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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)

FRAMEWORK AGREEMENT RELATING TO POSSIBLE ACQUISITION OF TOBACCO BUSINESS

On 28 February 2010 (after trading hours), the Company entered into the Framework Agreement with the Vendor for the possible acquisition of 100% of the issued share capital in the Target Company. Upon completion of the internal restructuring, the Target Company, through the HK Company, is the owner of 70 % of the legal and beneficial interest in a PRC company which is principally engaged in business of researching, manufacturing and distributing tobacco in the PRC.

THE FRAMEWORK AGREEMENT

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules.

On 28 February 2011 (after trading hours), the Company (as the Purchaser) entered into the Framework Agreement with the Vendor in relation to a possible acquisition of 100% of the issued share capital of the Target Company.

Upon completion of the internal restructuring, the Target Company, through the HK Company, is the owner of 70 % of the legal and beneficial interest in a PRC company (the “Project Company”) which is principally engaged in business of researching, manufacturing and distributing tobacco in the PRC.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor, other shareholders of the Project Company and their ultimate beneficial owner are Independent Third Parties.

Upon signing of the Framework Agreement, the Company shall be entitled to conduct a due diligence review in relation to the Possible Acquisition and the Vendor shall use its best endeavor to fully assist and cooperate in the Company’s aforesaid due diligence, including providing documentation

reasonably requested by the Company and/or its appointed professional advisers (such as lawyers, accountants, tax accountants, etc.) in a timely manner and arranging interviews of related company personnel by the Company and/or its professional advisers.

Pursuant to the Framework Agreement, the Vendor has granted an exclusive period of six months from the date of the Framework Agreement for the Possible Acquisition, during which it shall not be engaged in negotiations with any other third party for the Possible Acquisition and transfer of the 70% equity interest in the Project Company (the “**Exclusivity**”).

In addition, pursuant to the Framework Agreement, the Company shall pay the Earnest Money (which shall be treated as part of the consideration paid in the event that the Formal Agreement is entered into, or otherwise be refunded to the Company without interest) after the date of signing of the Framework Agreement.

Save for those terms relating to the Exclusivity, the Earnest Money and confidentiality, the Framework Agreement is not legally binding on the parties thereto. In the event that the Possible Acquisition materializes, the Possible Acquisition may constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

Further announcement(s) will be made by the Company in respect of the Possible Acquisition to comply with the disclosure and/or approval requirements under the GEM Listing Rules as and when appropriate.

The Board wishes to emphasize that the Possible Acquisition is subject to, among other things, the signing of a Formal Agreement, the terms and conditions of which are yet to be agreed. As the Possible Acquisition may or may not proceed, potential investors and Shareholders are advised to exercise caution when dealing in the Shares.

INFORMATION ON THE TARGET COMPANY AND ITS SUBSIDIARIES

The Target Company, a company incorporated under the laws of British Virgin Islands, holds the entire issued share capital of the HK Company. The HK Company, a company incorporated under the laws of Hong Kong, upon completion of reorganization, will be interested in 70% of the issued capital of the Project Company. The Project Company is a company incorporated under the laws of PRC which is principally engaged in the business of researching, manufacturing and distributing tobacco in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Board”	the board of Directors
“Company” or “Purchaser”	Code Agriculture (Holdings) Limited (科地農業控股有限公司), a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock code: 8153)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules and the word “connected” shall be construed according
“Director(s)”	the director(s) of the Company
“Earnest Money”	HK\$5,000,000 as earnest money, refundable in accordance with the terms and conditions of the Framework Agreement
“Formal Agreement”	the formal sale and purchase agreement in relation to the Possible Acquisition
“Framework Agreement”	the framework agreement dated 28 February 2011 entered into between the Company and the Vendor in relation to the Possible Acquisition
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK Company”	Fore Action Limited (科英有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“Independent Third Parties”	third parties and their ultimate beneficial owner(s) which are independent of the Company and its connected persons

“Possible Acquisition”	the possible acquisition of 100% of the issued share capital of the Target Company by the Purchaser from the Vendor
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Prosper Union Group Limited (滙興集團有限公司), a company incorporated in British Virgin Island with limited liability
“Vendor”	Mr. Yan Guangbo (閔光波先生), the beneficially owners of the entire share capital of the Target Company
“%”	per cent.

On behalf of the Board
Core Agriculture (Holdings) Limited
Wong Man Hung Patrick
Director

Hong Kong, 28 February 2011

As of the date of this announcement, the executive directors of the Company are Ms. Jingquan Yingzi, Mr. Wong Man Hung Patrick, Mr. Shan Xiaochang, Mr. Wu Zhongxin, Mr. Feng Xiao Ping and Mr. Stephen William Frostick; the non-executive director is Prof. Liu Guoshun; and the independent non-executive directors are Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website for 7 days from the date of its publication.