



CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in Bermuda with limited liability) (於百慕達註冊成立之有限公司)

Stock Code 股份代號: 8153



2019

FIRST QUARTERLY
REPORT



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.

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

This report, for which the directors (the “Director(s)”) of Code Agriculture (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars 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 report 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 report misleading.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of Directors (the "Board") hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 30 June 2019 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months ended 30 June 2019

		Three months ended 30 June	
	Notes	2019 HK\$'000	2018 HK\$'000 (Restated)
Continuing operations			
Revenue	3	5,124	4,227
Cost of sales and services		(4,000)	(1,797)
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Gross profit		1,124	2,430
Other income	4	–	34
Distribution costs		–	(75)
Administrative expenses		(3,649)	(3,380)
Net fair value (loss)/gain on financial assets at fair value through profit or loss		(509)	3,143
Finance costs	5	(2,853)	(8,451)
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(Loss) before income tax	6	(5,887)	(6,299)
Income tax expense	7	–	–
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(Loss) for the period from continuing operations		(5,887)	(6,299)



**Three months ended
30 June**

	Notes	2019 HK\$'000	2018 HK\$'000 (Restated)
Discontinued operation			
Loss for the period from discontinued operation	8	–	(108)
Loss for the period		(5,887)	(6,407)
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Loss for the period attributable to owners of the Company			
– Continuing operations		(5,887)	(6,224)
– Discontinued operation		–	(108)
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Loss for the period attributable to owners of the Company		(5,887)	(6,332)
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Loss for the period attributable to non-controlling interests			
– Continuing operations		–	(75)
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		HK cents	HK cents
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
– Basic and diluted	9	0.19	0.33
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From continuing operations			
– Basic and diluted	9	0.19	0.33
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 30 June 2019

	Three months ended 30 June	
Notes	2019 HK\$'000	2018 HK\$'000 (Restated)
Loss for the period	(5,887)	(6,407)
Other comprehensive income		
<i>Item that may reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	-	630
Total comprehensive expense for the period	(5,887)	(5,777)
Total comprehensive expenses attributable to:		
– Owners of the Company	(5,887)	(5,830)
– Non-controlling interests	-	53
	(5,887)	(5,777)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2019

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Equity component of convertible bonds	Capital reserve	Merger reserve	Exchange reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note (a))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2018 (audited)	760	132,194	42,505	-	(197)	(874)	(338,132)	(163,744)	(7,722)	(171,466)
Impact of initial application of HKFRS9	-	-	-	-	-	-	(4,980)	(4,980)	-	(4,980)
Adjusted balance at 1 April 2018	760	132,194	42,505	-	(197)	(874)	(343,112)	(168,724)	(7,722)	(176,446)
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 for the period	-	-	-	-	-	502	(6,332)	(5,830)	53	(5,777)
Shares issued in respect of bond interest payments (note (b))	-	-	-	6,000	-	-	-	6,000	-	6,000
At 30 June 2018 (unaudited)	760	132,194	42,505	6,000	(197)	(372)	(349,444)	(168,554)	(7,669)	(176,223)
At 1 April 2019 (audited)	1,072	184,403	77,638	-	(197)	(341)	(433,228)	(170,653)	(7,614)	(178,267)
Loss for the period	-	-	-	-	-	-	(5,887)	(5,887)	-	(5,887)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(5,887)	(5,887)	-	(5,887)
Conversion of convertible bonds	360	44,640	-	-	-	-	-	45,000	-	45,000
Shares issued in respect of bond interest payments (note (b))	18	4,551	(2,284)	-	-	-	-	2,285	-	2,285
At 30 June 2019 (unaudited)	1,450	233,594	75,354	-	(197)	(341)	(439,115)	(129,255)	(7,614)	(136,869)

Notes:

- 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.
- 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 and/or cash.

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"), 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 2019 (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 14 August 2019.

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 2019 (the "2019 Annual Report").

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 2019 Annual Report except for the adoption of new or revised standards, amendments and interpretations issued by the HKICPA mandatory for annual periods beginning 1 April 2019. 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 2019 Annual Report.

Going concern

The Group recorded both unaudited net current liabilities and net liabilities as at 30 June 2019. 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 2019 Annual Report, 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 audited consolidated financial statements for the year ended 31 March 2019 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 on growing and recurring 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)

	Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000 (Restated)
Digital television service income	5,000	4,104
Money lending income	124	123
	5,124	4,227

4. OTHER INCOME (UNAUDITED)

	Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Bank interest income	-	1
Interest income from amount due from a related company	-	33
	-	34

5. FINANCE COSTS (UNAUDITED)

	Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Interest on other loans wholly repayable within five years	568	786
Interest on convertible bonds	2,285	7,665
	2,853	8,451

6. LOSS BEFORE INCOME TAX (UNAUDITED)

	Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000 (Restated)
(a) Employee benefit expenses (including directors' remuneration)		
Salaries, wages and other benefits	1,173	1,949
Retirement benefit scheme contributions	49	34
	1,222	1,983
(b) Other items		
Amortisation of other intangible assets	-	2
Depreciation of items of property, plant and equipment	47	154
Loss on disposal of items of property, plant and equipment	-	324
Write off of items of property, plant and equipment	-	22
Minimum lease payments under operating leases in respect of land and buildings	297	466
Minimum lease payments under operating leases in respect of office equipment	-	16

7. INCOME TAX EXPENSES (UNAUDITED)

	Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000 (Restated)
Continuing operations		
Current tax – Hong Kong Profits Tax	–	–

Hong Kong Profits Tax was calculated at the rate of 16.5% based on the HK Group Companies' estimated assessable profits arising in Hong Kong subsidiaries during the Forecast Period. The two-tiered profits tax regime (i.e. the first HK\$2.0 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2.0 million will be taxed at 16.5%) is applicable to our HK Group Companies for the assessment year commencing on or after 1 April 2018.

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 2019 and 2018.

8. DISCONTINUED OPERATION

On 31 October 2018, the Group entered into a sales and purchase agreement with an independent third party for disposal of the Group's entire equity interests in Super Car Service Company Limited (the "Disposal Subsidiary"), which were engaged in car beauty and maintenance in Hong Kong. The transaction was completed on 31 October 2018.

The loss for the period from the discontinued car beauty operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the car beauty operation as a discontinued operation.

The results of the Disposal Subsidiary for the period from 1 April 2018 to 30 June 2018, which have been included in the consolidated statement of profit or loss and other comprehensive income for the Preceding Period, were as follows:

	Period ended 30 June 2018 HK\$'000
Revenue	578
Cost of sales	(477)
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Gross profit	101
Administrative expenses	(214)
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Loss before tax	(113)
Deferred tax	5
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Loss for the period	(108)
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Loss for the period from discontinued operation including the following:	
Amortisation	23
Depreciation	17
Minimum lease payments under operating leases in respect of land and buildings	144
Salaries, wages and other benefits	379
Retirement benefit scheme contributions	16
Write-off of items of property, plant and equipment	18
Write-off of inventories	2
Cost of inventories sold	55
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9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (UNAUDITED)

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

	Three months ended 30 June	
	2019 HK\$'000	2018 HK\$'000
Loss		
Loss attributable to owners of the Company	(5,887)	(6,332)
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue (Note)	3,062,441	1,900,675

Note: Number of shares of the Company is not adjusted for the effect of the proposed share consolidation after the reporting period as disclosed in note 11.

- (b) No adjustment has been made to the basic loss per share amounts presented for the three months ended 30 June 2019 and 2018 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect.

10. DIVIDEND

The Board does not recommend the payment of a dividend for the three months ended 30 June 2019 (2018: Nil).



11. EVENT AFTER THE REPORTING DATE

Pursuant to the announcements dated 8, 18, 19 and 25 July 2019 and the circular dated 1 August 2019, the Board proposes to implement the share consolidation on the basis that every forty (40) issued and unissued shares of par value HK\$0.0004 each in the share capital of the Company will be consolidated into one (1) consolidated share of par value of HK\$0.016 each (the "Proposed Share Consolidation"). Special general meeting of the Company will be held on 22 August 2019 to consider the approval of the Proposed Share Consolidation. The Proposed Share Consolidation was not completed as of the date of this report.

Subsequent to the period end, the bondholders of the CB 2018 and CB 2019 have requested the Company to convert the CB into share which the principal amount is HK\$6,000,000 and 120,000,000 shares were issued at conversion price of HK\$0.05 per share to the bondholders on 8 July 2019.

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, money lending business in Hong Kong and securities investments in Hong Kong.

The Group's revenue from continuing operations for the Period amounted to approximately HK\$5.1 million, representing an increase of 21% as compared to that of approximately HK\$4.2 million for the three months ended 30 June 2018 (the "Preceding Period"), resulting in the Group loss for the Period from continuing operations of approximately HK\$5.9 million, as compared to a loss from continuing operations of approximately HK\$6.3 million for the Preceding Period.

Digital television operation

The Group recorded revenue of approximately HK\$5.0 million from this operation for the Period, as compared to revenue of approximately HK\$4.1 million for the Preceding Period. The management will focus on the development of advertisement campaign in the near future.

Money lending operation

Revenue from this operation for the Period was approximately HK\$124,000, as compared to revenue of approximately HK\$123,000 for the Preceding Period. The revenue was remain stable with Preceding Period. As at 30 June 2019, gross loan receivables amounted to HK\$4.5 million (as at 30 June 2018: HK\$3.9 million).

Securities investments operation

The net fair value loss on financial assets at fair value through profit or loss for the Period was approximately HK\$0.5 million. The gain of approximately HK\$3.1 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 2019	Fair value as at 30 June 2019 HK\$'000	Gain/(losses) during the Period HK\$'000
8103	HMVOD	900,000	900,000	360,000
			900,000	360,000

Car beauty operation

This segment was discontinued in October 2018. Revenue from this operation for the Preceding Period was approximately HK\$578,000.

Financial Review

Revenue

For the Period, revenue of the Group amounted to approximately HK\$5.1 million, representing an increase of approximately 21% from approximately HK\$4.2 million for the Preceding Period. The increase in revenue was mainly attributable to an increase in revenue contributed by the digital television operation.

Cost of sales and services

The cost of sales and services increased to approximately HK\$4 million for the Period from approximately HK\$1.8 million for the Preceding Period. Such increase was in line with the increase in revenue for the Period.

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK\$1.1 million for the Period from approximately HK\$2.4 million for the Preceding Period, representing a decrease of approximately 53.7%.

Distribution costs

Distribution costs recorded by the Group was nil for the Period, as compared to approximately HK\$75,000 for the Preceding Period, representing a decrease of 100%.

Administrative expenses

Administrative expenses for the Period record at steady level of approximately HK\$3.6 million, as compared to approximately HK\$3.4 million for the Preceding Period. 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\$2.8 million for the Period, as compared to approximately HK\$8.5 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 maturity date extended to November 2018 and June 2019, respectively, with the effective interest rates of 10.48% and 9.18% per annum respectively.

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

The Group recorded a loss for the Period from continuing operations of approximately HK\$5.9 million, as compared to a loss of approximately HK\$6.3 million for the Preceding Period. Loss attributable to owners of the Company for the Period was approximately HK\$5.9 million, as compared to a loss attributable to owners of the Company of approximately HK\$6.3 million for the Preceding Period. The basic and diluted loss per share from continuing and discontinued operations of the Group for the Period were HK cents 0.19, as compared to the basic and diluted earnings per share of HK cents 0.33 for the Preceding Period.



CAPITAL STRUCTURE

As at 30 June 2019, the number of issued ordinary shares of the Company was 3,626,172,752 shares (31 March 2019: 2,680,475,222 shares).

Subsequent to the period end, the bondholders of the CB 2018 and CB 2019 have requested the Company to convert the CB into share which the principal amount is approximately HK\$6,000,000 and 120,000,000 shares were issued at conversion price of HK\$0.05 per share to the bondholders on 8 July 2019.

Additional shares may be issued by way of conversion of the convertible bonds which if fully converted would result in the issuance of 117,630,000 shares of the Company.

PROSPECTS

Looking ahead, the Group remains confident about the prospects of the cultural industry including advertisement, travel, movie and television, new media and money lender. The cultural and media industry throughout the world, and especially in the PRC is presented with a huge opportunity. 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 2019, 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

Name of Director and chief executive	Capacity	Number of Shares held (Note)	Number of underlying Shares (Note)	Approximate percentage of shareholding
Qian Gang	Beneficial owner	74,740,000	–	2.06%
Wang Dequn	Beneficial owner	220,000,000	–	6.07%
Wu Meirong	Beneficial owner	63,146,301	–	1.74%

Note: Number of shares or underlying shares held by the Director and chief executive of the Company is not adjusted for the effect of the share consolidation after the reporting period.

Save as disclosed above, as at 30 June 2019, 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 2019 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 2019, 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	Notes	Capacity and nature of interests	Number of Shares held/ interested (Note (c))	Number of underlying Shares held/ interested (Note (b) and (c))	Approximate percentage of shareholding
Oshidori International Holdings Limited	(a)	Interest of a controlled corporation	75,000,000	1,620,000,000	46.74%
Uptown WW Capital Group Limited (Cayman)	(a)	Interest of a controlled corporation	75,000,000	1,620,000,000	46.74%
Uptown WW Capital Group Limited (BVI)	(a)	Interest of a controlled corporation	75,000,000	1,620,000,000	46.74%
Uptown WW Holdings Limited	(a)	Interest of a controlled corporation	75,000,000	1,620,000,000	46.74%
Yiu Kwok Ming Tommy		Beneficial owner	80,458,628	420,000,000	13.80%
宋文震		Beneficial owner	364,200,547	-	10.04%
Wang Dequan		Beneficial owner	220,000,000	-	6.07%
Leung Chung Shan		Beneficial owner	10,800,000	180,000,000	5.26%

Notes:

- Uptown WW Holdings Limited is directly wholly owned by Uptown WW Capital Group Limited (BVI) which is directly wholly owned by Uptown WW Capital Group Limited (Cayman) which is directly wholly owned by Oshidori International Holdings Limited. Oshidori International Holdings Limited, Uptown WW Capital Group Limited (Cayman) and Uptown WW Capital Group Limited (BVI) are deemed to be interested in the Shares and underlying Shares held by Uptown WW Holdings Limited.
- These shares may be allotted and issued upon exercise of the conversion rights attaching to the convertible bonds issued by the Company.
- Number of Shares of underlying Shares held by the substantial shareholders is not adjusted for the effect of the share consolidation after the reporting period.

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

Following the expiry on 1 February 2019 of the Company's share option scheme adopted in February 2009, the Company has not adopted any new share option scheme.

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 2019, save and except for the following:

1. Pursuant to Rule 5.05A of the GEM Listing Rules, the Company must appoint independent non-executive directors representing at least one-third of the Board. Following the appointment of Mr. Tsang King Sun on 2 July 2019, the Board comprised of ten directors, represented by five executive directors, two non-executive directors and three independent non-executive directors, thus the number of independent non-executive directors did not represent one-third of the Board as required by Rule 5.05A of the GEM Listing Rules. Till the appointment of Ms. Ng Yin Ling Elaine and Dr. Antonio Maria Santos on 9 July 2019, the Board comprised of twelve directors, represented by five executive directors, two non-executive directors and five independent non-executive directors, thus the number of independent non-executive directors did represent at least one-third of the Board.
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 2019, save and except for the following:

Pursuant to Rule 5.56(a)(ii) of the GEM Listing Rules, a director must not deal in any securities of the listed issuer on any day on which its financial results are published and during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

The Company has notified the Stock Exchange on 15 July 2019 that the quarterly results for the three months ended 30 June 2019 are scheduled to be published on 15 August 2019. Accordingly, the 30-day blackout period prohibiting the Directors from dealing in the shares of the Company (the "Share(s)") commenced on 16 July 2019 and will end on 15 August 2019 (the "Blackout Period"). All Directors have been notified of the Blackout Period on 12 July 2019.

On 22 July 2019, the Board was informed by the Company Secretary that Mr. Qian Gang ("Mr. Qian"), the non-executive Director and Chairman of the Company, had disposed of 74,740,000 Shares on the market at the average price of HK\$0.016 per Share on 17 July 2019 (the "Disposal").

Mr. Qian proceeded with the Disposal without prior notification to any Director and did not obtain any clearance to deal in the Shares. Mr. Qian subsequently admitted that the Disposal constitutes a breach of restriction of dealings during the Blackout Period under the GEM Listing Rules.

The Company and other Directors strongly condemn Mr. Qian's misconduct. In order to avoid similar incidents in the future, the Company has implemented and will implement the following actions:

- (i) Remind all Directors the importance of complying with the GEM Listing Rules in their dealings of the Shares and in particular the importance of giving written notice prior to conducting any intended dealings; and
- (ii) The Company will also provide briefings to develop and refresh the Directors' knowledge and enhance their awareness of good corporate governance practices.

COMPETING INTEREST

During the three months ended 30 June 2019, 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 2019.

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 has reviewed the unaudited first quarterly report and results for the three months ended 30 June 2019, 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.

During the Period, the Audit Committee consists of three independent non-executive Directors. With effect from 9 July 2019, following the appointment of Ms. Ng Yin Ling Elaine and Dr. Antonio Maria Santos, the Audit Committee consists of five independent non-executive Directors. With effect from 18 July 2019, following the resignation of Mr. Hau Chi Kit, the Audit Committee consists of four independent non-executive Directors, namely Mr. Lee Chi Hwa Joshua ("Mr. Lee"), Mr. Wong Ching Keung, Ms. Ng Yin Ling Elaine and Dr. Antonio Maria Santos. Mr. Lee is the chairman of the Audit Committee.

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

Hong Kong, 14 August 2019

As at the date of this report, the executive directors of the Company are Mr. Chow Chi Wah Vincent, Mr. Tsang King Sun, Ms. Lin Yan Jenny, Mr. Wang Rongqian, Mr. Hu Chao; the non-executive directors of the Company are Mr. Qian Gang, Mr. Wang Dequn; and the independent non-executive directors of the Company are Mr. Lee Chi Hwa Joshua, Mr. Wong Ching Keung, Ms. Ng Yin Ling Elaine and Dr. Antonio Maria Santos.