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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Code Agriculture (Holdings) Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8153)

DISCLOSEABLE AND CONNECTED TRANSACTION

Independent Financial Adviser to the Independent Board Committee

and

the Independent Shareholders

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BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Terms used herein shall have the same meaning as ascribed to them in the following section “Definitions”.

A letter from the Board is set out on pages 4 to 9 of this circular.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on page 10 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 23 of this circular.

A notice convening the SGM to be held at Rooms 3808-10, 38/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 18 May 2011 at 10:00 a.m. is set out on pages 38 to 39 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Ltd. at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

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

CHARACTERISTICS OF GEM

Characteristics of The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

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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DEFINITIONS

In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Announcement”	the announcement of the Company dated 8 April 2011 in relation to the Asset Transfer Agreement
“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)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday
“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
“Consideration”	the consideration of the Disposal
“Convertible Bonds”	The convertible bonds issued by the Company in the aggregate outstanding principal amount of HK\$1,073,000,000 as at the Latest Practicable Date 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

DEFINITIONS

“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, namely Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel
“Independent Financial Adviser”	Bridge Partners Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under SFO
“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. The Jiangsu Yonglu is principally engaged in production of fertilizer
“Latest Practicable Date”	26 April 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein

DEFINITIONS

“Mr. Shan”	Mr. Shan Xiaochang, an executive Director, a controlling shareholder and a director of Jiangsu Yonglu and an ultimate controlling shareholder of Cyberland
“Mr. Wu”	Mr. Wu Zhongxin, an executive Director and an ultimate controlling shareholder of Cyberland
“Ms. Jingquan”	Ms. Jingquan Yinzi, 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“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 share capital of the company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00: HK\$1.1867. Such translation shall not be construed as a representation that amounts of RMB were or may have been converted.



CODE AGRICULTURE (HOLDINGS) LIMITED
科地農業控股有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8153)

Executive Directors:

Ms. Jingquan Yingzi
Mr. Wong Man Hung, Patrick
Mr. Shan Xiaochang
Mr. Wu Zhongxin
Mr. Feng Xiao Ping
Mr. Stephen William, Frostick

Non-executive Directors:

Prof. Liu Guoshun

Independent non-executive Directors:

Mr. Sousa Richard Alvaro
Mr. Lee Chi Hwa Joshua
Ms. Chan Mei Bo Mabel

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and principal place
of business:*

Rooms 3808-10, 38/F.
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

29 April 2011

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

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.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information relating to (i) the 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.

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

LETTER FROM THE BOARD

There are 10 buildings with a total gross floor area of approximately 40,297.5 square metres erected on the two parcels of land, without obtaining the relevant title certificates as at the Latest Practicable Date. In this case, BMI Appraisals Limited has assigned no commercial value to the buildings of the Property but has indicated for reference purposes that the depreciated replacement cost of the buildings of the Property (excluding the land) as at the date of valuation would be in the sum of approximately RMB38,000,000 (equivalent to approximately HK\$45,090,000), assuming that all relevant title certificates of the buildings have been obtained and the buildings could be freely transferred in the market. As such, the preliminary independent valuation on the Property amounted to RMB65,300,000 (equivalent to approximately HK\$77,490,000).

2. *The Equipment*

The Equipment is certain machines and facilities used for the production of amino acid fertilizer, including but not limited to the granulating apparatus, fermentation system, drying machines, accessory instruments in the bacteriological laboratory, and autoclaves, with approximately 200 items in total. The Equipment was idle as at the Latest Practicable Date.

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 Jiangsu 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 the 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.

LETTER FROM THE BOARD

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. As at the Latest Practicable Date, only condition (iii) above has been fulfilled. Jiangsu Kedi has applied to the Agricultural Bank of China (Yixing branch) for the Disposal and the application is still in process. As at the Latest Practicable Date, Jiangsu Kedi has not received any notice from the bank indicating that the application for the Disposal will be rejected.

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.

LETTER FROM THE BOARD

The Board is of the view that the existing business scale of the Group on fertilizer is sufficient to satisfy its current demand. Given the market condition, the Property and the Equipment are currently idle and the Group has no plan for the development of the business of fertilizer production 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 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.

As at the Latest Practicable Date, the outstanding principal amount of the Convertible Bonds was HK\$1,073 million. The Convertible Bonds, which have a maturity date of 25 March 2015, carries an interest rate of 1% per annum payable semi-annually and the bondholder, being Cyberland, has the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds at a conversion price of HK\$0.43 at any time during the period commencing from 25 March 2012 up to maturity. Unless previously converted, the Convertible Bonds shall be redeemed by the Company at 100% of its principal amount on 25 March 2015. At any time up to (and excluding) the commencement of the seven calendar day period ending on the maturity date, the Company may, by written notice to the bondholder, redeem all or part of the then outstanding principal amount of the Convertible Bonds at a redemption price equal to 100% of the principal amount of the Convertible Bonds.

Upon Completion, the principal amount of outstanding Convertible Bonds will be reduced to 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, 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. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

SGM

The notice convening the SGM to be held at Rooms 3808-10, 38/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 18 May 2011 at 10:00 a.m. is set out on pages 38 to 39 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Ltd. at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Board considers that the Disposal is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders should vote in favour of the resolutions to be proposed at the SGM to approve the Disposal.

Your attention is drawn to (i) the letter from the Independent Board Committee which is set out on page 10 of this circular; and (ii) the letter of advice from Independent Financial Adviser which is set out on pages 11 to 23 of this circular. The Independent Board Committee, having taken into account of the advice of the Independent Financial Adviser, consider the terms of the Asset Transfer Agreement are in the interests of the Company and the Shareholders as a whole, and the terms are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends that the Independent Shareholders should vote in favour of the resolution to be proposed at the SGM to approve the Disposal.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



CODE AGRICULTURE (HOLDINGS) LIMITED 科地農業控股有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8153)

29 April 2011

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We have been appointed as members of the Independent Board Committee to advise you in respect of the terms of the Disposal, details of which have been set out in the letter from the Board contained in the circular to the Shareholders dated 29 April 2011 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

RECOMMENDATION

Having considered the terms of the Disposal, and the advice and recommendation of Independent Financial Adviser in relation to the Disposal as set out on pages 11 to 23 of the Circular, we are of the opinion that the Disposal is in the interests of the Company and the Shareholders as a whole, and the terms of the Disposal is on normal commercial terms and is fair and reasonable so far as the Company and the Independent Shareholders are concerned. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Disposal.

Yours faithfully

For and on behalf of

Independent Board Committee

Mr. Sousa Richard Alvaro

Independent

non-executive Director

Mr. Lee Chi Hwa Joshua

Independent

non-executive Director

Ms. Chan Mei Bo Mabel

Independent

non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser relating to the terms of the Asset Transfer Agreement and the transactions contemplated thereunder, prepared for the purpose of incorporation in this circular:



BRIDGE PARTNERS CAPITAL LIMITED

Unit 605, 6/F, Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

29 April 2011

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of Asset Transfer Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (“Board Letter”) contained in the circular of the Company dated 29 April 2011 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

On 8 April 2011, 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 approximately RMB138.98 million (equivalent to approximately HK\$164.93 million). 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As Jiangsu Yonglu is a company owned as to 90% by Mr. Shan who is an executive Director of the Company, Jiangsu Yonglu is regarded as a connected person of the Company under the GEM Listing Rules. As Mr. Jingquan, Mr. Shan and Mr. Wu are ultimate substantial shareholders of Cyberland, Cyberland is also regarded as 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 Latest Practicable Date, Mr. Jingquan, Mr. Shan and Mr. Wu and their associates are totally interested in 32,450,000 Shares, and are required to abstain from the voting at the SGM on the resolution(s) to approve the Disposal.

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Sousa Richard Alvaro, Mr. Lee Chi Hwa Joshua and Ms. Chan Mei Bo Mabel, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Asset Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposal is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the Disposal.

BASIS OF OUR OPINION

In arriving at our opinion and recommendation, we have relied on the information supplied, the opinion and representations expressed by the Directors and the management of the Company. We have assumed that the information and representations contained or referred to in the Circular and the information and representations that have been provided by the Company and/or the Directors and/or the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete at the time they were made and continue to be true up to and including the date of this circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful considerations. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular to provide a reasonable basis for our opinions and recommendations. We have no reason to suspect that any material fact or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted 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 have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

We consider that we have been provided sufficient information to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification on the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company, or its subsidiaries or associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Asset Transfer Agreement and the transaction contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, we have taken the following principal factors and reasons into consideration:

I. Background and financial information of the Group

The Company is an investment holding company. Its subsidiaries are principally 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.

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 March 2010 as extracted from the annual report of the Company for the year ended 31 March 2010 (the “2010 Annual Report”) and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

unaudited consolidated financial information of the Group for the six months ended 30 September 2010 and 30 September 2009 as extracted from the 2010 interim report of the Company (the “2010 Interim Report”).

	For the six months ended		For the year ended	
	30 September		31 March	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Turnover (<i>Note 1</i>)	262,781	4,012	220,796	6,824
Loss before taxation (<i>Note 1</i>)	(22,809)	(15,099)	(114,201)	(23,375)
Loss for the period/year attributable to				
— Equity shareholders of the Company	(26,173)	(25,488)	(269,331)	(283,421)
— Minority interests	(861)	(1,037)	(21,012)	(2,719)
		As at	As at	
		30 September	31 March	
		2010	2010	2009
		(Unaudited)	(Audited)	(Audited)
		<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Net asset		878,700	910,179	295,535
Cash and bank balances		72,244	192,881	6,976

Note:

- The figure represents the financial results of the Group generated from its continuing operations.

Year ended 31 March 2010 vs year ended 31 March 2009

As shown in the table above, the Group recorded a turnover of approximately HK\$220.80 million for the year ended 31 March 2010, representing an increase of approximately 31.4 times as compared to that of the year ended 31 March 2009. As stated in the 2010 Annual Report, the Group’s revenue mainly divided into three categories, namely (i) sales of agricultural machinery and fertilizer; (ii) provision of TV digitalisation related services and (iii) sale of cordyceps-related products. In 2010, the revenue generated from the sales of agricultural machinery and sales of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

fertilizer amounted to approximately HK\$102.51 million and HK\$110.54 million respectively (the total amount of which representing approximately 96.50% of the Group's turnover) while the revenue from the provision of TV digitalization-related services and sale of cordyceps-related products amounted to approximately HK\$1.14 million and HK\$6.61 million respectively, representing approximately 0.52% and 3.00% of the Group's turnover respectively. The significant increase in turnover was mainly due to the revenue contributed by the newly acquired businesses, Kang Yuan Universal Investment Ltd ("Kang Yuan") and its subsidiaries ("Kang Yuan Group"), which is principally engaged in the business of sales of agricultural machinery and fertilizer. As advised by the Company, the Company has successfully completed the acquisition of Kang Yuan Group on 1 February 2010. The balance of the revenue from the sales of agricultural machinery and fertilizer were mainly contributed by Kang Yuan Group.

For the year ended 31 March 2010, the Group recorded a loss attributable to Shareholders of approximately HK\$269.33 million as compared to the loss of approximately HK\$283.42 million for the year ended 31 March 2009. The loss was mainly due to (i) the impairment of the goodwill of the cordyceps-related business, amounting to approximately HK\$15.70 million; (ii) the impairment of patent of cordyceps-related business, amounting to approximately HK\$88.00 million, and; (iii) the loss on discontinuing operations, amounting to approximately HK\$169.09 million.

The cash and bank balances of the Group increased from approximately HK\$6.98 million as at 31 March 2009 to approximately HK\$192.88 million as at 31 March 2010, which was mainly attributable to the proceeds from the issuance of shares during the year. According to the 2010 Annual Report, the total loan and borrowings has also increased from approximately HK\$15.13 million in 2009 to approximately HK\$972.43 million in 2010, of which approximately HK\$312.22 million was payable within one year and approximately HK\$660.21 million was the liability portion of the convertible bond which was payable after one year. The increase in net assets from approximately HK\$295.54 million as at 31 March 2009 to approximately HK\$910.18 million as at 31 March 2010 was mainly due to the issue of Shares and Convertible Bonds for the acquisition of Kang Yuan Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Six months ended 30 September 2010 vs six months ended 30 September 2009

For the six months ended 30 September 2010, the Group recorded an unaudited consolidated turnover of approximately HK\$262.78 million, representing an increase of approximately 64.5 times as compared with that of the corresponding period of the preceding financial year. As stated in 2010 Interim Report, the surge was mainly due to the income generated from the sales of agricultural machinery and fertilizer from Kang Yuan Group. Turnover from the agricultural machinery and fertilizer business amounted to approximately HK\$261.02 million, representing approximately 99.33% of the Group's total revenue for the six months ended 30 September 2010.

The Group recorded an unaudited consolidated loss attributable to Shareholders of approximately HK\$26.17 million for the six months ended 30 September 2010, representing an increase in loss of approximately 2.69% as compared with the loss attributable to Shareholders of approximately HK\$25.49 million for the corresponding period in the preceding financial year. As advised by the Company, the widened loss was mainly due to the increase in finance expense as a result of increase in interest bearing bank borrowing and the convertible bond and the increase in income tax expense, net with the decrease in the loss from its discontinuing operations.

The Group had cash and bank balances of approximately HK\$72.24 million as at 30 September 2010 as compared with approximately HK\$192.88 million as at 31 March 2010. According to the 2010 Interim Report, the decrease in total loan and borrowings from approximately HK\$972.43 million as at 31 March 2010 to approximately HK\$958.54 million as at 30 September 2010 was mainly due to the early redemption of the convertible bonds by the Company during the period.

II. Background of the Disposal

Information on the Property and the Equipment

Pursuant to the Asset Transfer Agreement, Jiangsu Kedi, an indirect wholly-owned subsidiary of the Company, has conditionally agreed to dispose of and Jiangsu Yonglu has conditionally agreed to purchase the Property and the Equipment with a total Consideration of RMB138.98 million (equivalent to approximately HK\$164.93 million).

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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 RMB64.89 million (equivalent to approximately HK\$77.00 million) according to the management account of Jiangsu Kedi.

Further details of the Property are summarized as follows:

	Land I	Land II
Land use term	Expiring on 30 December 2056	Expiring on 8 March 2059
Site area	30,425.0 square metres	53,997.3 square metres
Usage	Industrial	Industrial

As stated in the Board Letter, there are 10 buildings with a total gross floor area of approximately 40,297.5 square metres erected on the two parcels of land, without obtaining the relevant title certificates as at the Latest Practicable Date. In this case, BMI Appraisals Limited has assigned no commercial value to the buildings of the Property but has indicated for reference purposes that the depreciated replacement cost of the buildings of the Property (excluding the land) as at the date of valuation would be in the sum of approximately RMB38.00 million (equivalent to approximately HK\$45.09 million), assuming that all relevant title certificates of the buildings have been obtained and the buildings could be freely transferred in the market. As such, the preliminary independent valuation on the Property amounted to RMB65.30 million (equivalent to approximately HK\$77.49 million).

According to the Asset Transfer Agreement, the Equipment comprises certain machines and facilities used for the production of amino acid fertilizer, including but not limited to the granulating apparatus, fermentation system and drying machines, accessory instruments in the bacteriological laboratory, and autoclaves, with approximately 200 items in total. As advised by the Directors, The Equipment was idle as at the Latest Practicable Date. The net book value of the Equipment was approximately RMB65.21 million (equivalent to approximately HK\$77.39 million) as at 28 February 2011 according to the management account of Jiangsu Kedi.

Reasons for and benefits of the Disposal

As advised by the Directors, the existing business scale of the Group on fertilizer is sufficient to satisfy its current demand and the Company is of the view that the room for expansion of local demand for fertilizer in Jiangsu is relatively limited and it would not be cost effective to transport and sell the fertilizer to other higher demand

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regions. As at the Latest Practicable Date, the Company has no plan to acquire new production facilities for amino acid fertilizer subsequent to the Disposal. According to the Company, the existing trading business of the fertilizer would not be affected upon the completion of the Disposal. In view of the fact that the Property and the Equipment are currently idle and the Group has no plan for the development of the business of fertilizer production, we consider that the Disposal could allow the Group to allocate the resources more efficiently and streamline its operations of the Group.

Furthermore, based on the management account of Jiangsu Kedi, the aggregate net book value of the Property and the Equipment as at 28 February 2011 was approximately RMB130.10 million (equivalent to approximately HK\$154.39 million). Upon the completion of the Asset Transfer Agreement, it is expected that the Group could realize an estimated gain of approximately RMB8.88 million (equivalent to approximately HK\$10.54 million).

In light of the fact that (i) a gain on Disposal is expected upon Completion; (ii) the Consideration will be settled by offsetting an equivalent amount of the Convertible Bonds issued by the Company to Cyberland which could help reducing the liabilities of the Group; and (iii) the Disposal allows the Group to allocate its resources more efficiently and streamline its operations, we concur with the view of the Directors that the Disposal is in the interest of the Company and the Shareholders as a whole.

Principal terms of the Asset Transfer Agreement

Pursuant to the Asset Transfer Agreement, 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 approximately RMB138.98 million (equivalent to approximately HK\$164.93 million).

(a) The Consideration for the Disposal and basis of determination

According to the Board Letter, the Consideration for the 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 prepared by BMI Appraisals Limited ("BMI") which amounted to RMB65.30 million (equivalent to approximately HK\$77.49 million) assuming that all relevant title certificates have been obtained and the Property could be freely transferred in the market. Pursuant to the Asset Transfer Agreement, 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.

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According to the management account of Jiangsu Kedi, the net book values of the Property and the Equipment as at 28 February 2011 were approximately RMB64.89 million (equivalent to approximately HK\$77.00 million) and RMB65.21 million (equivalent to approximately HK\$77.39 million) respectively. As such, the aggregate net book value of the Property and the Equipment as at 28 February 2011 was equivalent to approximately RMB130.10 million (equivalent to approximately HK\$154.39 million). Accordingly, the total Consideration of RMB138.98 million (equivalent to approximately HK\$164.93 million), represents a premium of approximately 6.80% to the aggregate net book value of the Property and the Equipment.

In assessing the fairness and reasonableness of the Consideration, we have also reviewed the property valuation report prepared by BMI (“Valuation Report”), a qualified valuer which is an independent third party, in relation to, among others, the valuation (the “Valuation”) of the Property as at 31 March 2011 which is set out in Appendix I to the Circular.

According to the Valuation Report, we noted that the Valuation was prepared by using the depreciated replacement cost approach as there are no market sales comparables readily available due to the nature of the buildings and structures of the Properties. We have reviewed and discussed with BMI on the methodology adopted and the assumptions used in arriving at the Valuation. As confirmed by BMI, it is consistent with the market practice that the depreciated replacement cost approach is a commonly adopted approach for the valuation of the properties where no market sales comparables are readily available. Having considered that no market comparable are readily available in valuing the Property using direct comparison approach, we considered that it is appropriate to apply depreciated replacement cost approach in valuing the Properties. During the course of our discussion with BMI, we have not identified any major factors which cause us to doubt the fairness and reasonableness of the principal basis and assumptions used by BMI in arriving at the Valuation.

According to the Valuation Report, the market value of the Property in existing state as at 31 March 2011 was RMB27.30 million (equivalent to approximately HK\$32.40 million). The Property comprises 2 parcels of land with a total site area of approximately 84,422.3 square metres and 10 buildings with a total gross floor area of approximately 40,297.5 square metres erected thereon. As advised by the Directors, the relevant title certificates of the buildings have not been obtained as at the Latest Practicable Date. In this case, BMI

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has assigned no commercial value to the buildings of the property but has indicated for reference purposes that the depreciated replacement cost of the buildings of the Property (excluding the land) as at the date of valuation would be in the sum of approximately RMB38.0 million (equivalent to approximately HK\$45.09 million), assuming that all relevant title certificates of the buildings have been obtained and the buildings could be freely transferred in the market. As such, the preliminary independent valuation on the Property (including the buildings) amounted to RMB65.30 million (equivalent to approximately HK\$77.49 million) (the “Preliminary Valuation”).

As the Consideration was determined primarily with reference to the independent valuation of the Property which represents the prevailing market valuation of the Property and has taken into account the net book value of the Equipment, we are of the opinion that the basis of determining the Consideration is fair and reasonable.

In light of the fact that (i) the Property and the Equipment are currently idle and did not generate any cashflow to Jiangsu Kedi; (ii) the total Consideration represents a premium of approximately 6.80% over the aggregate net book value of the Property and the Equipment and a premium of approximately 6.49% over the aggregate of the Preliminary Valuation and the net book value of the Equipment, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

(b) Method of the settlement of the Consideration

Pursuant to the Asset Transfer Agreement, the Consideration payable by Jiangsu Yonglu to the Company is RMB138.98 million (approximately HK\$164.93 million) which will be settled by offsetting an equivalent amount of the Convertible Bonds issued by the Company to Cyberland. Cyberland is a company incorporated with limited liabilities under the laws of Hong Kong with Mr. Shan being one of the ultimate beneficial owners.

As advised by the Directors, the Convertible Bonds were issued to Cyberland with an aggregate amount of HK\$1,098.00 million on 25 March 2010 as part of the consideration for the acquisition of Kang Yuan Group. Further details of the acquisition can be referred to the circular of the Company dated 28 December 2009 (the “2009 Circular”). According to the 2009 Circular, the Convertible Bonds, which have a maturity date of 25 March 2015, carry an interest rate of 1% per annum payable semi-annually and Cyberland has the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

right to convert the whole or part of the outstanding principal amount of the Convertible Bonds at a initial conversion price of HK\$0.43 (subject to adjustments) at any time during the period commencing from 25 March 2012 up to the business day before (and excluding) the date of maturity. Unless previously converted or purchased or redeemed, the Convertible Bonds shall be redeemed by the Company at 100% of its principal amount on 25 March 2015. As at the Latest Practicable Date, the outstanding principal amount of the Convertible Bonds was approximately HK\$1,073 million.

Given that the Consideration will be settled by offsetting the equivalent amount of the outstanding Convertible Bonds, we are of the view that the financial performance and the financial position of the Company would be improved after the Disposal since the Group could save interest costs on the Convertible Bonds and total liabilities of the Group could also be reduced.

In view of the above, we consider that the settlement of the Consideration by offsetting the equivalent amount of the outstanding Convertible Bonds is fair and reasonable so far as the Independent Shareholders are concerned.

(c) *Other terms of the Asset Transfer Agreement*

We have also reviewed other major terms of the Asset Transfer Agreement and are not aware of any terms which are uncommon. Consequently, we are of the view that the terms of the Asset Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Financial effects of the Disposal

The following illustrates the effects of the Disposal on earnings, assets and liabilities position, working capital and gearing ratio of the Group.

Effects on earnings

As set out in the Board Letter, the Directors expect that the estimated gain on the Disposal amounts to approximately RMB8.88 million (equivalent to approximately HK\$10.54 million), which is calculated based on the difference between the Consideration of RMB138.98 million (equivalent to approximately HK\$164.93 million) and the aggregate net book value of the Property and the Equipment as at 28 February 2011 of approximately RMB130.10 million (equivalent to approximately HK\$154.39 million).

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Effects on assets and liabilities position

As the Consideration payable by Jiangsu Yonglu to the Company will be settled by offsetting an equivalent amount of the outstanding Convertible Bonds issued by the Company to Cyberland, the liabilities of the Group will be reduced. As stated in the Board Letter, the outstanding principal amount of Convertible Bonds will be reduced to approximately HK\$908.1 million upon Completion. On the other hand, the assets of the Group would also be reduced as the Property and the Equipment have been disposed upon Completion.

Effects on working capital

Based on the 2010 Interim Report, the Group had unaudited cash and bank balances of approximately HK\$72.24 million as at 30 September 2010. As the Consideration payable by Jiangsu Yonglu to the Company will be settled by offsetting an equivalent amount of the outstanding Convertible Bonds, there will be no material effect on the Group's working capital position.

Effects on gearing ratio

Based on the 2010 Interim Report, the Group had unaudited total assets of approximately HK\$2,059.03 million and gearing ratio of approximately 109.64% (being the Group's total bank and other loans and convertible bond of approximately HK\$958.54 million to the equity attributable to owners of the Company of approximately HK\$874.24 million) as at 30 September 2010. As the Disposal will lead to a decrease in the total liabilities of the Group, the Group's gearing ratio would be decreased.

The Independent Shareholders should note that the aforementioned analysis is for illustrative purposes only and does not purport to represent what the financial position of the Company will be upon Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Asset Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Asset Transfer Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Bridge Partners Capital Limited
Monica Lin
Managing Director

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 March 2011 of the property located in the PRC.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

33rd Floor, Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道6-8號瑞安中心33樓

Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863

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29 April 2011

The Directors

Code Agriculture (Holdings) Limited

Room 3808-10, 38/F

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Code Agriculture (Holdings) Limited (the “Company”) for us to value the property held by the Company and/or its subsidiaries (together referred to as the “Group”) located in the People’s Republic of China (the “PRC”). We confirm that we have conducted an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 March 2011 (the “date of valuation”).

BASIS OF VALUATION

Our valuation of the concerned property has been based on the Market Value, which is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

Due to the nature of the buildings and structures of the property in the PRC, there are no market sales comparables readily available and the buildings and structures cannot be valued on the basis of direct comparison, we have valued the property on the basis of their depreciated replacement cost. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on market sales.

Depreciated replacement cost is defined as “the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental factors etc.; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement”. This opinion of value does not necessarily represent the amount that might be realized from the disposition of the subject asset in the market and is subject to adequate profitability of the business compared to the value of the total assets employed.

TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Group’s PRC legal advisor — Global Law Offices (環球律師事務所) regarding the title of the property located in the PRC. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the property is sold in the market in its existing state excluding an estimated price inflated or deflated by special terms or circumstances such as deferred terms contract, sale and leaseback, joint venture, special considerations or concessions granted by anyone associated with the sale, management agreement of any other similar arrangement which might serve to affect the value of the property.

In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the property and no forced sale situation in any manner is assumed in our valuation. The market value of the property is estimated without regard to costs of sale and purchase, and without allowance for any associated taxes.

In valuing the property, we have relied on the advice given by the Group that the Group has valid and enforceable titles to the property which is freely transferable, and have free and uninterrupted rights to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

No environment impact study has been conducted. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed.

VALUATION CONSIDERATIONS

We have inspected the exterior and wherever possible, the interior of the property. During the course of our inspection, we did not note any serious defects. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the property. We are, therefore, unable to report that the property is free from rot, infestation or any other structural defects.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the property and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Property (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfers.

Our Summary of Value and the Valuation Certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C. H. Cheng

*BSc., MUD, MBA(Finance), MSc.(Eng), PhD(Econ),
MHKIS, MCI Arb, AFA, SIFM, FCIM, MASCE,
MIET, MIEEE, MASME, MIIE*

Managing Director

Joannau W. F. Chan

BSc., MSc., MRICS, MHKIS, RPS(GP)

Senior Director

Notes:

Dr. Tony C.H. Cheng is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuation of property in Hong Kong and the People's Republic of China.

Ms. Joannau W.F. Chan is a member of The Hong Kong Institute of Surveyors (General Practice) who has over 18 years' experience in valuation of property in Hong Kong and over 12 years' experience in valuation of property in the People's Republic of China.

SUMMARY OF VALUE

Property	Market Value in existing state as at 31 March 2011 RMB
2 parcels of land and 10 buildings located in Guijing Village, Xinjie Town, Yixing City, Jiangsu Province, the PRC	27,300,000
中國江蘇省宜興市 新街鎮歸徑村之兩塊 土地及十棟建築物	
	<hr/> TOTAL: 27,300,000 <hr/> <hr/>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2011 RMB
<p>2 parcels of land and 10 buildings located in Guijing Village, Xinjie Town, Yixing City, Jiangsu Province, the PRC</p> <p>中國江蘇省宜興市新街鎮歸徑村之兩塊土地及十棟建築物</p>	<p>The property comprises 2 land parcels (“Land Parcel I” and “Land Parcel II”) with a total site area of approximately 84,422.3 sq.m. (or about 908,722 sq.ft.) and 10 buildings completed in various stages between 2010 and 2011 erected thereon.</p> <p>The total gross floor area (“GFA”) of the buildings of the property is approximately 40,297.5 sq.m. (or about 433,762 sq.ft.).</p> <p>The land use rights of the property have been granted for terms expiring on 30 December 2056 and 8 March 2059 respectively for industrial use.</p>	<p>The property is occupied by the Group for industrial, storage and ancillary office purposes.</p>	<p>27,300,000</p>

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同) entered into between Yixing City Land and Resources Bureau (宜興市國土資源局) (“Land Bureau”) and Jiangsu Xinye Biology Fertilizer Co., Ltd (江蘇新業生物肥料有限公司), which is the predecessor of Jiangsu Kedi Modern Agriculture Company Limited (江蘇科地現代農業有限公司) (“Jiangsu Kedi”) dated 31 December 2006, the former agreed to transfer to the latter the land use rights of Land Parcel I with a site area of approximately 30,425 sq.m. at a land premium of RMB8,730,284.32 for a term of 50 years expiring on 30 December 2056 for industrial use.

2. Pursuant to a State-owned Construction Land Use Rights Grant Contract (國有建設用地使用權出讓合同) entered into between Land Bureau and Jiangsu Kedi dated 9 March 2009, the former agreed to transfer to the latter the land use rights of Land Parcel II with a site area of approximately 53,997.3 sq.m. at a land premium of RMB17,873,338 for a term of 50 years for industrial use.
3. Pursuant to 2 State-owned Land Use Rights Certificates (國有土地使用證) issued by Yixing City People's Government (宜興市人民政府), the land use rights of the property with a total site area of approximately 84,422.3 sq.m. have been granted to Jiangsu Kedi for industrial use. The salient terms and conditions are summarized as follows:

Land Parcel	Certificate No.	Date of Issue	Land Use Rights Expiry Date	Site Area (sq.m.)
I	Yi Guo Yong (2007) Zi Di No. 000039 (宜國用(2007)字第000039號)	1 February 2007	30 December 2056	30,425.0
II	Yi Guo Yong (2009) Di No. 45600661 (宜國用(2009)第45600661號)	17 April 2009	8 March 2059	53,997.3
Total:				<u>84,422.3</u>

4. For the buildings of the property with a total GFA of approximately 40,297.5 sq.m., we have not been provided with any title certificates.
5. Pursuant to a Maximum Amount Collateral Contract entered into between Agriculture Bank of China Yixing Ctiy Branch (中國農業銀行宜興市支行) and Jiangsu Kedi dated 22 July 2009, the land use rights of Land Parcel II of the property are subject to a mortgage in favour of the former.
6. In the valuation of this property, we have attributed no commercial value to the buildings of the property stated in Note 4 as relevant title certificates of the buildings have not been obtained. However, for your reference purpose, we are of the opinion that the depreciated replacement cost of the buildings of the property (excluding the land) as at the date of valuation would be in the sum of approximately RMB38,000,000 assuming all relevant title certificates of the buildings have been obtained and the buildings could be freely transferred in the market.
7. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
- The land use rights of the property are legally vested in Jiangsu Kedi;
 - As advised by Jiangsu Kedi, land premium for the land parcels of the property has been settled in full;
 - As confirmed by Jiangsu Kedi, except the mortgage stated in Note 5, the land parcels of the property are not subject to any other mortgages or other encumbrances;
 - Jiangsu Kedi has the rights to legally occupy and use the land parcels of the property and has the rights to transfer, lease and mortgage the land use rights of Land Parcel I;
 - Without written consents from Agriculture Bank of China Yixing Ctiy Branch, Jiangsu Kedi could not transfer, lease and mortgage the land use rights of Land Parcel II;
 - The buildings of the property may be ordered by relevant authorities to be demolished and Jiangsu Kedi may be subject to a penalty;

- g. Relevant planning and construction permits and Building Ownership Certificates of the buildings of the property are under application and there exists no legal impediments to obtain such title certificates; and
 - h. Jiangsu kedi has the rights to occupy, lease, mortgage and transfer the buildings of the property after the Building Ownership Certificates have been obtained.
8. Jiangsu Kedi is an indirect wholly-owned subsidiary of the Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, debentures or 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 which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in ordinary Shares of the Company:

Name of Directors	Nature of interests	Number of Shares	Percentage of shareholding (%)
Ms. Jiangquan	Interests of controlled corporations and beneficial owner	2,409,069,767 <i>(note (a) and (b))</i>	88.77
Mr. Shan	Interests of controlled corporations and beneficial owner	2,381,519,767 <i>(note (a) and (c))</i>	87.76
Mr. Wu	Interests of controlled corporations	2,379,069,767 <i>(note (a))</i>	87.67

Note:

- (a) 2,379,069,767 conversion shares if fully converted by the Convertible Bonds held by Cyberland, which is legally and beneficially owned as to 45%, 40% and 15% by Rise Enterprises Limited (“Rise Enterprises”), Stepwise International Holdings Limited (“Stepwise”) and Wealth Way Investment Limited (“Wealth Way”) respectively.

Stepwise is legally and beneficially owned as to 100% by Mr. Shan.

Rise Enterprises is legally and beneficially owned as to 32.5%, 19.5% and 42.5% by Mr. Shan, Mr. Wu and Eagle Bliss Limited (“Eagle Bliss”) respectively.

Wealth Way and Eagle Bliss are legally and beneficially owned as to 100% by Ms. Jingquan.

- (b) Ms. Jingquan is the beneficial owner of 30,000,000 Shares of the Company.
- (c) Mr. Shan is the beneficial owner of 2,450,000 Shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company and their respective associates had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had 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 which he/she was deemed or taken 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, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, other than the interests and short positions of the Directors or chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3

of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name of shareholders	Number of Shares — long position	Percentage of share capital (%)	Derivative interests	
			Number of underlying Shares — long position	Percentage of share capital to issued capital at the Latest Practicable Date (%)
Cyberland	—	—	2,379,069,767 <i>(Note (a))</i>	87.67
Eagle Bliss Limited	—	—	2,379,069,767 <i>(Note (a))</i>	87.67
Rise Enterprises Limited	—	—	2,379,069,767 <i>(Note (a))</i>	87.67
Stepwise International Holdings Limited	—	—	2,379,069,767 <i>(Note (a))</i>	87.67
Wealth Way Investment Limited	—	—	2,379,069,767 <i>(Note (a))</i>	87.67
Ms. Wu Shuhua	—	—	2,381,519,767 <i>(Note (b))</i>	87.76

Note:

- (a) 2,379,069,767 conversion shares if fully converted by the Convertible Bonds held by Cyberland, which is legally and beneficially owned as to 45%, 40% and 15% by Rise Enterprises Limited (“Rise Enterprises”), Stepwise International Holdings Limited (“Stepwise”) and Wealth Way Investment Limited (“Wealth Way”) respectively.

Stepwise is legally and beneficially owned as to 100% by Mr. Shan.

Rise Enterprises is legally and beneficially owned as to 32.5%, 19.5% and 42.5% by Mr. Shan, Mr. Wu and Eagle Bliss Limited (“Eagle Bliss”) respectively.

Wealth Way and Eagle Bliss are legally and beneficially owned as to 100% by Ms. Jingquan.

- (b) Ms. Wu Shuhua is the spouse of Mr. Shan. By virtue of the SFO, Ms. Wu Shuhua is also deemed to be interested in all the Shares in which Mr. Shan is interested and/or deemed to be interested.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than the Directors and chief executive of the Company), who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any members of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates was considered to have interests in any business, apart from the Group’s businesses, which competes or is likely to compete, directly or indirectly, with the businesses in which the Group is engaged in.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are of the view that there was no material adverse change in the financial and trading position of the Group since 31 March 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, save for the assets to be disposed under the Disposal, none of the Directors has any direct or indirect interest in any asset which have been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March

2010, being the date to which the latest published audited consolidated financial statements of the Group were made up. As at the Latest Practicable Date, save for the Asset Transfer Agreement, none of the Directors is materially interested in any contract or arrangement which is significant in relation to the business of the Company.

8. EXPERT AND CONSENT

The following is the qualification of the experts who have given opinions or advices which are contained in this circular:

Name	Qualification
Bridge Partners Capital Limited	A licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
BMI Appraisals Limited	Professional valuers

As at the Latest Practicable Date, Bridge Partners Capital Limited and BMI Appraisals Limited were not interested beneficially or non-beneficially in any Shares or shares in any member of the Group, nor do it have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Share or share in any member of the Group.

As at the Latest Practicable Date, Bridge Partners Capital Limited and BMI Appraisals Limited do not have any direct or indirect interest in any asset which had been, since 31 March 2010, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Bridge Partners Capital Limited and BMI Appraisals Limited have given and have not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 29 April 2011 and reference to its name in the form and context in which they respectively appear.

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

- (b) The head office and principal place of business of the Company in Hong Kong is situated at Rooms 3808-10, China Resources Building, 26 Harbour Road, Wanchai.
- (c) The principal share register of the Company is Butterfield Fulcrum Group (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda.
- (d) The branch share registrar of the Company in Hong Kong is Tricor Abacus Ltd. at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Rooms 3808-10, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours on any Business Day for a period of 14 days commencing from the date of this circular:

- (a) This circular;
- (b) The Asset Transfer Agreement;
- (c) Any contracts referred to in this circular;
- (d) The letter from the Independent Board Committee as set out on page 10 of this circular;
- (e) The letter from the Independent Financial Adviser as set out on pages 11 to 23 of this circular;
- (f) The property valuation report as set out on pages 24 to 31 of this circular; and
- (g) The written consents of the experts as referred to in the paragraph headed "Expert and Consent" in this Appendix.

11. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

NOTICE OF SGM



CODE AGRICULTURE (HOLDINGS) LIMITED

科地農業控股有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 8153)

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Code Agriculture (Holdings) Limited (the “**Company**”) will be held at Rooms 3808-10, 38/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Wednesday, 18 May 2011 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the entering into of the asset transfer agreement dated 8 April 2011 (the “**Agreement**”, a copy of which has been produced to the meeting marked “A” and initialled by the Chairman of the meeting for the purpose of identification) among Jiangsu Kedi Modern Agricultural Company Limited* (江蘇科地現代農業有限公司) (the “**Vendor**”), Jiangsu Yonglu Fertilizer Limited* (江蘇永祿肥料有限公司) (the “**Purchaser**”), the Company and Cyberland (China) Limited, whereby (i) the Vendor has agreed to sell and the Purchaser has agreed to purchase certain property and equipment; and (ii) the total consideration payable by the Purchaser to the Vendor will be settled by offsetting an equivalent amount of the convertible bonds issued by the Company to Cyberland (China) Limited, on the terms and conditions as set out in the Agreement, and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified; and
- (b) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things, and to sign and execute all such further documents and to take all such steps as the Directors may in their absolute discretion consider necessary, appropriate, desirable or expedient to implement and/or give full effect to or in connection with the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 29 April 2011

* *For identification purpose only*

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and principal place of business:

Rooms 3808-10, 38/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes:

1. A shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company, but must attend the meeting in person to represent him/her.
2. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Ltd. at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting concerned and, in such event, his/her form of proxy shall be deemed to have been revoked.
4. In the case of joint holders of a share of the Company, any one of such joint holders may vote at the meeting either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose name any share of the Company stands shall for this purpose be deemed joint holders thereof.