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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a 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 **Century Sunshine Ecological Technology 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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**

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This circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of posting.

10 July 2007

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## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:*

“Acquisition Assets”	The whole production line of compound fertilizer products of Jiangsu Lungteng Chemical Co., Ltd., including buildings, structures and other ancillary facilities, equipment and vehicles, which is located on the Land, to be acquired by the Purchaser, details of which are set out in the Assets Acquisition Agreement
“Assets Acquisition”	the acquisition of the Acquisition Assets pursuant to the Assets Acquisition Agreement
“Assets Acquisition Agreement”	the agreement entered into between the Purchaser and Jiangsu Lungteng Chemical Co., Ltd. on 21 June 2007 in relation to the Acquisition Assets
“Board”	the board of Directors
“Company”	Century Sunshine Ecological Technology Holdings Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Growth Enterprise Market of the Stock Exchange
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	parcel of land located at Xugou, Shanzuokou Village, Donghai County, Jiangsu Province (江蘇省東海縣山左口鄉許溝), with the land lot number 15-25-001-2 and a site area of approximately 233,345.0 square meters
“Land Acquisition Agreement”	the agreement entered into between the Purchaser and the Bureau of Land Resources in Donghai County of Jiangsu Province on 11 June 2007 in relation to the Land

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## DEFINITIONS

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“Latest Practicable Date”	6 July 2007, being the latest practicable date prior to the date of this circular for ascertaining certain information contained in this circular
“PRC”	People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Jiangsu Azureblue Technology Development Co., Ltd., an indirect 51%-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	Share(s) of nominal value HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Jiangsu Lungteng Chemical Co., Ltd. (江蘇龍騰化工有限公司) and the Bureau of Land Resources in Donghai County of Jiangsu Province (江蘇省東海縣國土資源局)
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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## LETTER FROM THE BOARD

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**世紀陽光**

**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)**

**Directors:**

*Executive Directors:*

Chi Wen Fu (*Chairman*)

Shum Sai Chit

Zhou Xing Dun

*Non-Executive Directors:*

Zou Li

Wong May Yuk

Wu Wen Jing, Benjamin

Chi Bi Fen

*Independent Non-Executive Directors:*

Shen Yi Min

Kwong Ping Man

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head office and*

*principal place of business:*

Unit 3907, COSCO Tower

183 Queen's Road Central

Hong Kong

10 July 2007

*To the Shareholders*

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION**

#### **INTRODUCTION**

With reference to the announcement dated 21 June 2007, the Board announced that the Purchaser entered into the Assets Acquisition Agreement with Jiangsu Lungteng Chemical Co., Ltd. to acquire the Acquisition Assets for a cash consideration of RMB32,600,000 on 21 June 2007.

On 11 June 2007, the Purchaser entered into the Land Acquisition Agreement with the Bureau of Land Resources in Donghai County of Jiangsu Province to acquire the Land for a cash consideration of RMB7,467,040.

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## LETTER FROM THE BOARD

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As the applicable percentage ratios of the Assets Acquisition, when aggregated with the applicable ratios of the acquisition of the Land under the Land Acquisition Agreement, are more than 5% but less than 25%, the signing of the Assets Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules.

The purpose of this circular is to provide the Shareholders with information in relation to the Land Acquisition Agreement and the Assets Acquisition Agreement and further information of the Company.

### THE LAND ACQUISITION AGREEMENT

- Date: 11 June 2007
- Parties: (i) The Purchaser; and  
(ii) The Bureau of Land Resources in Donghai County of Jiangsu Province (as vendor)
- Subject: A parcel of land located at Xugou, Shanzuokou Village, Donghai County, Jiangsu Province, with the land lot number 15-25-001-2 and a site area of approximately 233,345 square meters. The land has a land use right of a term of 50 years expiring on 10 June 2057.
- Consideration: The unit price is RMB32 per square meter. The total cash consideration of RMB7,467,040 is to be settled in two installments:
- (i) RMB2,240,112 to be paid on or before 25 June 2007; and
- (ii) RMB5,226,928 to be paid on or before 30 June 2007.

The Directors confirm that the above consideration is arrived at after arm's length negotiations with vendor and determined by reference to the market prices. The consideration will be funded by internal resources of the Purchaser.

### THE ASSETS ACQUISITION AGREEMENT

- Date: 21 June 2007
- Parties: (i) The Purchaser; and  
(ii) Jiangsu Lungteng Chemical Co., Ltd. (as vendor)
- Acquisition Assets: The whole production line of compound fertilizer products of the vendor, including buildings, structures and other ancillary facilities, equipment and vehicles, which is located on the land. The production capacity of compound fertilizer of the Acquisition Assets is approximately 200,000 tons per annum.

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## LETTER FROM THE BOARD

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Consideration: The cash consideration of RMB32,600,000 is to be settled in three installments:

- (i) RMB16,300,000 to be paid upon the transfer of the physical assets by the vendor to the Purchaser, i.e. on 3 July 2007;
- (ii) RMB9,780,000 to be paid upon the transfer of the relevant documents of the Acquisition Assets, i.e. on or before 11 July 2007; and
- (iii) the remaining amount of RMB6,520,000 to be paid within 10 days after the purchaser has completed the assessment of the Acquisition Assets.

The above consideration is approximately equal to the valuation of RMB32,600,000 on the Acquisition Assets as at 31 May 2007 prepared by 江蘇蘇亞金誠會計師事務所有限公司 (Jiangsu Suyu Jincheng CPA Co., Ltd.), a company incorporated in the PRC with limited liability and an independent third party of the Company (as defined in the GEM Listing Rules), using the replacement cost method.

The Assets Acquisition will be funded by internal resources of the Purchaser. The Directors are of the view that the Assets Acquisition will not have any material adverse financial impact on the earnings and assets and liabilities of the Company.

### REASONS FOR THE ASSETS ACQUISITION

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

The Directors are also of the view that the PRC market for organic fertilizer products is strong and the demand for the Group's product is expected to increase in the future. As set out in the Company's first quarterly report for the 2007, it is the Company's primary objective to achieve one-million tons of capacity through both organic growth and acquisitions. In order to satisfy the market demand and meet its primary objective, the Group takes this opportunity to increase its production capacity of compound fertilizers by 200,000 tons through the Assets Acquisition. The Directors currently expect that, after the Assets Acquisition, production capacity will be expanded to approximately 300,000 tons through installation of new machine and modification of the existing facilities.

### BACKGROUND OF THE VENDORS

The Bureau of Land Resources in Donghai County of Jiangsu Province is a government entity responsible for the planning, administration, protection and rational utilization of the natural resources, such as land, mineral and marine resources in the PRC.



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## LETTER FROM THE BOARD

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Jiangsu Lungteng Chemical Co., Ltd. is a collectively-owned enterprise incorporated in the PRC and is principally engaging in the production and sale of compound fertilizers and the manufacturing and sale of the serpentine. Following the Assets Acquisition, Jiangsu Lungteng Chemical Co., Ltd. will not engage in any production and sale of compound fertilizers.

The Directors confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Vendors and their respective beneficial owners are independent third parties not being connected persons of the Company (as defined in the GEM Listing Rules).

### **ADDITIONAL INFORMATION**

Your attention is drawn to the general information set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Century Sunshine Ecological Technology Holdings Limited**  
**Shum Sai Chit**  
*Director*

## 1. RESPONSIBILTIIY 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 Company. The Directors, having made all reasonable enquiries, confirmed that, to the best of their knowledge and belief:–

- (1) the information contained in this circular 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 circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

## 2. DIRETORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORTATION

As at the Latest Practicable Date, the relevant interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

### (i) Directors' interests in the Company

#### *Long positions in Shares*

Name of Director	Number of ordinary Shares held			Type of interest	Percentage of issued share capital of the Company
	Personal interests	Corporate interests	Total		
Chi Wen Fu	6,050,000	918,484,850 <i>(Note 1)</i>	924,534,850	Beneficial owner	40.25%
Zhou Xing Dun	3,000,000	–	3,000,000	Beneficial owner	0.13%
Wu Wen Jing, Benjamin	3,025,000	–	3,025,000	Beneficial owner	0.13%
Kwong Ping Man	500,000	–	500,000	Beneficial owner	0.02%

*Notes:*

- These Shares are held by Alpha Sino and are deemed corporate interests by virtue of Mr. Chi's holding of 90% of the issued share capital of Alpha Sino which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Alpha Sino.

**(ii) Directors' interests in associated corporations**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Number of shares held</b>	<b>Type of interest</b>	<b>Percentage of interest</b>
Chi Wen Fu	Alpha Sino	9	Beneficial owner	90%
Shum Sai Chit	Alpha Sino	1	Beneficial owner	10%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

**3. SUBSTANTIAL SHAREHOLDERS**

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, persons who had interests or short positions in the Shares or underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

<b>Name of shareholder</b>	<b>Nature</b>	<b>Number of Shares</b>	<b>Percentage of issued share capital of the Company</b>
Chi Wen Fu	Long position	924,534,850 (Note 1)	40.25%
Alpha Sino	Long position	918,484,850 (Notes 2 and 3)	39.99%

*Notes:*

1. Chi Wen Fu has interest in an aggregate of 924,534,850 Shares of which (a) 6,050,000 Shares are beneficially owned by him and registered in his name; and (b) 918,484,850 Shares are deemed corporate interests by virtue of his holding of 90% of the issued share capital of Alpha Sino which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Alpha Sino.
2. The entire issued share capital of Alpha Sino is beneficially owned as to 90% and 10% by Chi Wen Fu and Shum Sai Chit respectively.
3. Pursuant to a share mortgage dated 13 November 2006, Alpha Sino, being the substantial shareholder of the Company, has mortgaged 244,578,000 Shares (representing approximately 12% of the then issued share capital of the Company on 13 November 2006) to International Finance Corporation (“IFC”) to secure repayment of the IFC Loan under a loan agreement dated 13 November 2006 entered into between the IFC as lender and (i) Green Land Bio-Products Company Limited; (ii) Century Sunshine (Nanping) Biology Engineering Company Limited; (iii) Century Sunshine (Jiangxi) Ecological Technology Limited; and (iv) Century Sunshine (Zhangzhou) Ecological Technology Limited, all being the subsidiaries of the Company and collectively as borrowers.

**4. SERVICE CONTRACT**

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years and will continue thereafter until the contract is terminated by either party giving to the other party not less than three calendar months’ notice in writing. Each of the executive Directors is entitled to a basic salary subject to annual review by the Board. In addition, the executive Directors are also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all the executive Directors in respect of any financial year of the Company may not exceed 5% of the audited consolidated net profit of the Group in respect of that financial year.

The non-executive Directors and the independent non-executive Directors of the Company are appointed for a term of two years with specific terms in the letter of appointment.

**5. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors or the management shareholders or substantial shareholders of the Company had any interest in a business which competes or may compete with the business of the Group.

**6. LITIGATION**

No member of the Group is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**7. GENERAL**

- (1) 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.

- (2) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (3) The head office and principal place of business of the Company in Hong Kong is situated at Unit 3907 COSCO Tower, 183 Queen's Road Central, Hong Kong.
- (4) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited, 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (5) The company secretary and qualified accountant of the Company is Mr. Tang Ying Kit. He is a member of the Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants.
- (6) The compliance office of the Company is Mr. Shum Sai Chit, an executive Director.
- (7) As required by the GEM Listing Rules, the Company established an audit committee with written terms of reference which deal clearly with its authorities and duties. The audit committee comprises Mr. Shen Yi Min and Mr. Kwong Ping Man as members. Its principal duties are to review and supervise the Company's financial reporting process and internal control system.

Shen Yi Min (沈毅民), aged 42, is presently a partner of Fujian Zhi Li Law Office (福建至理律師事務所) in the PRC. Mr. Shen is a qualified lawyer to practise securities laws in the PRC. He is a graduate from Fudan University (復旦大學) with a major in Economics Law. Mr. Shen had been the former principal of Fujian Fuzhou Foreign Economics Law Office (福建省福州市對外經濟律師事務所).

Kwong Ping Man (鄺炳文), aged 42, is currently the managing director of Fortitude Consulting Limited, engaging corporate advisory services. Prior to joining this company, he served as the chief financial officer of two companies based in Guangzhou and Nanjing, the PRC for more than 5 years. Mr. Kwong obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University. Mr. Kwong is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwong is also an associate member of the Hong Kong Institute of Company Secretaries.

The audit committee of the Company comprises only two members, which is below the minimum number required under Rule 5.28 of the GEM Listing Rules. The Company will appoint additional independent non-executive Director as a member of the audit committee in accordance with Rules 5.33 of the GEM Listing Rules.

- (8) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.