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**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)**

**DISCLOSEABLE TRANSACTION  
FORMATION OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that Century Sunshine, a wholly-owned subsidiary of the Company, has entered into the Joint Venture Agreement with the JV Partner, an independent third party, after the trading hour on 8 June 2007 under which, iner alia, Century Sunshine and the JV Partner have agreed to jointly establish the Joint Venture Company in the PRC, which will be principally engaged in the research and development, production and sales of organic fertilizers and organic compound fertilizers in the Northern China.

The registered capital of the Joint Venture Company will be RMB100,000,000 (equivalent to approximately HK\$102,400,000), of which RMB51,000,000 (equivalent to approximately HK\$52,224,000) will be contributed in cash by Century Sunshine and RMB49,000,000 (equivalent to approximately HK\$50,176,000) will be contributed in cash by the JV Partner. Upon the establishment of the Joint Venture Company, it will be owned as to 51% by Century Sunshine and as to 49% by the JV Partner.

The signing of the Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. A circular containing further details of the Joint Venture Agreement will be dispatched to the Shareholders as soon as practicable.

**THE JOINT VENTURE AGREEMENT**

- Date:** 8 June 2007
- Parties:** (1) Century Sunshine; and  
(2) The JV Partner.

The JV Partner is principally engaged in provision of technical advice and consultancy services in the agricultural sector in the Jiangsu province, the PRC. To the best of the Directors' knowledge, information

and belief, and having made all reasonable enquiries, the JV Partner and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) and had no prior relationship or transactions with the Group prior to the Joint Venture Agreement.

## **Principal terms**

### *Business scope of the Joint Venture Company*

The location of the operation of the Joint Venture Company will be initially in Jiangsu, the PRC. Pursuant to the terms and conditions of the Joint Venture Agreement, the Joint Venture Company will be principally engaged in research and development, production and sales of organic fertilizers and organic compound fertilizers in the Northern China.

### *Total Investment amount, registered capital and capital contribution*

The total investment amount of the Joint Venture Company will be RMB230,000,000 (equivalent to approximately HK\$235,520,000) in which, it will include the registered capital of the Joint Venture Company of RMB100,000,000 (equivalent to approximately HK\$102,400,000). Upon the establishment of the Joint Venture Company, it will be owned as to 51% by Century Sunshine and as to 49% by the JV Partner. The Joint Venture Company will become a 51%-owned subsidiary of Century Sunshine and its accounts will be consolidated into the Group's accounts.

Century Sunshine and the JV Partner will contribute their respective share of the registered capital of the Joint Venture Company in cash. Such registered capital contribution has to be made by Century Sunshine and the JV Partner within three months from the date of the issue of its business license. The cash capital contribution by Century Sunshine will be funded by internal resources of the Company. Under the Joint Venture Agreement, the Group is not obliged to fill up the difference between the total investment amount and the registered capital and there is no other capital commitment and guarantee provided in connection with the establishment of the Joint Venture Company.

### *Term of the Joint Venture Company*

The Joint Venture Company will have a term of twenty years from the date of the issue of its business license. Upon approval by all directors of the Joint Venture Company, it shall apply to the relevant governmental authority to extend the business license before six months from the expiry of the term.

### *Management of the Joint Venture Company*

The Joint Venture Company will comprise five directors, three of whom will be appointed by Century Sunshine and two of whom will be appointed by the JV Partner. The term of office of the directors of the Joint Venture Company will be two years and the retiring director will be eligible for re-election.

## *Completion*

Completion of the Joint Venture Agreement is conditional on the obtaining of relevant approvals from the relevant authorities in the PRC in relation to the transactions contemplated under the Joint Venture Agreement including the approval from Ministry of Commerce. Application will be made to the relevant authorities in the PRC. The Directors expect that completion of the Joint Venture Agreement shall take place within three months from the date of the Joint Venture Agreement.

## **REASONS FOR ENTERING INTO THE JOINT VENTURE AGREEMENT**

The Board is of the view that the entering into the Joint Venture Agreement allows the Group to expand its market from Southern China to Northern China by gaining access to organic fertilizers and organic compound fertilizers market in Jiangsu province, the PRC. Northern China is traditionally rich in agricultural outputs and consumes a huge amount of fertilizers each year. It is the Group's objective to expand its businesses into Northern China so as to increase its market shares in the PRC.

The Directors believe that the establishment of the Joint Venture Company is in line with its business scope and objectives. The Directors (including the independent non-executive Directors) consider that the terms of the Joint Venture Agreement, which have been agreed after arm's length negotiation between Century Sunshine and the JV Partner, are on normal commercial terms and fair and reasonable and the entering into the Joint Venture Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE JOINT VENTURE AGREEMENT ON THE GROUP**

Upon the establishment of the Joint Venture Company, it will become a 51%-owned subsidiary of Century Sunshine. The accounts of the Joint Venture Company will be consolidated into the Group's accounts. It is expected that the Joint Venture Company will commence operation by the latest in September 2007 and will contribute revenue to the Group. The Directors do not expect the formation of the Joint Venture Company to have any material adverse financial impact on the assets and liabilities of Group.

## **GENERAL**

The signing of the Joint Venture Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules. A circular containing further details of the Joint Venture Agreement will be dispatched to the shareholders of the Company as soon as practicable.

The business of the Group is principally engaged in the research and development, production and sales of organic fertilizers and bio-pesticides in the PRC.

## DEFINITIONS

“Board”	board of the Directors;
“Century Sunshine”	Century Sunshine Ecological Technology Limited, a company incorporated in Hong Kong with limited liability;
“Company”	Century Sunshine Ecological Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM;
“Director(s)”	director(s) of the Company for the time being and from time to time;
“Group”	the Company and its subsidiaries;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Venture Agreement”	the joint venture agreement dated 8 June 2007 entered into between the Company and the JV Partner for the establishment of the Joint Venture Company;
“Joint Venture Company”	means a sino-foreign co-operative joint venture company to be established in the PRC by Century Sunshine and the JV Partner pursuant to the Joint Venture Agreement;
“JV Partner”	連雲港德美新能源科技有限公司 (Lian Yun Port De Mei New Energy Technology Limited), a private company incorporated in the PRC;
“PRC”	means the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“Shares”	share(s) of HK\$0.02 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;

“RMB” Renminbi, the lawful currency of the PRC; and

“%” per cent.

*For the purpose of this announcement, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB1.0 to HK\$1.024.*

*The English translation of Chinese names is included for information purpose only and should not be regarded as their official English translation.*

By order of the Board  
**Shum Sai Chit**  
Executive Director

Hong Kong, 11 June 2007

*As at the date hereof, the executive Directors are Mr. Chi Wen Fu, Mr. Shum Sai Chit and Mr. Zhou Xing Dun; the non-executive Directors are Ms. Zou Li, Ms. Wong May Yuk, Mr. Wu Wen Jing, Benjamin and Ms. Chi Bi Fen and the independent non-executive Directors are Mr. Shen Yi Min and Mr. Kwong Ping Man.*

*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, confirmed 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 at <http://www.hkgem.com> on the “ Latest Company Announcement” page for at least 7 days from the date of its posting.*