



## CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

### FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2018

#### CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**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 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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*This announcement, for which the directors (the “Director(s)”) of Code Agriculture (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particular given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the “Board”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2018 (the “Period”), together with the unaudited comparative figures for the corresponding period in 2017 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 30 June 2018

		Three months ended 30 June	
		2018	2017
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	4,805	9,200
Cost of sales and services		<u>(2,274)</u>	<u>(2,529)</u>
Gross profit		2,531	6,671
Other income	4	34	34
Distribution costs		(75)	(83)
Administrative expenses		(3,594)	(3,234)
Net fair value gain on financial assets at fair value through profit or loss		3,143	5,860
Finance costs	5	<u>(8,451)</u>	<u>(7,839)</u>
(Loss) profit before income tax	6	(6,412)	1,409
Income tax credit	7	<u>5</u>	<u>136</u>
(Loss) profit for the period		<u>(6,407)</u>	<u>1,545</u>
(Loss) profit attributable to:			
– Owners of the Company		(6,332)	1,590
– Non-controlling interests		<u>(75)</u>	<u>(45)</u>
		<u>(6,407)</u>	<u>1,545</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share attributable to owners of the Company			
– Basic and diluted	8	<u>(0.33)</u>	<u>0.14</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)**

For the three months ended 30 June 2018

	<b>Three months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(Loss) profit for the period	<u>(6,407)</u>	<u>1,545</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>630</u>	<u>(278)</u>
Total comprehensive (expense) income for the period	<u>(5,777)</u>	<u>1,267</u>
Total comprehensive (expense) income attributable to:		
– Owners of the Company	<u>(5,830)</u>	<u>1,341</u>
– Non-controlling interests	<u>53</u>	<u>(74)</u>
	<u>(5,777)</u>	<u>1,267</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2018

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Equity component of convertible bonds HK\$'000	Capital reserve HK\$'000	Merger reserve HK\$'000 <i>(note (a))</i>	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2017 (audited)	457	92,635	46,835	6,000	(197)	199	(303,957)	(158,028)	(7,349)	(165,377)
Profit for the period	-	-	-	-	-	-	1,590	1,590	(45)	1,545
Other comprehensive expense										
- Exchange differences on translation of foreign operations	-	-	-	-	-	(249)	-	(249)	(29)	(278)
Total comprehensive (expense) income for the period	-	-	-	-	-	(249)	1,590	1,341	(74)	1,267
Shares issued or to be issued in respect of bond interest payments	-	-	-	6,000	-	-	-	6,000	-	6,000
At 30 June 2017 (unaudited)	457	92,635	46,835	12,000	(197)	(50)	(302,367)	(150,687)	(7,423)	(158,110)
At 1 April 2018 (audited)	760	132,194	42,505	-	(197)	(874)	(338,132)	(163,744)	(7,722)	(171,466)
Loss for the period	-	-	-	-	-	-	(6,332)	(6,332)	(75)	(6,407)
Other comprehensive income										
- Exchange differences on translation of foreign operations	-	-	-	-	-	502	-	502	128	630
Total comprehensive (expense) income for the period	-	-	-	-	-	502	(6,332)	(5,830)	53	(5,777)
Shares to be issued in respect of bond interest payments <i>(note (b))</i>	-	-	-	6,000	-	-	-	6,000	-	6,000
At 30 June 2018 (unaudited)	760	132,194	42,505	6,000	(197)	(372)	(344,464)	(163,574)	(7,669)	(171,243)

## Notes:

- (a) The merger reserve of the Group represents the difference between the nominal value of the share capital of a subsidiary acquired and the nominal value of the shares issued by the Company in exchange thereof pursuant to the Group reorganisation on 20 March 2001 as set out in the prospectus of the Company dated 26 March 2001.
- (b) During the Period, no bondholders of the 6% convertible bonds in the aggregate principal amount of HK\$130,000,000 due on 5 November 2018 and the 6% convertible bonds in the aggregate principal amount of HK\$120,000,000 due on 28 June 2019 (the "CB 2019") have requested to convert or to pay any interest payable by way of the Company's shares.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the GEM of the Stock Exchange. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Room 2007, 20th Floor, C C Wu Building, 302-308 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are provision of digital television broadcasting and advertising in Hong Kong and the People's Republic of China (the "PRC"), provision of car beauty services in Hong Kong, money lending business in Hong Kong and securities investments in Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousands ("HK\$'000") except when otherwise indicated. The condensed consolidated financial statements for the three months ended 30 June 2018 (the "First Quarterly Financial Statements") are unaudited but were reviewed by the Audit Committee of the Company (the "Audit Committee") and approved for issue by the Board on 10 August 2018.

### 2. BASIS OF PREPARATION

The First Quarterly Financial Statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The First Quarterly Financial Statements do not include all the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2018 (the "Annual Report 2018").

The accounting policies and methods of computation applied in the preparation of the First Quarterly Financial Statements are consistent with those applied in preparing the Annual Report 2018 except for the adoption of new or revised standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 April 2018. The adoption of these new or revised standards, amendments and interpretations did not result in any substantial changes to the accounting policies of the Group. In addition, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The First Quarterly Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The preparation of the First Quarterly Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. The significant judgments, estimates and assumptions applied in the preparation of the First Quarterly Financial Statements are consistent with those used in the Annual Report 2018.

#### **Going concern**

The Group recorded both unaudited net current liabilities and net liabilities as at 30 June 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As stated in the Annual Report 2018, the Directors reviewed the Group's financial and liquidity position, and have taken the following actions to mitigate the liquidity issues faced by the Group:

- (a) the shareholders of the Company have confirmed that they will provide continuous financial support to the Company for a period of twelve months from the date of approval of the consolidated financial statements for the year ended 31 March 2018 by the Directors;
- (b) possible fund raising activities including, but not limited to placing, rights issues or open offer and issuance of convertible bonds are to be attempted;
- (c) the Group is in negotiation with financial institutions and the Company's bondholders for new borrowings and extensions of existing borrowings and convertible bonds upon due dates and applying for future credit facilities; and
- (d) the management plans to improve the Group's financial performance by taking steps to reduce discretionary expenses and administrative costs and exploring new business which will provide a growing and recurring the source of income.

In light of the measures and arrangements as described above, the Directors consider the Group will have sufficient working capital to meet their financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

### 3. REVENUE (UNAUDITED)

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Digital television service income	<b>4,104</b>	8,429
Car beauty service income	<b>578</b>	716
Money lending income	<b>123</b>	55
	<b><u>4,805</u></b>	<u>9,200</u>

### 4. OTHER INCOME (UNAUDITED)

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Bank interest income	<b>1</b>	1
Interest income from amount due from a related company	<b>33</b>	33
	<b><u>34</u></b>	<u>34</u>

**5. FINANCE COSTS (UNAUDITED)**

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on other loans wholly repayable within five years	786	238
Interest on convertible bonds	7,665	7,601
	<u>8,451</u>	<u>7,839</u>

**6. (LOSS) PROFIT BEFORE INCOME TAX (UNAUDITED)**

(Loss) profit before income tax is arrived at after charging:

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(a) Employee benefit expenses (including directors' remuneration)</b>		
Salaries, wages and other benefits	2,328	2,430
Retirement benefit scheme contributions	50	192
	<u>2,378</u>	<u>2,622</u>
<b>(b) Other items</b>		
Amortisation of other intangible assets	25	25
Depreciation of items of property, plant and equipment	171	494
Loss on disposal of items of property, plant and equipment	324	–
Write-off of items of property, plant and equipment	41	–
Write-down of inventories	2	–
Minimum lease payments under operating leases in respect of land and buildings	610	958
Minimum lease payments under operating leases in respect of office equipment	17	16
Cost of inventories sold	55	51
	<u>55</u>	<u>51</u>

**7. INCOME TAX CREDIT (UNAUDITED)**

	<b>Three months ended 30 June</b>	
	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax – Hong Kong Profits Tax	–	9
Deferred tax	(5)	(145)
	<u>(5)</u>	<u>(136)</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong for the Period.

The provision for PRC Enterprise Income Tax is calculated at the standard rate of 25% on the estimated assessable income as determined in accordance with the relevant income tax rules and regulations of the PRC. No PRC Enterprise Income Tax has been provided for the three months ended 30 June 2018 and 2017.

**8. (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (UNAUDITED)**

- (a) Basic (loss) earnings per share is calculated by dividing the (loss) profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Period.

	<b>Three months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(Loss) earnings</b>		
(Loss) profit attributable to owners of the Company	<u>(6,332)</u>	<u>1,590</u>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<u>1,900,675</u>	<u>1,143,371</u>

- (b) No adjustment has been made to the basic (loss) earnings per share amounts presented for the three months ended 30 June 2018 and 2017 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect.

**9. DIVIDEND**

The Board does not recommend the payment of a dividend for the three months ended 30 June 2018 (2017: Nil).

**10. EVENTS AFTER REPORTING DATE**

The bondholders of the CB 2019 have requested the Company to pay all interest payable for the second anniversary by way of shares. On 8 August 2018, 120,000,000 ordinary shares of the Company have been issued at conversion price of HK\$0.05 per share.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the Period, the Group was principally engaged in provision of digital television broadcasting and advertising in Hong Kong and the PRC, provision of car beauty services in Hong Kong, money lending business in Hong Kong and securities investments in Hong Kong.

The Group's revenue for the Period amounted to approximately HK\$4.8 million, representing a decrease of 47.8% as compared to that of approximately HK\$9.2 million for the three months ended 30 June 2017 (the "Preceding Period"), resulting in the Group loss for the Period of approximately HK\$6.4 million, as compared to a profit of approximately HK\$1.5 million for the Preceding Period.

#### *Digital television operation*

The Group recorded revenue of approximately HK\$4.1 million from this operation for the Period, as compared to revenue of approximately HK\$8.4 million for the Preceding Period. The decrease was mainly due to loss of some major customers. The Group will not continue to invest in resources to develop Hunan digital television due to development restrictions arising from some changes in national policies. The management will focus on the development of advertisement campaign in the near future.

#### *Car beauty operation*

Revenue from this operation for the Period was decreased by 19.3% to approximately HK\$578,000, as compared to revenue of approximately HK\$716,000 for the Preceding Period. The decrease was mainly due to the management decided not to renew the lease of the second branch for its operation, since it failed to break even after two years of operation.

#### *Money lending operation*

Revenue from this operation for the Period was approximately HK\$123,000, as compared to revenue of approximately HK\$55,000 for the Preceding Period. The increase in revenue was mainly due to more loan receivables were granted as compared with the Preceding Period. As at 30 June 2018, gross loan receivables amounted to HK\$3.9 million (as at 30 June 2017: HK\$2.2 million).

#### *Securities investments operation*

The Group commenced securities investments in Hong Kong since July 2016. The net fair value gain on financial assets at fair value through profit or loss for the Period was approximately HK\$3.1 million as compare to gain of approximately HK\$5.9 million for the Preceding Period.

Details of investments in equity securities listed in Hong Kong held by the Group during the Period are as follows:

Stock Code	Stock Abbreviation	Number of shares held as at 30 June 2018	Fair value as at 30 June 2018 <i>HK\$'000</i>	Gain (losses) during the Period <i>HK\$'000</i>
530	GOLDIN FIN HOLD	760,000	2,593	(371)
8103	TRILLION GRAND	1,840,000	3,735	848
8202	INNO-TECH HOLD	20,310,000	4,021	422
1166	SOLARTECH INT'L	5,520,000	6,955	2,374
1387	RENHE COMM	300,000	47	1
1130	CHINA ENV RES	–	–	(131)
			17,351	3,143

## Financial Review

### Revenue

For the Period, revenue of the Group amounted to approximately HK\$4.8 million, representing a decrease of approximately 47.8% from approximately HK\$9.2 million for the Preceding Period. The decrease in revenue was mainly attributable to decrease in revenue contributed by the digital television operation.

### Cost of sales and services

The cost of sales and services decreased to approximately HK\$2.3 million for the Period from approximately HK\$2.5 million for the Preceding Period, representing a decrease of approximately 10.1%. Such decrease was along with the drop in revenue for the Period.

### Gross Profit and gross profit margin

The Group's gross profit decreased to approximately HK\$2.5 million for the Period from approximately HK\$6.7 million for the Preceding Period, representing an decrease of approximately 62.1%. The Group's gross profit margin maintained at a steady level of approximately 52.7% for the Period and as compared with that of approximately 50.3% for the year ended as at 31 March 2018.

### Distribution costs

The Group recorded distribution costs at steady level of approximately HK\$75,000 for the Period, as compared to approximately HK\$83,000 for the Preceding Period.

## **Administrative expenses**

Administrative expenses for the Period increased by 11.1% to approximately HK\$3.6 million, as compared to approximately HK\$3.2 million for the Preceding Period. Such increase was mainly due to loss on disposal of items of property, plant and equipment of approximately HK\$324,000. Administrative expenses mainly consist of staff costs, depreciation, operating lease rentals for office, legal and professional fees and others. The Group will continue to adopt the stringent cost controls in the forthcoming periods.

## **Finance costs**

The Group recorded finance costs of approximately HK\$8.5 million for the Period, as compared to approximately HK\$7.8 million for the Preceding Period. The finance costs were mainly arising from the interest expenses on convertible bonds which were issued in November 2015 and June 2016 with the effective interest rates of 18.5% and 21.1% per annum respectively.

## **Loss for the period and loss attributable to owners of the Company**

The Group recorded a loss for the Period of approximately HK\$6.4 million, as compared to a profit of approximately HK\$1.5 million for the Preceding Period. Loss attributable to owners of the Company for the Period was approximately HK\$6.3 million, as compared to a profit of approximately HK\$1.6 million for the Preceding Period. The basic and diluted loss per share of the Group for the Period were HK cents 0.33, as compared to the basic and diluted earnings per share of HK cents 0.14 for the Preceding Period.

## **CAPITAL STRUCTURE**

As at 30 June 2018, the number of issued ordinary shares of the Company was 1,900,674,675 shares (31 March 2018: 1,900,674,675 shares). Additional shares may be issued by way of (i) conversion of the convertible bonds which if fully converted would result in the issuance of 3,600,000,000 shares of the Company; and (ii) bond interest payments which if fully paid would result in the issuance of 183,583,561 shares of the Company.

## **PROSPECTS**

Looking ahead, the Group remains confident about the prospects of the cultural industry including advertisement, travel, movie and television, integrated agriculture, modern agriculture and new media. The cultural and media industry throughout the world, and especially in the PRC is presented with a huge opportunity. The Group intends to commence environmental protection (“EP”) and related businesses which may include production and sale of EP construction materials and EP construction engineering projects in this year. The management will continue to develop solid operating strategies of the Group and explore other investment opportunities with a view to enhancing and improving returns to our stakeholders.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the ordinary share of HK\$0.0004 each in the share capital of the Company (“Shares”), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the “SFO”)), as recorded in the register which is required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the SFO or the GEM Listing Rules were as follows:

### **Long positions in the Shares**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Percentage of shareholding</b>
Ms. Wu Meirong	Beneficial owner	63,146,301	3.32%
Ms. Jingquan Yingzi	Beneficial owner	1,130,500	0.06%

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executive of the Company had any interests or short positions in the Shares and underlying Shares 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 and short positions in which they were taken or deemed to have 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 to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of GEM Listing Rules relating to securities transactions by Directors.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in the sections headed “Directors’ and Chief Executives’ interests and short positions in Shares and underlying Shares of the Company or any associated corporation” and “Share Option Scheme”, at no time during the three months ended 30 June 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, so far as was known to the Directors, 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 or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### Long positions in the Shares and underlying Shares

Name of Shareholders	Capacity and nature of interests	Number of Shares held	Number of underlying Shares held (note (d))	Percentage of issued share capital of the Company
Yiu Kwok Ming Tommy	Beneficial owner	80,458,628	420,000,000	26.33%
Lam Kai Tai	Beneficial owner	16,800,958	180,000,000	10.35%
Lau Kevin	Beneficial owner	24,950,958	180,000,000	10.78%
Winner Cosmos Limited (note (a))	Beneficial owner	–	140,000,000	7.37%
Ng Kwok Wing (note (a))	Interest of a controlled corporation	–	140,000,000	7.37%
Kitchell Osman Bin	Beneficial owner	21,600,000	180,000,000	10.61%
Wong Ying Seung Asiong	Beneficial owner	21,600,000	180,000,000	10.61%
Chan Chak Kai Kenneth	Beneficial owner	19,200,000	160,000,000	9.43%
Kwong Kai Sing Benny	Beneficial owner	19,200,000	160,000,000	9.43%
Ip Cheuk Ho	Beneficial owner	30,001,232	200,000,000	12.10%
To Yuet Sing	Beneficial owner	14,811,233	200,000,000	11.30%
Tsang Kai Ming	Beneficial owner	52,151,233	200,000,000	13.27%
Song Chun Xiao (note (b))	Interest of a controlled corporation	–	600,000,000	31.57%
Faith Elite International Holdings Limited (note (b))	Interest of a controlled corporation	–	600,000,000	31.57%
Latop International Investment Limited (note (b))	Beneficial owner	–	600,000,000	31.57%
Zhou Yi (note (c))	Interest of a controlled corporation	–	400,000,000	21.05%
Wing Wise International Limited (note (c))	Beneficial owner	–	400,000,000	21.05%
宋文霞	Beneficial owner	–	340,000,000	17.89%
Shimazaki Koji	Beneficial owner	143,475,068	–	7.55%
Alexia Jouliau	Beneficial owner	143,341,900	–	7.54%

Notes:

- (a) Mr. Ng Kwok Wing is deemed to be interested in 140,000,000 underlying Shares through his interests in Winner Cosmos Limited.

- (b) Latop International Investment Limited is directly wholly owned by Faith Elite International Holdings Limited which is directly wholly owned by Mr. Song Chun Xiao. Mr. Song Chun Xiao is deemed to be interested in underlying Shares held by Latop International Investment Limited.
- (c) Mr. Zhou Yi is deemed to be interested in 400,000,000 underlying Shares through his interests in Wing Wise International Limited.
- (d) 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, no other person had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## **SHARE OPTION SCHEME**

A share option scheme was adopted by the Shareholders and became effective on 2 February 2009 and shall remain in force for a period of 10 years from that date. The share option scheme mandate limit was refreshed to 10% of the issued Shares at the date of annual general meeting of the Company (the “AGM”) held on 14 September 2015. As at 30 June 2018, the number of Shares available for issue under the scheme was 10,812,347 Shares, after the adjustment in respect of the share consolidation taken effect on 15 October 2015. As at the date of this announcement, no share option has been granted under the share option scheme of the Company.

## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules for the three months ended 30 June 2018, save and except for the following:

1. Code provision E.1.2 specifies that the chairman of the board should attend the annual general meeting. Ms. Jingquan Yingzi, the chairman of the Board has been actively involved in the business operations of the Group. Despite her utmost intention to be present at the AGM held on 29 September 2017 (the “AGM 2017”), Ms. Jingquan was unable to attend the AGM 2017 due to other urgent business commitments of the Group. Mr. Chin Wai Keung Richard, an executive Director, has taken the chair; and
2. Code provision A.1.3 requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given. Due to the practical reasons, 14 days’ advanced notifications have not been given to all meetings of the Board. Reasons have been given in the notifications in respect of those meetings of the Board where it is not practical to give 14 days’ advanced notification. The Board will use its best endeavor to give 14 days’ advanced notifications of Board meeting to the extent practicable.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the period under review, the Company continued to adopt a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct regarding securities transactions by the Directors for the three months ended 30 June 2018.

## **COMPETING INTEREST**

During the three months ended 30 June 2018, none of the Directors or management shareholders of the Company (as defined in the GEM Listing Rules) had any interests in any business that competed or may compete with the business of the Group.

## **PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the three months ended 30 June 2018.

## **AUDIT COMMITTEE**

The Audit Committee has its terms of reference revised on 8 January 2016. The primary duties of the Audit Committee are to review the Group's annual report and accounts, half-year report and quarterly reports and to provide advice and comments thereon to the Board and to review and to provide the oversight of the financial reporting system, risk management and internal control system of the Group. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua ("Mr. Lee"), Mr. Hau Chi Kit and Mr. Zhao Zhizheng. Mr. Lee is the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited first quarterly report and results for the three months ended 30 June 2018, and was of opinion that the preparation of such report and results complied with applicable accounting standards and the GEM Listing Rules and that adequate disclosure had been made.

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

Hong Kong, 10 August 2018

*As at the date of this announcement, the executive Directors are Ms. Wu Meirong, Ms. Jingquan Yingzi, Mr. Chin Wai Keung Richard, 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.*