



世纪阳光

CENTURY SUNSHINE ECOLOGICAL TECHNOLOGY HOLDINGS LIMITED

世紀陽光生態科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8276)

**PLACING OF EXISTING SHARES AND
PARTIAL TOP-UP SUBSCRIPTION FOR NEW SHARES**

On 9 February 2007, the Vendor (being the controlling shareholder of the Company holding approximately 47.31% of the issued Shares as at the date of the Placing Agreement) entered into the Placing Agreement with the Placing Agent and the Company pursuant to which the Placing Agent shall place as agent of the Vendor the Sale Shares at the Placing Price to the Placees.

The Sale Shares represent approximately 14.66% of the existing issued share capital of the Company and approximately 13.06% of the issued share capital of the Company as enlarged by the Subscription.

On 9 February 2007, the Vendor and the Company entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to allot and issue the Subscription Shares to the Vendor at HK\$1.88 per Subscription Share. The Subscription is subject to the fulfillment of the conditions set out in the Subscription Agreement.

The net proceeds from the Subscription is approximately HK\$455,857,700 and is intended to be used by the Group as its general working capital and to support future expansion of the business of the Group.

Assuming that the Sale Shares are fully placed under the Placing, the aggregate shareholding of the Vendor and its concert party in the Company will be reduced from approximately 47.61% to approximately 32.95% upon completion of the Placing but before completion of the Subscription. The aggregate shareholding of the Vendor and its concert party in the Company will be increased from approximately 32.95% to approximately 40.25% upon completion of the Subscription. As the aggregate voting rights of the Vendor and its concert party prior to the Placing was between 30% and 50% and the Subscription would involve an acquisition of more than 2% voting rights, a waiver (in reliance upon a dispensation available under the Takeovers Code) from the obligation of the Vendor and the concert party to make a general offer for all the shares of the Company is a condition to the Subscription.

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 2:30 p.m. on 9 February 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 13 February 2007.

1. PLACING AGREEMENT

(a) Parties to the Placing Agreement

- (i) the Vendor, being the controlling shareholder of the Company holding approximately 47.31% of the issued Shares as at the date of the Placing Agreement, which is owned as to 90% by Mr. Chi Wen Fu and 10% by Mr. Shum Sai Chit respectively, both of whom are Directors;
- (ii) the Company; and
- (iii) the Placing Agent.

(b) Number of Sale Shares

300,000,000 existing Shares shall be placed by the Placing Agent on behalf of the Vendor. The Sale Shares represent approximately 14.66% of the Company's existing issued share capital and approximately 13.06% of the issued share capital as enlarged by the Subscription.

(c) Placing Price

HK\$1.88 per Sale Share.

The Placing Price was agreed after arm's length negotiations between the Company, the Vendor and the Placing Agent. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interest of the Group.

The Placing Price represents:

- (i) a discount of approximately 6.93% to the closing price of HK\$2.02 per Share as quoted at 12:30 p.m. on 9 February 2007, being the date of the Placing Agreement; and

- (ii) a discount of approximately 5.15% to the average closing price of approximately HK\$1.982 per Share as quoted on the Stock Exchange on 2 February 2007 and from 5 February 2007 to 8 February 2007, being the last five full trading days immediately prior to the date of the Placing Agreement.

(d) Conditions of the Placing

Completion of the Placing is conditional upon fulfillment of, inter alia, the following conditions:-

- (i) there shall not have occurred any breach of, or any event rendering untrue or inaccurate, any of the representations, warranties or undertakings under the Placing Agreement;
- (ii) trading generally not having been suspended or materially limited on, or by, any of the stock exchanges of New York or Hong Kong;
- (iii) trading of any securities of the Company not being suspended on any exchange or in any over the counter market, other than being suspended as a result of the Placing;
- (iv) a material disruption in securities settlement, payment or clearance services in the United States, Hong Kong or the PRC not having occurred;
- (v) any moratorium on commercial banking activities not having been declared by PRC, Federal or New York State or Hong Kong authorities;
- (vi) there not having occurred any outbreak or escalation of hostilities, declaration of a national emergency or war, or any change in financial markets, currency exchange rates or controls or any calamity or crisis that, in the Placing Agent's judgment, is material and adverse and which makes it, in the Placing Agent's judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the Sale Shares on the terms of the Placing Agreement;
- (vii) the Subscription Agreement having been entered into by the Company and the Vendor and not subsequently having been revoked, terminated or modified; and

(viii) receipt by the Placing Agent of, inter alia, certified copies of the Vendor's application to the SFC for the waiver letter in relation to Rule 26.1 of the Takeovers Code for dispensation of the Vendor's obligation to make a general offer under the Takeovers Code arising from the Subscription.

Under the Placing Agreement, the Placing Agent has the right to waive any of the above conditions.

(e) Completion of the Placing

Subject to the fulfillment of the conditions as set out in the Placing Agreement, it is expected that completion of the Placing will take place on 14 February 2007.

(f) Shareholding of the Vendor upon completion of the Placing

Assuming that the Sale Shares are fully placed under the Placing, the aggregate shareholding of the Vendor and its concert party in the Company will be reduced from approximately 47.61% to approximately 32.95% upon completion of the Placing but before completion of the Subscription. As to the expected changes in the shareholdings of the Company resulting from the Placing and the Subscription, please refer to the section headed "Effect of the Placing and Subscription on the shareholding structure" below for more details.

(g) Independence of the Placing Agent and the Placees

The Placing Shares will be placed by the Placing Agent to not less than six independent professional, institutional and/or individual investors. It is not expected that any Placee will become a substantial shareholder of the Company as a result of the Placing.

The Placing Agent and the Placees (including the Placees' respective beneficial owners) to be procured by the Placing Agent are or will be (as the case may be) third parties independent of and not connected with the directors, chief executive or substantial shareholders of the Company (including the Vendor) or its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules) and not acting in concert (as defined under the Takeovers Code) with the Vendor or any of its directors, chief executives or substantial shareholders or any of their respective associates (as defined in the GEM Listing Rules).

2. SUBSCRIPTION AGREEMENT

(a) Parties to the Subscription Agreement

The Company and the Vendor.

(b) Number of new Shares to be subscribed for

The number of new Shares to be subscribed by the Vendor under the Subscription Agreement is 250,000,000 Shares. The Subscription Shares represent approximately 12.21% of the existing issued share capital of the Company and approximately 10.88% of the issued share capital of the Company as enlarged by the Subscription.

(c) Subscription Price

HK\$1.88 per Subscription Share, which is the same as the Placing Price. The gross proceeds from the Subscription before deducting related expenses is HK\$470,000,000.

(d) General mandate to issue the Subscription Shares

The Subscription Shares, when fully paid, will be issued and allotted under the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 28 April 2006. Under such general mandate, the Directors have been authorized by the Shareholders to allot and issue up to 398,405,000 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the date of the Subscription Agreement.

(e) Ranking of the Subscription Shares

The Subscription Shares, when fully-paid and issued, will rank *pari passu* in all respects with the existing issued Shares.

(f) Conditions of the Subscription

The Subscription is conditional upon:

- (i) completion of the Placing;
- (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares to be issued under the Subscription; and

(iii) the Executive Director of the Corporate Finance Division of the SFC granting the Vendor a waiver from any obligation to make a general offer under the Takeovers Code arising from the Placing and the Subscription.

The Subscription Agreement has not provided for the right of the parties to waive the above conditions. If such conditions are not fulfilled within 14 days after the date of the Subscription Agreement, the Company and the Vendor will, subject to compliance with the GEM Listing Rules, take all necessary steps so that the completion of the Subscription can take place as soon as practicable thereafter. The Company will also issue further announcement in the event that the Subscription becomes a connected transaction between the Company and the Vendor under the GEM Listing Rules.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

As the aggregate voting rights of the Vendor and its concert party prior to the Placing was between 30% and 50% and the Subscription would involve an acquisition of more than 2% voting rights, a waiver (in reliance upon a dispensation available under the Takeovers Code) from the obligation of the Vendor and the concert party to make a general offer for all the shares of the Company is a condition to the Subscription. The Vendor will apply to the Executive Director of the Corporate Finance Division of SFC for a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code arising from the Placing and the Subscription.

(g) Completion of the Subscription

Completion of the Subscription shall take place on the second business day after the date upon which the last of the conditions stated above shall have been satisfied, provided that it shall take place on a date which is not later than 14 days after the date of the Subscription Agreement. If completion of the Subscription takes place more than 14 days after the date of the Subscription Agreement, the Subscription would not fall within the exemption under Rule 20.31(3)(d) of the GEM Listing Rules and would be subject to the relevant requirements of the GEM Listing Rules regarding connected transactions, including the approval of the independent Shareholders.

(h) Shareholding of the Vendor in the Company after completion of the Subscription

The aggregate shareholding of the Vendor and its concert party will be increased from approximately 32.95% post Placing to approximately 40.25% upon completion of the Subscription.

As to the expected changes in the shareholdings of the Company resulting from the Placing and the Subscription, please refer to the section headed “Effect of the Placing and Subscription on the shareholding structure” below for more details.

LOCK-UP

I. Lock-up provisions on the Vendor

In order to induce the Placing Agent to enter into the Placing Agreement and in consideration of the obligations of the Placing Agent thereunder, the Vendor undertakes to the Placing Agent that (except for the sale of the Sale Shares pursuant to the Placing Agreement) from the date of the Placing Agreement until (and including) the date being 180 days after the Closing Date it will not (without the prior written consent of the Placing Agent):

- (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company (including for the avoidance of doubt the Shares to be subscribed for by the Vendor under the Subscription Agreement) or any interests therein or any securities convertible into or exercisable or exchangeable for any shares of the Company or any interests therein (the “**Convertible Securities**”); or
- (b) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company,

whether any such transaction described in (a) or (b) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or

- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above, provided that the Company may issue Shares to the Vendor pursuant to the Subscription Agreement.

The provisions contained in (a) to (c) above shall not apply to those Shares (other than the shares to be subscribed by the Vendor pursuant to the Subscription Agreement or in breach of the undertakings of the Company and the Vendor under the Placing Agreement as described in Part II headed “Lock-up provisions on the Company” below) or those Convertible Securities (other than the Convertible Securities to be subscribed by the Vendor in breach of the undertakings of the Company and the Vendor under the Placing Agreement as described in Part II headed “Lock-up provisions on the Company” below) (including those Shares issued pursuant to such Convertible Securities) which may have been acquired by the Vendor, its affiliates, nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) after the date

of the Placing Agreement so that the Vendor, its affiliates, nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) shall be free to enter into any such transaction as described above with respect to such Shares and/or Convertible Securities.

II. Lock-up provisions on the Company

The Company undertakes to the Placing Agent, and the Vendor undertakes to the Placing Agent it will procure the Company, not to, from the date of the Placing Agreement until (and including) the date being 180 days after the Closing Date (without the prior written agreement of the Placing Agent):

- (a) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any share of the Company or any interests therein or any Convertible Securities, or
- (b) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such shares of the Company,

whether any such transaction described in (a) or (b) above is to be settled by delivery of shares in the Company or such other securities, in cash or otherwise, or

- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above, provided that the Company may:
 - (A) issue Shares to the Vendor pursuant to the Subscription Agreement;
 - (B) issue Shares pursuant to all the outstanding options already granted under the terms and conditions of any existing share option scheme and in accordance with the GEM Listing Rules before the date of the Placing Agreement; and
 - (C) grant options under the terms and conditions of any existing share option scheme and in accordance with the GEM Listing Rules, which cannot be exercised from the date of the Placing Agreement and until (and including) the date being 180 days after the Closing Date.

The restrictions contained in (a) to (c) above shall not apply to any allotment and issue by the Company of Shares or by the Company or any subsidiary of the Company of securities wholly or partly convertible into or with rights to acquire Share(s), in any such case in consideration or part consideration for the acquisition of any securities, assets, undertakings or business of any third party.

EFFECT OF THE PLACING AND SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the shareholding structure of the Company upon completion of the Placing and Subscription are set out as below (assuming no further share capital would be issued until the completion of the Placing and Subscription):

	Existing Shares		Immediately after completion of the Placing		Immediately after completion of the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
(A) Vendor and its concert party						
(1) Vendor	968,484,850	47.31	668,484,850	32.65	918,484,850	39.99
(2) Chi Wen Fu, being a Director <i>(Note 1)</i>	6,050,000	0.30	6,050,000	0.30	6,050,000	0.26
Subtotal	974,534,850	47.61	674,534,850	32.95	924,534,850	40.25
(B) Other non-public Shareholders						
(1) Zhou Xing Dun <i>(Note 2)</i>	7,000,000	0.34	7,000,000	0.34	7,000,000	0.30
(2) Wu Wen Jing, Benjamin <i>(Note 2)</i>	22,300,000	1.09	22,300,000	1.09	22,300,000	0.97
Subtotal	29,300,000	1.43	29,300,000	1.43	29,300,000	1.27
(C) Public (including Places for the Placing)						
	1,043,190,150	50.96	1,343,190,150	65.62	1,343,190,150	58.48
			<i>(Note 3)</i>			
Total	2,047,025,000	100	2,047,025,000	100	2,297,025,000	100

Note 1: Mr. Chi Wen Fu (“Mr. Chi”) is the director and shareholder of the Vendor and is deemed to be acting in concert with the Vendor under the Takeovers Code. As at the date of this announcement, (i) Mr. Chi is holding 6,050,000 Shares in his name which represent approximately 0.3% of the entire issued share capital of the Company; (ii) the Vendor is holding 968,484,850 Shares which represent approximately 47.31% of the entire issued share capital of the Company; and (iii) the aggregate number of Shares held by the Vendor and Mr. Chi is 974,534,850, representing approximately 47.61% of the entire issued share capital of the Company.

Note 2: Both Mr. Zhou Xing Dun and Mr. Wu Wen Jing, Benjamin are Directors. None of Mr. Zhou Xing Dun and Mr. Wu Wen Jing, Benjamin is the director, shareholder, officer or employee of the Vendor.

Note 3: This figure includes a total of 300,000,000 Sale Shares to be placed to the Places under the Placing which represent approximately 14.66% of the Company's existing issued capital and approximately 13.06% of the issued share capital of the Company as enlarged by the Subscription.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

After considering other alternatives for fund raising, the Directors believed that fund raising by way of top-up placing is a more effective way to raise fund for the Company within a short period of time and it is in the interests of the Company to raise capital from the equity market in order to enhance its capital base and broaden its shareholders' base. The Directors also consider that the terms and conditions of the Placing Agreement and the Subscription Agreement are fair and reasonable and are in the best interests of the Group, as far as the Group and the Shareholders as a whole are concerned. The Company has not undergone any fund raising activities in the past 12 months involving the issue of new Shares save and except the issue of Shares pursuant to the exercise of share options granted under the share option scheme of the Company.

Assuming that the Placing and the Subscription are completed, the net proceeds from the Subscription, after deducting related placing commission, professional fees and all related expenses, are estimated to be HK\$455,857,700 and the net price per Subscription Share is approximately HK\$1.82. The Company intends to use the net proceeds to support future expansion of the business of the Group in line with its business objective and the business activities of the Group as described in the section headed "Business of the Group" below and as general working capital of the Group. The Company intends to use approximately one-third of the net proceeds from the Subscription as its general working capital and the remaining two-thirds to support future expansion of the business of the Group. As at the date of this announcement, the Company has not yet identified any expansion opportunity.

BUSINESS OF THE GROUP

Based in Fujian province and Jiangxi province in the PRC, the Group is principally engaged in the research and development, production and sale of organic fertilizer products and bio-pesticide for different agricultural farming applications including tea, orchards, vegetables and forestry plantations.

APPLICATION FOR LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

GENERAL

Under the arrangement contemplated by the Placing Agreement and the Subscription Agreement, the Vendor shall bear approximately 16.67% of the expenses (including commissions) incurred in connection with the Placing and the Subscription, which is estimated to be approximately HK\$2,828,460. This 16.67% is calculated by reference to a fraction, the numerator of which is the number of Sale Shares less the number of Subscription Shares and the denominator of which is the number of Sale Shares.

The remaining 83.33% (being calculated by reference to a fraction equal to the number of Subscription Shares divided by the number of Sale Shares) of the expenses (including commissions) incurred in connection with the Placing and the Subscription, which is estimated to be approximately HK\$14,142,300, shall be borne by the Company.

SUSPENSION AND RESUMPTION OF TRADING

Trading in Shares on the Stock Exchange was suspended from 2:30 p.m. on 9 February 2007 at the request of the Company pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 13 February 2007.

DEFINITIONS

The following defined terms are used in this announcement:

“acting in concert”	shall have such meaning as ascribed thereto under the Takeovers Code and “concert party” shall, in relation to a person, mean a party acting in concert with such person;
“Closing Date”	the date on which completion of the Placing shall take place under the Placing Agreement, but in any event no later than 14 February 2007;
“Company”	Century Sunshine Ecological Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Growth Enterprise Market of the Stock Exchange;
“Director(s)”	the director(s) of the Company or a duly authorized committee thereof;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange;
“Group”	collectively, the Company and its subsidiaries for the time being;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	the listing committee of the Stock Exchange;
“Placees”	the placees of the Sale Shares under the Placing;
“Placing”	the placing of the Sale Shares pursuant to the Placing Agreement;
“Placing Agent”	Morgan Stanley & Co. International Limited, which, to the best knowledge of the Directors, is a third party independent of and not connected with the directors, chief executive or substantial Shareholders of the Company or its subsidiaries or any of their respective associates (as such term is defined in the GEM Listing Rules) or concert parties. In so far as the Placing Agent is “dealing in securities”, as defined in Schedule 5 of the SFO, it shall be doing so through its agent Morgan Stanley Dean Witter Asia Limited and only in circumstances such that none of the sub-provisos (I), (II), (III), (IV) and (V) in sub-paragraph (iv) to the definition of “dealing in securities” in Part 2 of Schedule 5 of the SFO are applicable;
“Placing Agreement”	the share placing agreement dated 9 February 2007 entered into between the Company, the Vendor and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$1.88 per Sale Share;
“PRC”	People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“Sale Shares”	an aggregate of 300,000,000 existing Shares beneficially owned by the Vendor to be placed pursuant to the Placing Agreement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 9 February 2007 entered into between the Company and the Vendor in relation to the Subscription;
“Subscription Shares”	an aggregate of 250,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement;
“Takeovers Code”	The Code on Takeovers and Mergers;
“trading day”	a day on which the Stock Exchange is opened for the business of dealing in securities;
“Vendor”	Alpha Sino International Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company; and
“%”	per cent.

By order of the Board

Chi Wen Fu

Chairman

Hong Kong, 12 February 2007

Note: As at the date of this announcement, the Company’s executive directors are Mr. Chi Wen Fu, Mr. Shum Sai Chit and Mr. Zhou Xing Dun, the Company’s non-executive directors are Ms. Chi Bi Fen, Ms. Wong May Yuk, Mr. Wu Wen Jing, Benjamin and Ms. Zou Li and the Company’s independent non-executive directors are Mr. Cheung Sound Poon and Mr. Kwong Ping Man and Mr. Shen Yi Min.

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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of its posting.