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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

ASSET TRANSFER AGREEMENT

On 8 April 2011 (after trading hours), Jiangsu Kedi, an indirect wholly-owned subsidiary of the Company, entered into the Asset Transfer Agreement with Jiangsu Yonglu, pursuant to which, Jiangsu Kedi has conditionally agreed to dispose of and Jiangsu Yonglu has conditionally agreed to purchase the Property and the Equipment with a total consideration of RMB138,984,002.15, which equivalents to approximately HK\$164,932,315.35.

The total consideration payable by Jiangsu Yonglu to the Company will be settled by offsetting an equivalent amount of the Convertible Bonds issued by the Company to Cyberland.

The expected gain to be derived from the Disposal would amount to approximately RMB8,883,275.94 (equivalent to approximately HK\$10,541,783.56), which represents the net amount of the consideration of approximately RMB138,984,002.15 and the aggregate net book value of the Property and the Equipment as at 28 February 2011 of approximately RMB130,100,726.21.

LISTING RULES IMPLICATIONS

As Jiangsu Yonglu is a company owned as to 90% by Mr. Shan who is the executive Director, Jiangsu Yonglu is regarded as a connected person of the Company under the GEM Listing Rules. As Ms. Jingquan, Mr. Shan and Mr. Wu are ultimate substantial shareholders of Cyberland, Cyberland is also regarded as a connected person of the Company under the GEM Listing Rules. Since the applicable percentage ratio is higher than 5% but less than 25%, the transaction contemplated under the Asset Transfer Agreement constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement, circular and the independent shareholders' approval requirements under the GEM Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Disposal. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

A circular containing (i) further details of the Asset Transfer Agreement and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the Disposal; (iii) the letter of recommendation from the Independent Board Committee relating to the Disposal; and (iv) the notice of SGM relating to the Disposal will be despatched to the Shareholders on or before 4 May 2011 in accordance with the GEM Listing Rules.

On 8 April 2011(after trading hours), Jiangsu Kedi, an indirect wholly-owned subsidiary of the Company, entered into the Asset Transfer Agreement with Jiangsu Yonglu, pursuant to which, Jiangsu Kedi has conditionally agreed to dispose of and Jiangsu Yonglu has conditionally agreed to purchase the Property and the Equipment with a total consideration of RMB138,984,002.15, which equivalents to approximately HK\$164,932,315.35.

ASSET TRANSFER AGREEMENT

Date

8 April 2011

Parties

- (i) Jiangsu Kedi, an indirect wholly-owned subsidiary of the Company, as the vendor;
- (ii) Jiangsu Yonglu, a company owned as to 90% by Mr. Shan, as the purchaser;
- (iii) the Company; and
- (iv) Cyberland.

Assets to be disposed of

1. The Property

The Property comprises two parcels of land (including all the buildings, constructions in progress and other attachments on the land), which are located at Guijing Village, Xinjie Town, Jiangsu Province, the PRC with a total site area of approximately 84,422.3 square metres. The net book value of the Property as at 28 February 2011 was approximately RMB64,886,808.33 (approximately HK\$77,001,175.45) according to the management account of Jiangsu Kedi.

Further details of the Property are summarized as follows:

Land use term	Land I Expiring on 30 December 2056	Land II Expiring on 8 March 2059
Size	30,425 square metres	53,997.3 square metres
Shape	Irregular	Irregular
Usage	Industrial	Industrial

2. The Equipment

The Equipment is certain machines and facilities used for the production of amino acid fertilizer. The Equipment was idle as at the date of this announcement.

The net book value of the Equipment was approximately RMB65,213,917.88 (approximately HK\$77,389,356.35) as at 28 February 2011 according to the management account of Jiangsu Kedi.

Consideration

The total consideration payable by Jangsu Yonglu to the Company is RMB138,984,002.15 (approximately HK\$164,932,315.35), which will be settled by offsetting an equivalent amount of the Convertible Bonds issued by the Company to Cyberland.

The consideration for Disposal was arrived at based on normal commercial terms after arm's length negotiations between the parties to the Asset Transfer Agreement and by reference to (1) the net book values of the Property and the Equipment; and (2) the preliminary independent valuation on the Property by BMI Appraisals Limited amounted to RMB65,300,000 assuming all relevant title certificates have been obtained and the Property could be freely transferred in the market.

Each party to the Asset Transfer Agreement will be responsible for the relevant taxation payables incurred by the transfer of the Property and the Equipment pursuant to the Asset Transfer Agreement.

Conditions precedent

Completion of the Asset Transfer Agreement is subject to the fulfillment of, inter alia, the following conditions:

- (i) Jiangsu Kedi shall transfer the relevant approval document of the Property, including but not limited to Construction Land Planning Permit* (建設用地規劃許可証), State Land Use Permit* (國有土地使用證), the Construction Works Planning Permit* (建設工程規劃許可証), Construction Works Commencement Permit* (建設工程施工許可証) and other original documents to Jiangsu Yonglu, and assist Jiangsu Yonglu with the procedures of the transfer of the Property and other related changes in the local relevant government department at its best effort;

- (ii) The approval by the Independent Shareholders for the Asset Transfer Agreement and the transactions contemplated thereunder, pursuant to the requirements of the GEM Listing Rules, having been obtained;
- (iii) The shareholders and the board of Cyberland have agreed to offset an equivalent amount of the Convertible Bonds to settle the consideration for Jiangsu Yonglu; and
- (iv) Jiangsu Kedi shall have obtained a written consent from the mortgagee of the Property, Agricultural Bank of China (Yixing branch)* (中國農業銀行宜興市支行) in relation to the disposal of the Property.

Completion

Completion will take place within a (1) week after all of the conditions specified above are satisfied.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company and its subsidiaries are engaged in research and development, manufacture, sales and marketing, and technical servicing of modern agricultural technology and products in the PRC and development of digital television system platform and cordyceps related business.

The Board is of the view that the existing production capacity of the Group on fertilizer is sufficient to satisfy the current demand. Given the market condition, the Property and the Equipment are currently idle and the Group has no plan for expanding its production capacity by employing the Property and the Equipment. Taking into account that (i) the consideration for the Disposal represents a premium over the net book value of Equipment and preliminary independent valuation of the Property and (ii) the reduction of the principal amount of the Convertible Bonds upon Completion can reduce the liabilities of the Group, the Directors (excluding (i) Ms. Jingquan, Mr. Shan and Mr. Wu who have abstained from voting in the board meeting due to their interests in the Disposal; and (ii) the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) consider the terms of the Asset Transfer Agreement to be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Possible financial effects of the Disposal

The expected gain to be derived from the Disposal would amount to approximately RMB8,883,275.94 (equivalent to approximately HK\$10,541,783.56), which represents the net amount of the consideration of approximately RMB138,984,002.15 and the aggregate net book value of the Property and the Equipment as at 28 February 2011 of approximately RMB130,100,726.21.

Upon Completion, the principal amount of outstanding Convertible Bonds will be approximately HK\$908,067,684.65.

LISTING RULES IMPLICATIONS

As Jiangsu Yonglu is a company owned as to 90% by Mr. Shan and Mr. Shan is the executive Director of the Company, Jiangsu Yonglu is regarded as a connected person of the Company under the GEM Listing Rules. As Ms. Jingquan, Mr. Shan and Mr. Wu are ultimate substantial shareholders of Cyberland, Cyberland is also regarded as a connected person of the Company under the GEM Listing Rules. Since the applicable percentage ratio is higher than 5% but less than 25%, the transaction contemplated under the Asset Transfer Agreement constitutes a discloseable and connected transaction for the Company and is subject to the reporting, announcement, circular and the independent shareholders' approval requirements under the GEM Listing Rules.

As at the date of this announcement, Ms. Jingquan, Mr. Shan, Mr. Wu and their associates are interested in 32,450,000 Shares, and are required to abstain from the voting at the SGM on the resolution to approve the Disposal.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Disposal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

A circular containing (i) further details of the Asset Transfer Agreement and the transactions contemplated thereunder; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to the Disposal; (iii) the letter of recommendation from the Independent Board Committee relating to the Disposal; and (iv) the notice of SGM relating to the Disposal will be despatched to the Shareholders on or before 4 May 2011 in accordance with the GEM Listing Rules.

DEFINITIONS

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

“Asset Transfer Agreement”	the asset transfer agreement dated 8 April 2011 entered into between Jiangsu Kedi, Jiangsu Yonglu, the Company and Cyberland in respect of the Disposal
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Code Agriculture (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, whose shares are listed on the GEM

“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Convertible Bonds”	the convertible bonds issued by the Company in the aggregate outstanding principal amount of HK\$1,073,000,000 as at the date of this announcement which are wholly held by Cyberland
“Cyberland”	Cyberland (China) Limited, a company incorporated with limited liabilities under the laws of Hong Kong
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Property and the Equipment by Jiangsu Kedi to Jiangsu Yonglu pursuant to the Asset Transfer Agreement
“Equipment”	certain machines and facilities used for the production of amino acid fertilizer owned by Jiangsu Kedi
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors
“Independent Financial Adviser”	an independent financial adviser to be appointed to provide its advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal
“Independent Shareholders”	Shareholders other than Ms. Jingquan, Mr. Shan, Mr. Wu and their associates
“Jiangsu Kedi”	Jiangsu Kedi Modern Agricultural Company Ltd* (江蘇科地現代農業有限公司), a company incorporated with limited liabilities under the laws of the PRC and is an indirect wholly-owned subsidiary of the Company

“Jiangsu Yonglu”	Jiangsu Yonglu Fertilizer Limited* (江蘇永祿肥料有限公司), a company incorporated with limited liabilities under the laws of the PRC. Jiangsu Yonglu is principally engaged in production of fertilizers
“Mr. Shan”	Mr. Shan Xiaochang, an executive Director, a controlling shareholder and a director of Jiangsu Yonglu and an ultimate controlling shareholder a Cyberland
“Mr. Wu”	Mr. Wu Zhongxin, an executive Director and an ultimate controlling shareholder of Cyberland
“Ms. Jingquan”	Ms. Jingquan Yingzi, an executive Director and an ultimate substantial shareholder of Cyberland
“percentage ratio(s)”	percentage ratio(s) as defined in the Listing Rules
“PRC”	the People’s Republic of China
“Property”	two parcels of land with a total site area of approximately 84,422.3 square metres owned by Jiangsu Kedi, including all the buildings, constructions in progress and other attachments on the land
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened to approve, amongst other things, the Disposal and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 8 April 2011

* *For identification purpose only*

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.1867. Such exchange rate has been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at these or any other rate or at all.

At the date of this announcement, the executive Directors 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 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 Company. 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 in this announcement misleading.

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