price in the event the 2016 Bondholder requested the Company to pay the interest of the 2016 Convertible Bonds by Shares instead of cash
“Announcement”	the announcement of the Company dated 25 October 2018 in relation to the Supplemental Agreements and the Proposed Amendments
“Board”	the board of Directors
“Bondholder(s)”	collectively, the 2015 Bondholder(s) and the 2016 Bondholder

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## DEFINITIONS

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“Business Day(s)”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or on which a “black” rainstorm warning is hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Code Agriculture (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the Shares of which are listed on GEM (stock code: 8153)
“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.0032 each in the share capital of the Company upon the Share Consolidation becoming effective
“Conversion Price”	HK\$0.05 per Conversion Share
“Conversion Shares”	collectively, the Conversion Shares in relation to the 2015 Convertible Bonds and Conversion Shares in relation to the 2016 Convertible Bonds
“Conversion Shares in relation to the 2015 Convertible Bonds”	the Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the 2015 Convertible Bonds
“Conversion Shares in relation to the 2016 Convertible Bonds”	the Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the 2016 Convertible Bonds
“Convertible Bonds”	collectively, the 2015 Convertible Bonds and the 2016 Convertible Bonds
“Director(s)”	director(s) of the Company
“GEM”	The GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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
“Latest Practicable Date”	16 November 2018, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	The Listing Committee of the Stock Exchange
“PRC”	the People’s Republic of China
“Proposed Amendments”	the proposed amendments to the terms and conditions of the 2015 Convertible Bonds and 2016 Convertible Bonds pursuant to the terms of the respective Supplemental Agreements
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, (i) the Supplemental Agreements in relation to the 2015 Convertible Bonds, the Supplemental Agreement in relation to the 2016 Convertible Bonds and the Proposed Amendments contemplated thereunder, including the grant of the Specific Mandate; and (ii) the Share Consolidation
“Share(s)”	ordinary shares of HK\$0.0004 each in the share capital of the Company before the Share Consolidation becoming effective

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## DEFINITIONS

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“Share Consolidation”	the consolidation of every eight (8) issued and unissued Shares of par value of HK\$0.0004 each into one (1) Consolidated Share of par value of HK\$0.0032 each
“Shareholder(s)”	the holder(s) of the issued Share(s) and/or the Consolidated Share(s), as the case may be
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to approve, <i>inter alia</i> , the allotment and the issue of the Conversion Shares in relation to the 2015 Convertible Bonds, the Conversion Shares in relation to the 2016 Convertible Bonds, and the Additional Shares in relation to the 2015 Convertible Bonds and the Additional Shares in relation to the 2016 Convertible Bonds (as amended by the respective Supplemental Agreements)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	collectively, the Supplemental Agreements in relation to the 2015 Convertible Bonds and Supplemental Agreement in relation to the 2016 Convertible Bonds
“Supplemental Agreements in relation to the 2015 Convertible Bonds”	the supplemental agreements entered into between the Company and the 2015 Bondholders in relation to the amendments to the 2015 Convertible Bonds dated 25 October 2018
“Supplemental Agreement in relation to the 2016 Convertible Bonds”	the supplemental agreement entered into between the Company and the 2016 Bondholder in relation to the amendments to the 2016 Convertible Bonds dated 25 October 2018
“Takeovers Code”	the Codes on Takeovers and Mergers issued by the Securities and Futures Commission
“%”	per cent.

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## EXPECTED TIMETABLE

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*Set out below is the expected timetable for the implementation of the Share Consolidation:*

<b>Event</b>	<b>2018</b>
Latest date and time for lodging transfers of Shares in order to qualify for attendance and voting at the SGM . . . . .	4:30 p.m. on Thursday, 29 November
Closure of register of members of the Company for the entitlement to attend and vote at the SGM (both dates inclusive) . . . . .	Friday, 30 November to Wednesday, 5 December
Latest date and time for lodging forms of proxy for the SGM . . . . .	11:00 a.m. on Monday, 3 December
Date and time of the SGM . . . . .	11:00 a.m. on Wednesday, 5 December
Announcement of poll results of the SGM . . . . .	Wednesday, 5 December



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## EXPECTED TIMETABLE

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The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation, which are included in this circular.

Event	2018
Effective date of the Share Consolidation . . . . .	Thursday, 6 December
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . .	Thursday, 6 December
Dealing in the Consolidated Shares commences . . . . .	9:00 a.m. on Thursday, 6 December
Original counter for trading in the Shares in board lots of 5,000 Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Thursday, 6 December
Temporary counter for trading in the Consolidated Shares in board lots of 625 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Thursday, 6 December
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens . . . . .	9:00 a.m. on Thursday, 20 December
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. on Thursday, 20 December
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	9:00 a.m. on Thursday, 20 December

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## EXPECTED TIMETABLE

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**2019**

Temporary counter for trading in the Consolidated Shares  
in board lots of 625 Consolidated Shares  
(in the form of existing share certificates) closes . . . . . 4:00 p.m. on Monday,  
14 January

Parallel trading in the Consolidated Shares  
(in the form of new share certificates and  
existing share certificates) ends . . . . . 4:00 p.m. on Monday,  
14 January

Designated broker ceases to stand in the market to  
provide matching services for odd lots of the Consolidated Shares . . . . 4:00 p.m. on Monday,  
14 January

Last day for free exchange of existing share certificates for  
new share certificates for the Consolidated Shares . . . . . Wednesday,  
16 January

*Note:*

All times and dates in this circular refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified herein is subject to the satisfaction of all the conditions of the Share Consolidation, including without limitation, the approval of the Share Consolidation by the Shareholders at the SGM, and are therefore for indicative purpose only.

In the event that any special circumstances arise, such dates and deadlines may be adjusted by the Board if it considers appropriate. Any changes to the expected timetable will be published or notified to the Shareholders by way of announcement(s) on the GEM website of the Stock Exchange and on the website of the Company as and when appropriate.

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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*

Mr. WANG Dequn (*Chairman*)  
Ms. JINGQUAN Yingzi (*Vice-chairlady*)  
Mr. WANG Rongqian  
Mr. HU Chao  
Ms. LIN Yan Jenny  
Mr. MAO Songtao

*Independent non-executive Directors*

Mr. HAU Chi Kit  
Mr. LEE Chi Hwa Joshua  
Mr. WONG Ching Keung

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

Room 2007, 20th Floor  
C C Wu Building  
302-308 Hennessy Road  
Wan Chai, Hong Kong

19 November 2018

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED AMENDMENTS TO THE TERMS AND  
CONDITIONS OF THE 2015 CONVERTIBLE BONDS AND  
THE 2016 CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;  
(2) PROPOSED SHARE CONSOLIDATION;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement dated 25 October 2018 in relation to the Supplemental Agreements and the Proposed Amendments. On 25 October 2018 (after trading hours), after arm's length negotiations, the Company and the Bondholders entered into the Supplemental Agreements, pursuant to which the Company agreed with the Bondholders (i) to extend the maturity date of the 2015 Convertible Bonds and the 2016 Convertible Bonds from the maturity date of 5 November 2018 and 28 June 2019 respectively to the extended maturity date of 31 December 2020; and (ii) to change the interest payment terms of the 2015 Convertible Bonds and the 2016 Convertible Bonds.

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## LETTER FROM THE BOARD

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Reference is also made to (i) the announcements of the Company dated 28 August 2015, 22 September 2015 and 5 November 2015 and the circular of the Company dated 25 September 2015 (the “**2015 CB Circular**”) in relation to the issue of 2015 Convertible Bonds in the aggregate principal amount of HK\$130 million; and (ii) the announcements of the Company dated 22 April 2016 and 28 June 2016 and the circular of the Company dated 19 May 2016 (the “**2016 CB Circular**”) in relation to the issue of the 2016 Convertible Bonds in the aggregate principal amount of HK\$120 million.

The principal terms of the 2015 Convertible Bonds and 2016 Convertible Bonds were disclosed in the 2015 CB Circular and 2016 CB Circular respectively. As at the Latest Practicable Date, the outstanding principal amount of the 2015 Convertible Bonds and the 2016 Convertible Bonds is HK\$80,000,000 and HK\$83,000,000 respectively, and the current Conversion Price of each of the 2015 Convertible Bonds and the 2016 Convertible Bonds is HK\$0.05 per Conversion Share.

Reference is also made to the announcements of the Company dated 2 November 2018 in respect of the proposed Share Consolidation.

The purpose of this circular is to provide the Shareholders, among other things, further information regarding (i) the Proposed Amendments; (ii) the proposed Share Consolidation; and (iii) the notice of the SGM.

### THE PROPOSED AMENDMENTS OF THE 2015 CONVERTIBLE BONDS

#### Proposed Amendments

The Company and the 2015 Bondholders have agreed to amend the following terms and conditions of the 2015 Convertible Bonds:

- (a) the maturity date of the 2015 Convertible Bonds, which was originally the third anniversary of the date of issuance of the 2015 Convertible Bonds, i.e. 5 November 2018 (the “**Initial Maturity Date (2015 CB)**”), will be extended to 31 December 2020; and
- (b) during the period from the Initial Maturity Date (2015 CB) to the extended maturity date i.e. 31 December 2020 (the “**2015 CB Extended Term**”), the interest shall be calculated as the outstanding principal amount of the 2015 Convertible Bonds held by the 2015 Bondholders multiplied by 8% per annum, instead of 6% per annum, simple interest payable semi-annually, instead of per annum.

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## LETTER FROM THE BOARD

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### Conditions Precedent

The Proposed Amendments to the 2015 Convertible Bonds shall become effective upon fulfillment of the following conditions precedent:

- (a) the Shareholders approving the Supplemental Agreement in relation to the 2015 Convertible Bonds and the proposed amendments in relation to the 2015 Convertible Bonds contemplated thereunder at the SGM, including the grant of the specific mandate for the issue and allotment of the Conversion Shares in relation to the 2015 Convertible Bonds and the Additional Shares in relation to the 2015 Convertible Bonds; and
- (b) the Stock Exchange having granted its consent or approval to the Proposed Amendments in relation to the 2015 Convertible Bonds including, among others, the grant of the listing on the Stock Exchange of and permission to deal in the Conversion Shares in relation to the 2015 Convertible Bonds arising from conversion of the 2015 Convertible Bonds during the amended conversion period and the Additional Shares in relation to the 2015 Convertible Bonds.

None of the conditions can be waived by the parties to the Supplemental Agreements in relation to the 2015 Convertible Bonds. As at the Latest Practicable Date, none of the conditions has been fulfilled. If the conditions precedents are not fulfilled on or before 31 December 2018 or such later date as may be agreed between the 2015 Bondholders and the Company (the “**Long Stop Date (2015 CB)**”), the Supplemental Agreements in relation to the 2015 Convertible Bonds will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

The 2015 Bondholders had undertaken to the Company that they will not request the Company to repay the 2015 Convertible Bonds after the signing of the Supplemental Agreements in relation to the 2015 Convertible Bonds until the Long Stop Date (2015 CB).

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## LETTER FROM THE BOARD

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### THE PROPOSED AMENDMENTS OF THE 2016 CONVERTIBLE BONDS

#### Proposed Amendments

The Company and the 2016 Bondholder have agreed to amend the following terms and conditions of the 2016 Convertible Bonds:

- (a) the maturity date of the 2016 Convertible Bonds, which was originally the third anniversary of the date of issuance of the 2016 Convertible Bonds, i.e. 28 June 2019 (the “**Initial Maturity Date (2016 CB)**”), will be extended to 31 December 2020; and
- (b) during the period from the Initial Maturity Date (2016 CB) to the extended maturity date i.e. 31 December 2020 (the “**2016 CB Extended Term**”), the interest shall be calculated as the outstanding principal amount of the 2016 Convertible Bonds held by the 2016 Bondholder multiplied by 8% per annum, instead of 6% per annum, simple interest payable semi-annually, instead of per annum.

#### Conditions Precedent

The Proposed Amendments to the 2016 Convertible Bonds shall become effective upon fulfillment of the following conditions precedent:

- (a) the Shareholders approving the Supplemental Agreement in relation to the 2016 Convertible Bonds and the proposed amendments in relation to the 2016 Convertible Bonds contemplated thereunder at the SGM, including the grant of the specific mandate for the issue and allotment of the Conversion Shares in relation to the 2016 Convertible Bonds and the Additional Shares in relation to the 2016 Convertible Bonds; and

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## LETTER FROM THE BOARD

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- (b) the Stock Exchange having granted its consent or approval to the Proposed Amendments in relation to the 2016 Convertible Bonds including, among others, the grant of the listing on the Stock Exchange of and permission to deal in the Conversion Shares in relation to the 2016 Convertible Bonds arising from conversion of the 2016 Convertible Bonds during the amended conversion period and the Additional Shares in relation to the 2016 Convertible Bonds.

None of the conditions can be waived by the parties to the Supplemental Agreement in relation to the 2016 Convertible Bonds. As at the Latest Practicable Date, none of the conditions has been fulfilled. If the conditions precedents are not fulfilled on or before 31 December 2018 or such later date as may be agreed between the 2016 Bondholders and the Company (the “**Long Stop Date (2016 CB)**”), the Supplemental Agreements in relation to the 2016 Convertible Bonds will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

The 2016 Bondholder had undertaken to the Company that they will not request the Company to repay the 2016 Convertible Bonds after the signing of the Supplemental Agreement in relation to the 2016 Convertible Bonds until the Long Stop Date (2016 CB).

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## LETTER FROM THE BOARD

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### PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Save for the Proposed Amendments, all other terms of the 2015 Convertible Bonds and the 2016 Convertible Bonds remain unchanged. The following summarises the principal terms of the Convertible Bonds as amended by the Supplemental Agreements.

#### Outstanding principal amount:

2015 Convertible Bonds	HK\$80,000,000
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2016 Convertible Bonds	HK\$83,000,000
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#### Extended Maturity Date:

2015 Convertible Bonds	31 December 2020
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2016 Convertible Bonds	31 December 2020
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#### Conversion Shares:

2015 Convertible Bonds	Assuming full conversion of the 2015 Convertible Bonds in the outstanding principal amount of HK\$80,000,000 at the Conversion Price, a total of 1,600,000,000 Shares will be issued.
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2016 Convertible Bonds	Assuming full conversion of the 2016 Convertible Bonds in the outstanding principal amount of HK\$83,000,000 at the Conversion Price, a total of 1,660,000,000 Shares will be issued.
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Assuming full conversion of the outstanding principal amount of the Convertible Bonds, a total of 3,260,000,000 Shares will be issued, representing (i) approximately 121.62% of existing issued share capital of the Company; and (ii) approximately 54.88% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.



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## LETTER FROM THE BOARD

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### Conversion Period:

The Bondholders will be able to convert the outstanding principal amount of the Convertible Bonds in whole or in part into Shares at any time following the relevant date of issue until the extended maturity date i.e. 31 December 2020 under the Specific Mandate.

### Conversion Price:

HK\$0.05 per Conversion Share, subject to customary adjustments in certain events, including share consolidation, share subdivision, capitalisation issues, capital distribution, rights issue and issues of other securities below 80 per cent of market price.

The Conversion Price represents:

- (i) a discount of approximately 39.02% to the closing price per Share of HK\$0.082 as quoted on the Stock Exchange on the date of the Supplemental Agreements; and
- (ii) a discount of approximately 40.76% to the average closing price per Share of HK\$0.0844 as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Supplemental Agreements.

### Interest:

2015 Convertible Bonds: Six (6) per cent per annum payable annually (from date of issue until the Initial Maturity Date (2015 CB))

Eight (8) per cent per annum, simple interest, payable semi-annually (during the 2015 CB Extended Term)

During the 2015 CB Extended Term, interest is payable in arrears on 5 May and 5 November in each calendar year and on the extended maturity date i.e. 31 December 2020 (the “**2015 CB Interest Payment Dates**”).

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## LETTER FROM THE BOARD

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2016 Convertible Bonds: Six (6) per cent per annum payable annually (from date of issue until the Initial Maturity Date (2016 CB))

Eight (8) per cent per annum, simple interest, payable semi-annually (during the 2016 CB Extended Term)

During the 2016 CB Extended Term, interest is payable in arrears on 28 June and 28 December in each calendar year and on the extended maturity date i.e. 31 December 2020 (the “**2016 CB Interest Payment Dates**”, together with the 2015 CB Interest Payment Dates, the “**CB Interest Payment Dates**”).

The Bondholders shall have the option (the “**Interest Payment Option**”) to request the Company to pay the interest by the Additional Shares instead of cash by giving at least 7 days notice prior to the due date for payment of such interest (i.e. 5 November 2018 and 28 June 2019 for the 2015 Convertible Bonds and the 2016 Convertible Bonds respectively up to their respective initial maturity dates. Thereafter, due date for interest payment will be the CB Interest Payment Dates), subject to redemption of the Convertible Bonds by the Company on or prior to such interest payment date.

In such event, the amount of interest payable shall be deemed to be part of the principal amount of the Convertible Bonds (the “**Relevant Interest Payment**”) (for the purpose of calculating number of Shares it will be convertible into) and convertible into Shares at the Conversion Price in accordance with the terms of the Convertible Bonds. The Relevant Interest Payment will not be subject to any interest.

The exercise of the Interest Payment Option will result in the Relevant Interest Payment and the Relevant Interest Payment are convertible into the Additional Shares at the Conversion Price.

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## LETTER FROM THE BOARD

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Assuming no part of the outstanding Convertible Bonds are converted prior to the extended maturity date i.e. 31 December 2020, as at the Latest Practicable Date, maximum amount of interest of the outstanding Convertible Bonds will be approximately HK\$28,821,315, being the sum of (i) maximum outstanding interest of HK\$4,980,000 of the 2016 Convertible Bonds payable on 28 June 2019 based on its existing terms with interest rate of 6% per annum up to the Initial Maturity Date (2016 CB) and outstanding principal of HK\$83,000,000; (ii) maximum amount of interest of HK\$13,799,452 of the 2015 Convertible Bonds based on amended interest rate of 8% per annum, outstanding principal of HK\$80,000,000 and 787 days during the 2015 CB Extended Term; and (iii) maximum amount of interest of HK\$10,041,863 of the 2016 Convertible Bonds based on amended interest rate of 8% per annum, outstanding principal of HK\$83,000,000 and 552 days during the 2016 CB Extended Term. Based on the Conversion Price of HK\$0.05 and assuming there is no adjustment to the Conversion Price, a maximum of 576,426,298 Additional Shares will be issued, representing approximately 21.50% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 8.85% of the Company's issued share capital as enlarged by the issue of the Conversion Shares and the Additional Shares. The Additional Shares will be issued under the Specific Mandate.

For the avoidance of doubt, the conversion of the Convertible Bonds and the conversion of Relevant Interest Payment into the Additional Shares will only take place as long as (i) the public float of at least 25 per cent of the issued share capital of the Company as enlarged by the issue of the Conversion Shares and the Additional Shares can be maintained; and (ii) it does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholders and any parties acting in concert with it (as defined under the Takeovers Code).

### **Transferability:**

The Convertible Bonds will be transferrable without the consent of the Company except that the Convertible Bonds can only be transferred to a connected person of the Company if prior written consent of the Company is obtained.

### **Voting:**

The Bondholders will not be entitled to attend or vote at any meeting of the Company by reason only of them being the Bondholders.

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## LETTER FROM THE BOARD

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**Listing:**

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

An application will be made by the Company to the Stock Exchange for the grant of the listing of, and the permission to deal in, the Conversion Shares and the Additional Shares falling to be allotted and issued under the Convertible Bonds (as amended by the respective Supplemental Agreements).

**Ranking:**

The Conversion Shares and the Additional Shares to be issued upon the exercise of the conversion rights and the Interest Payment Option attaching to the Convertible Bonds will rank *pari passu* in all respects with all other Shares outstanding on the date the name of the Bondholders is entered on the register of the members of the Company as a holder of the Conversion Shares and/or the Additional Shares.

**Redemption:**

The Company shall be entitled to redeem the Convertible Bonds at 100% of the outstanding principal amount of the Convertible Bonds (in whole or in part) at any time and from time to time at the option of the Company prior to the extended maturity date i.e. 31 December 2020 subject to any notice of conversion of the Convertible Bonds delivered prior to such redemption.

## LETTER FROM THE BOARD

### SHAREHOLDING STRUCTURE

The following table shows the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon exercise in full of the conversion rights attaching to the Convertible Bonds; and (iii) immediately upon exercise in full of the conversion rights attaching to the Convertible Bonds together with maximum number of Additional Shares being issued.

Shareholders	As at the Latest Practicable Date		Immediately upon full exercise of the conversion rights attaching to the Convertible Bonds (Note 2)		Immediately upon full exercise of the conversion rights attaching to the Convertible Bonds together with maximum number of Additional Shares being issued (Note 2)	
	Number of	Approximate %	Number of	Approximate %	Number of	Approximate %
	Shares		Shares		Shares	
<b>Substantial Shareholder</b>						
宋文霞	364,200,547	13.59	364,200,547	6.13	364,200,547	5.59
<b>Holders/Beneficial owners of the 2015 Convertible Bonds:</b>						
Yiu Kwok Ming Tommy	105,658,628	3.94	525,658,628	8.85	598,105,751	9.18
Lau Kevin	9,750,958	0.36	189,750,958	3.19	220,799,725	3.39
Kitchell Osman Bin	32,400,000	1.21	212,400,000	3.58	243,448,767	3.74
Wong Ying Seung Asiong	32,400,000	1.21	212,400,000	3.58	243,448,767	3.74
Chan Chak Kai Kenneth	28,800,000	1.07	188,800,000	3.18	216,398,904	3.32
Kwong Kai Sing Benny	28,800,000	1.07	188,800,000	3.18	216,398,904	3.32
Leung Chung Shan	10,800,000	0.40	190,800,000	3.21	221,848,767	3.40
Winner Cosmos Limited	16,800,000	0.63	156,800,000	2.64	180,949,041	2.78
<b>Holders/Beneficial owners of the 2016 Convertible Bonds:</b>						
Latop International Investment Limited	36,000,000	1.34	636,000,000	10.71	744,591,780	11.43
Wing Wise International Limited	24,000,000	0.90	424,000,000	7.14	496,394,520	7.62
Ip Cheuk Ho	42,001,232	1.57	242,001,232	4.07	278,198,492	4.27
To Yuet Sing	26,811,233	1.00	226,811,233	3.82	263,008,493	4.04
Tsang Kai Ming	64,151,233	2.39	264,151,233	4.45	300,348,493	4.61
Byerley Resources Limited	24,000,000	0.90	84,000,000	1.41	70,859,178	1.09
Other public shareholders	1,833,901,391	68.42	1,833,901,391	30.87	1,833,901,391	28.14
<b>Total</b>	<b>2,680,475,222</b>	<b>100.00</b>	<b>5,940,475,222</b>	<b>100.00</b>	<b>6,516,901,520</b>	<b>100.00</b>

**Notes:**

- The percentage figures in this table are subject to rounding adjustment.
- This column is for illustration purpose only as the terms of each of the 2015 Convertible Bonds and the 2016 Convertible Bonds provide that conversion shall only take place if (i) to public float of at least 25 per cent of the issued share capital of the Company as enlarged by the issue of Conversion Shares and the Additional Shares can be maintained; and (ii) it does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of each of the Bondholders.

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## LETTER FROM THE BOARD

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The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Proposed Amendments are approximately HK\$0.0634 per Share, HK\$0.0844 per Share and 24.86%, respectively. During the 12 month period immediately preceding the date of the Announcement i.e. 25 October 2018, the Company has not undertaken any rights issue, open offer or specific mandate placing.

### **SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES AND THE ADDITIONAL SHARES**

Due to the amended maturity dates and the interest payment terms of the 2015 Convertible Bonds and the 2016 Convertible Bonds as a result of the Proposed Amendments, the Specific Mandate will be sought at the SGM for the allotment and issue of (i) the Conversion Shares in relation to the 2015 Convertible Bonds, (ii) the Conversion Shares in relation to the 2016 Convertible Bonds, (iii) the Additional Shares in relation to the 2015 Convertible Bonds, and (iv) the Additional Shares in relation to the 2016 Convertible Bonds.

### **REASONS FOR AND BENEFITS OF THE PROPOSED AMENDMENTS**

The Group is principally engaged in provision of digital television broadcasting and advertising in Hong Kong and the PRC, production and sale of environmental protection (“EP”) construction materials and EP construction engineering projects in the PRC, money lending business in Hong Kong and securities investments in Hong Kong.

As disclosed in the annual report of the Company for the year ended 31 March 2018, the Group recorded revenue of approximately \$26.9 million and incurred a net loss from continuing operations of approximately HK\$34.3 million and a net cash outflow of approximately HK\$9.5 million for the year ended 31 March 2018. As at 31 March 2018, the Group recorded (i) cash and cash equivalents of approximately HK\$2.1 million; and (ii) convertible bonds of approximately HK\$166.0 million (comprised of the 2015 Convertible Bonds and the 2016 Convertible Bonds with carrying amount of approximately HK\$76.6 million and HK\$89.3 million respectively), representing approximately 72.4% of the total liabilities of the Group.

As disclosed in the interim report of the Company for the six months ended 30 September 2018, the Group recorded revenue of approximately HK\$9.4 million and incurred an unaudited net loss of approximately HK\$21.1 million. As at 30 September 2018, the Group recorded net current liabilities of approximately HK\$158.2 million, cash and cash equivalents of approximately HK\$0.7 million and carrying amount of the Convertible Bonds (being classified as current liabilities) of approximately HK\$159.8 million.

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## LETTER FROM THE BOARD

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Digital television and advertising business, which involves provision of digital television broadcasting and advertising in Hong Kong and the PRC, is the major source of revenue of the Group and accounted for over 80% of the Group's revenue for the six months ended 30 September 2018. The revenue from the digital television and advertising operation amounted to HK\$8.1 million for the six months ended 30 September 2018, representing a decrease of 30.8% as compared to that of approximately HK\$11.7 million for the six months ended 30 September 2017. The following explains the decrease in such revenue: i) For the advertising business, the amount of revenue generated from new customers was less than the loss of revenue from some major customers. The number of advertising customers changed from 6 for the six months ended 30 September 2017 to 5 for the six months ended 30 September 2018, while total number of customers of the Group remained relatively stable; and ii) for the digital television business, the National Radio and Television Administration has implemented a policy to clean up and rectify the national television channels. As a result, the three television channels of the Group in Hunan had to stop airing due to the low quality of the television programme. The revenue amount of digital television business is approximately HK\$0.67 million (5.7% of the segment revenue) for the six months ended 30 September 2017 and approximately HK\$0.24 million (3% of the segment revenue) for the six months ended 30 September 2018. Therefore, the Group will not continue to invest its resources to develop Hunan digital television due to development restrictions. The Group will focus on the development of advertisement campaign in Hong Kong (being the core business and main revenue contributor of the Group for the year ended 31 March 2018 and six months ended 30 September 2018) in the near future instead. The Group will deploy three staff members to oversee the operation. The Group will co-ordinate with the local media production houses in Hong Kong to stage shows within shopping malls in Hong Kong. These shows will include celebrity appearances to promote strong media coverage. Apart from arranging shows in shopping malls, the Group will also expand its media resources, tentatively, in public transportation sectors. The expansion of media resources will enable the Group to provide its advertising customers with a wider choice of advertising solutions with various advertising media, forms and formats which suits their target audience. The Group will broaden and expand its advertising clients to cover (i) advertising agencies; and (ii) international and domestic corporations in various industries, such as wine industry, food and beverage industry, financial industry, telecommunication industry, entertainment and tourism industry. In addition, the Group will continue to build and maintain a long-standing relationship with its existing customers by holding regular client meeting, developing greater relationship management with key clients, and strengthen its customer base by exploring new clientele. The Group will participate in different promotional events and trade fairs on a regular basis for identifying prospective advertising customers. The Group will also put emphasis on fostering the relationship with advertising agencies, including both internationally recognised "4A" advertising agencies and local advertising agencies. Further, the Group will commence EP and related business which may include production and sale of EP construction materials and EP engineering projects in the fourth quarter of 2018.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the outstanding principal amount of the Convertible Bonds aggregated to HK\$163 million. Pursuant to the original terms of the Convertible Bonds, the maturity dates of the 2015 Convertible Bonds and the 2016 Convertible Bonds were 5 November 2018 and 28 June 2019 respectively. Each of the Convertible Bonds will fall due by less than one year from the Latest Practicable Date.

If the maturity dates of the Convertible Bonds are not extended, the repayment obligations of the Convertible Bonds at their respective maturity dates would result in depletion of the Company's financial resources and would exert funding pressure to the Group for redemption at maturity. The Proposed Amendments effectively allow the Group to extend the maturity date of each of the Convertible Bonds to 31 December 2020. As such, it will alleviate the immediate pressure on cash flow of the Group and is expected to maintain the immediate liquidity of the Group by retaining financial resources for its operation and development. The revised interest payment arrangement as contemplated under the Proposed Amendments is a compensation to the Bondholders for extension of the maturity of the Convertible Bonds.

Moreover, it should be noted that (i) it would be difficult for the Group to obtain bank borrowings of similar size from banking institutions at similar cost given the loss-making financial performance and net liabilities position of the Group; and (ii) it may not be able for the Group to secure equity financing or debt financing in such a short time frame given the maturity of the Convertible Bonds of less than one year.

Having considered the above, the Directors are of the view that the Proposed Amendments are fair and reasonable, the Supplemental Agreements are on normal commercial terms and that the entering into of the Supplemental Agreements is in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not undertaken any equity fund raising activity in the past 12 months immediately before the date of the Supplemental Agreements:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of net proceeds	Actual use of net proceeds
29 August 2018	Subscription of 150,000,000 new Shares under general mandate	HK\$15 million	To settle the outstanding sum of a loan due from the Company to the subscriber	Utilised as intended
19 September 2018	Subscription of 70,000,000 new Shares under general mandate	HK\$7 million	(i) As to approximately HK\$2 million to repay the loan owed by the Company, (ii) as to approximately HK\$2 million to increase the working capital of the Company, and (iii) as to 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\$3 million for working capital and investment opportunities of the Company; and (iii) approximately HK\$3 million was maintained at bank, which is intended to be utilised for development of environment protection business of the Company

### INFORMATION ABOUT THE BONDHOLDERS

As at the Latest Practicable Date, the Bondholders consist of individual and corporate investors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, each of the Bondholders and its respective ultimate beneficial owner(s) is an Independent Third Party.

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## LETTER FROM THE BOARD

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### **GEM LISTING RULES IMPLICATION**

Pursuant to Rule 34.05 of the GEM Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities.

The Company has applied to the Stock Exchange for approval of the Proposed Amendments. An application has also been made by the Company to the Stock Exchange for the grant of the listing of, and the permission to deal in, the Conversion Shares and the Additional Shares falling to be allotted and issued under the 2015 Convertible Bonds and the 2016 Convertible Bonds (as amended by the respective Supplemental Agreements).

### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every eight (8) issued and unissued Shares of HK\$0.0004 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.0032 each.

#### **Effects of the Share Consolidation**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$100,000,000 divided into 250,000,000,000 Shares of HK\$0.0004 each, of which 2,680,475,222 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot, issue or repurchase any Shares prior thereto, the authorised share capital of the Company shall become HK\$100,000,000 divided into 31,250,000,000 Consolidated Shares of HK\$0.0032 each, of which 335,059,402 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled.

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## LETTER FROM THE BOARD

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### Conditions Precedent to the Share Consolidation

The Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the SGM;
- (ii) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the Bermuda Law (if applicable) and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

### Listing Application

An application has been made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought.

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## LETTER FROM THE BOARD

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### **OTHER ARRANGEMENTS**

#### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

#### **Odd lots arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint Pico Zeman Securities (HK) Limited to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Shareholders who wish to take advantage of this facility should contact Mr. Perter Hui of Pico Zeman Securities (HK) Limited at 19/F., CMA Building, 64-66 Connaught Road Central, Hong Kong (telephone number: (852) 3793 8838) during office hours of such period.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

#### **Free exchange of Consolidated Shares' certificates and trading arrangement**

Subject to the Share Consolidation becoming effective, Shareholders may, on or after Thursday, 6 December 2018 until Wednesday, 16 January 2019 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit existing share certificates for the Shares 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 to exchange, at the expense of the Company, for new share certificates of the Consolidated Shares (on the basis of eight (8) Shares for one (1) Consolidated Share).

Thereafter, existing share certificates of Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each existing share certificate for the Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher. The existing share certificates for the Shares are in blue colour and the new share certificates for the Consolidated Shares will be in light green colour.

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## LETTER FROM THE BOARD

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After 4:00 p.m. on Monday, 14 January 2019, existing share certificates for the Shares will only remain effective as documents of title and may be exchanged for certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

### **Adjustments in relation to other securities of the Company**

As at the Latest Practicable Date, the Company has the Convertible Bonds with outstanding principal amount of HK\$163,000,000 which is convertible into 3,260,000,000 Shares at the conversion price of HK\$0.05. The Share Consolidation may cause adjustments to the conversion price and/or the number of Consolidated Shares which may fall to be issued upon exercise of the conversion right attaching to the Convertible Bonds. The Directors will determine any adjustments required to be made in respect of the above as a result of the Share Consolidation. The Company will make further announcement(s) regarding the adjustments as and when appropriate.

Save for the aforesaid, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares as at the Latest Practicable Date.

### **REASONS FOR THE SHARE CONSOLIDATION**

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 3 July 2018 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.063 per Share as at the Latest Practicable Date, the value of each board lot of 5,000 Shares was HK\$315 (the “**Existing Value**”). In view of the recent trading prices of the Shares at a level less than HK\$0.1 and the Existing Value being less than HK\$2,000, the proposed Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange. As such, it would (i) enable the Company to comply with the trading requirements under the GEM Listing Rules; and (ii) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

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## LETTER FROM THE BOARD

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Assuming the Share Consolidation had become effective, based on the closing price of HK\$0.063 per Share (equivalent to the theoretical closing price of HK\$0.504 per Consolidated Share) as at the Latest Practicable Date, the theoretical value of each board lot of 5,000 Consolidated Shares would be HK\$2,520.

The Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract more investors. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

In view of the above, the Directors are of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### SGM

The SGM will be convened and held at 11:00 a.m. on Wednesday, 5 December 2018 at Room 2007, 20th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong, for the purpose of considering, and, if thought fit, approving, *inter alia*, (i) the Supplemental Agreements in relation to the 2015 Convertible Bonds, the Supplemental Agreement in relation to the 2016 Convertible Bonds, the Proposed Amendments, the allotment and issue of (a) the Conversion Shares in relation to the 2015 Convertible Bonds, (b) the Conversion Shares in relation to the 2016 Convertible Bonds, (c) the Additional Shares in relation to the 2015 Convertible Bonds, and (d) the Additional Shares in relation to the 2016 Convertible Bonds under the Specific Mandate (together the “**Resolutions on CB Amendments**”); (ii) the proposed Shares Consolidation. In compliance with the GEM Listing Rules, the resolutions will be voted on by way of poll at the SGM.

Shall any of the Bondholders and his/her/its close associates hold any Share on the date of the SGM, they will be required to abstain from voting at the SGM on the Resolutions on CB Amendments.

As at the Latest Practicable Date, to the best knowledge of the Directors having made all reasonable enquiries, the Bondholders (all of whom are Independent Third Parties) who held an aggregate of 482,373,284 Shares, representing approximately 18.0% of the issued share capital of the Company, are deemed to have an interest in the Proposed Amendments and that they will be required to abstain from voting at the SGM in respect of the Resolutions on CB Amendments.

To the best knowledge of the Directors having made all reasonable enquiries, no Shareholders has a material interest in the Share Consolidation and accordingly, no Shareholders will have to abstain from voting at the SGM in respect of the resolution relating to the Share Consolidation.

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## LETTER FROM THE BOARD

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The notice convening the SGM is set out on pages SGM-1 to SGM-4 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are 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, and in such case, the form of proxy submitted by you shall be deemed to be revoked.

### RECOMMENDATION

The Directors are of the opinion that (i) the Proposed Amendments and the terms of the Supplemental Agreements are on normal commercial terms, are fair and reasonable and that the entering into the Supplemental Agreements are in the interest of the Company and the Shareholders as a whole; and (ii) the proposed Share Consolidation is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM.

### 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, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board of  
**CODE AGRICULTURE (HOLDINGS) LIMITED**  
**Wang Dequn**  
*Chairman*

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## NOTICE OF 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 the special general meeting (the “SGM”) of Code Agriculture (Holdings) Limited (the “**Company**”) will be held at 11:00 a.m., on Wednesday, 5 December 2018 at Room 2007, 20th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolutions of the Company as an ordinary resolutions:

#### ORDINARY RESOLUTION

**“THAT**

- 1 (a) subject to the Stock Exchange (as defined in the circular dated 19 November 2018 despatched to the shareholders of the Company (the “**Circular**”)) having granted its consent or approval to the proposed amendments in relation to the 2015 Convertible Bonds (as defined in the Circular) including, among others, the grant of the listing of, and permission to deal in, the Conversion Shares in relation to the 2015 Convertible Bonds (as defined in the Circular) to be allotted and issued and the additional ordinary shares of the Company to be allotted and issued at the Conversion Price (as defined in the Circular) in the event the holder of the 2015 Convertible Bonds request the Company to pay the interest of the 2015 Convertible Bonds by ordinary shares of the Company, the Directors (as defined in the Circular) be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Conversion Shares in relation to the 2015 Convertible Bonds and the Additional Shares in relation to the 2015 Convertible Bonds (as defined in the Circular); and
- (b) any Director be and is hereby authorised to exercise all power of the Company and take all steps as might in his opinion be desirable, necessary or expedient to implement and/or give effect to the proposed amendments to the 2015 Convertible Bonds.



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## NOTICE OF SGM

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- 2 (a) subject to the Stock Exchange having granted its consent or approval to the proposed amendments in relation to the 2016 Convertible Bonds (as defined in the Circular) including, among others, the grant of the listing of, and permission to deal in, the Conversion Shares in relation to the 2016 Convertible Bonds (as defined in the Circular) to be allotted and issued and the additional ordinary shares of the Company to be allotted and issued at the Conversion Price in the event the holder of the 2016 Convertible Bonds request the Company to pay the interest of the 2016 Convertible Bonds by ordinary shares of the Company, the Directors be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Conversion Shares in relation to the 2016 Convertible Bonds and the Additional Shares in relation to the 2016 Convertible Bonds (as defined in the Circular); and
- (b) any Director be and is hereby authorised to exercise all powers of the Company and take all steps as might in his opinion be desirable, necessary or expedient to implement and/or give effect to the proposed amendments to the 2016 Convertible Bonds.
- 3 subject to and conditional upon, among other things, the Listing Committee of the Stock Exchange granting the approval to the listing of, and the permission to deal in, the Consolidated Shares (as defined below) upon the Share Consolidation (as defined below) becoming effective:
- (a) with effect from the first day of trading of the Stock Exchange immediately following the date on which this resolution is passed, being a day on which shares of the Company are traded on the Stock Exchange, every eight (8) issued and unissued ordinary share(s) of HK\$0.0004 each in the share capital of the Company be consolidated into one (1) ordinary share of HK\$0.0032 each (the “**Consolidated Shares**” and each a “**Consolidated Share**”), such Consolidated Shares shall rank *pari passu* in all respects with each other (the “**Share Consolidation**”);
- (b) all fractional Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to holders of the same but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the Directors may think fit; and

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## NOTICE OF SGM

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- (c) the Directors be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate to effect and implement the Share Consolidation.”

By order of the board of Directors  
**CODE AGRICULTURE (HOLDINGS) LIMITED**  
**Wang Dequn**  
*Chairman*

Hong Kong, 19 November 2018

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Room 2007, 20th Floor  
C C Wu Building  
302-308 Hennessy 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.

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## NOTICE OF SGM

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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 at the date of this notice, the executive Directors are Mr. Wang Dequn, Ms. Jingquan Yingzi, Mr. Mao Songtao, 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. Wong Ching Keung.*