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(Continued into Bermuda with limited liability)

(Stock Code: 8166)

(1) THE JV FORMATION AND THE PROPOSED SHAREHOLDERS' AGREEMENT

(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN CHINA SMART ASIA LIMITED INVOLVING THE ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

THE JV FORMATION AND THE PROPOSED SHAREHOLDERS' AGREEMENT

The Board is pleased to announce that on 28 May 2015 (after trading hours), Skyline, a wholly owned subsidiary of the Company, and Yardley became partners to the JV Company for the purpose of the Acquisition.

As at the date of this announcement, the JV Company is owned as to 50% by each of the JV Partners, and the registered capital of the JV Company is US\$100, which was contributed as to 50% by each of the JV Partners.

Upon the JV Formation, the JV Partners and the JV Company have agreed to make provision for the management and administration of the JV Company's affair, and set out their respective obligations and rights on the terms and conditions set in the proposed Shareholders' Agreement. The Shareholders' Agreement shall be executed forthwith upon obtaining the Shareholders' approval in respect of the Shareholders' Agreement.

THE ACQUISITION

The Board is pleased to announce that on 29 May 2015 (after trading hours), the Company, the JV Company as the Purchaser, Yardley, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which (i) the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the Sale Share, and (ii) the Vendor has agreed to assign to the Purchaser, and the Purchaser has agreed to accept the assignment of, the Sale Loan.

GEM LISTING RULES IMPLICATIONS

Major Transactions

The Board is of the view that the issue of the Convertible Bonds will be treated as capital commitment of the Group, the applicable percentage ratio (as calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceed 25% but are below 100%, the entry of the proposed Shareholders' Agreement would constitute a major transaction of the Company under the GEM Listing Rules and is subject to the requirements of reporting, announcement and the approval by the Shareholders under the GEM Listing Rules.

As the applicable percentage ratios (as calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceed 25% but are below 100%, the Acquisition also constitutes a major transaction of the Company under the GEM Listing Rules and is subject to the requirements of reporting, announcement and the approval by the Shareholders under the GEM Listing Rules.

Connected Transaction

As at the date of this announcement, the Vendor is a wholly-owned subsidiary of Chinese Strategic, a substantial shareholder of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules, which requires approval of the Independent Shareholders by way of poll at the SGM.

Chinese Strategic and/or its associates shall abstain from voting at the SGM on the resolutions in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

GENERAL

The Independent Board Committee has been established to (i) advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement to be entered for the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned, and whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the Acquisition after taking into account the recommendation of the independent financial adviser to be appointed by the Company.

The Board will appoint an independent financial adviser to the Independent Board Committee and the Independent Shareholders to give advice in relation to the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder.

The SGM will be convened to consider and, if thought fit, approve, among other things, (i) the proposed Shareholders' Agreement, (ii) the Sale and Purchase Agreement and the transactions thereunder, and (iii) the Specific Mandate for the issuance of the Conversion Shares.

A circular containing details of, among others, (i) the proposed Shareholders' Agreement (ii) the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Acquisition; (iv) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice to them in respect of the Acquisition; (v) a valuation report of the Properties; and (vi) a notice convening the SGM will be despatched to the Shareholders on or before 7 July 2015 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the Shareholders' Agreement and the Acquisition may or may not complete. Shareholders and investors should exercise caution when dealing in securities of the Company.

(I) THE JV FORMATION AND THE PROPOSED SHAREHOLDERS' AGREEMENT

The Board is pleased to announce that on 28 May 2015 (after trading hours), Skyline, a wholly owned subsidiary of the Company, and Yardley became partners to the JV Company for the purpose of the Acquisition.

As at the date of this announcement, the JV Company is a joint venture company and a non-wholly owned subsidiary of the Company as at the date of this announcement. The JV Company is owned as to 50% by each of the JV Partners, and the registered capital of the JV Company is US\$100, which was contributed as to 50% by each of the JV Partners.

Upon the JV Formation, the JV Partners and the JV Company have agreed to make provision for the management and administration of the JV Company's affair, and set out their respective obligations and rights on the terms and conditions set in the proposed Shareholders' Agreement. The Shareholders' Agreement shall be executed forthwith upon obtaining the Shareholders' approval in respect of the Shareholders' Agreement. Details of the proposed Shareholders' Agreement are set out below.

Parties

- (1) Skyline, a wholly-owned subsidiary of the Company
- (2) Yardley
- (3) Delightful Hope Limited, as the JV Company

(Skyline and Yardley shall collectively be referred to as the "**JV Partners**" hereunder)

Establishment and business of the JV Company

Pursuant to the proposed Shareholders' Agreement the JV Partners and the JV Company agree and confirm that (i) it is the intention of the JV Partners and the JV Company that at all times during the continuance of the Shareholders' Agreement the business of the JV Group shall comprise the JV Business; (ii) each JV Shareholder undertakes to each of the other JV Shareholders to use all reasonable endeavours to promote the interest of the JV Group in connection with the JV Business; and (iii) each JV Shareholder shall keep each other appropriately informed as to and with a view to improving the JV Business and financial position and prospects of the JV Company and/or the JV Group.

Pursuant to the proposed Shareholders' Agreement, each of the JV Shareholders undertakes to the other JV Shareholder(s): (i) to exercise its rights and powers under the Shareholders' Agreement and as a holder of the JV Shares to ensure, so far as it lawfully can, that the provisions of the Shareholders' Agreement are complied with; and (ii) to procure so far as it is able to do so, that any director of the JV Company appointed by it shall so act and vote in relation to the affairs of the JV Company (subject always to the fiduciary duties of such directors of the JV Company to the JV Company) to ensure that the JV Business and all the affairs of the JV Company are carried on in a proper manner and bona fide in the best interests of the JV Company.

Registered capital of the JV Company

As at the date of this announcement, the JV Company is owned as to 50% by each of the JV Partners, and the registered capital of the JV Company is US\$100, which was contributed as to 50% by each of the JV Partners.

The JV Company will become a non-wholly owned subsidiary of the Company as at the execution date of the Shareholder's Agreement.

Board composition and board resolutions

Pursuant to the proposed Shareholders' Agreement, the board of directors of the JV Company shall comprise of 3 directors, of which 2 directors shall be appointed by Skyline (including the chairman of the board of directors who shall have a casting vote in case of any equal voting on any resolution of the board of directors of the JV Company) and 1 director shall be appointed by Yardley.

Funding

Pursuant to the proposed Shareholders' Agreement, no JV Shareholders shall be obliged to provide any additional finance or financial assistance to any JV Group Company or to subscribe for any JV Shares or other securities in the JV Company or to make any loans to or transfer any assets to any JV Group Company, nor shall any JV Shareholder have any obligation to guarantee or provide security for any obligations of any JV Group Company or to indemnify any third party in respect of such obligations or liabilities.

Pursuant to the proposed Shareholders' Agreement, the board of directors of the JV Company shall have the discretion to determine if the JV Company requires additional funding to satisfy its existing obligations. And if so, the JV Shareholders may, but are not obliged to, agree to, advance such additional funding in the Agreed Proportions (agreed share) through an interest free (or if approved by the board of directors of the JV Company, interest bearing) shareholder's loan to the JV Company or subscribe for JV Shares in the agreed proportions and on the same terms.

Termination

The Shareholders' Agreement shall remain in full force and effect as between all of the JV Company and the JV Shareholders until the earlier of (i) the dissolution of the JV Company or (ii) the agreement of all JV Shareholders that it be terminated.

INFORMATION ABOUT YARDLEY

Yardley is a company incorporated in the British Virgin Islands with limited liability. To the best knowledge, information and belief of the Directors, the ultimate beneficial owner of Yardley is Mr. Chan Kin Sun, who is also the ultimate beneficial owner of Yardley Finance Limited (“**Yardley Finance**”); and Sino Coronet Limited, which is beneficially owned by Mr. So Chi Yuk has pledged the convertible bonds issued by the Company in the principal amount of HK\$24,000,000, which are convertible into new Shares of the Company at the initial conversion price of HK\$0.02, to Yardley Finance.

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, Yardley and its associates are independent of the Company and its connected person(s) in accordance with the GEM Listing Rules, therefore no Shareholder is required to abstain from voting at the SGM on the resolution(s) to approve the proposed Shareholders' Agreement.

(II) THE ACQUISITION

The Board is pleased to announce that on 29 May 2015 (after trading hours), the Company, the JV Company as the Purchaser, Yardley, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which (i) the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the Sale Share, and (ii) the Vendor has agreed to assign to the Purchaser, and the Purchaser has agreed to accept the assignment of, the Sale Loan.

Major terms of the Sale and Purchase Agreement are set out as below:

THE SALE AND PURCHASE AGREEMENT

Date

29 May 2015

Parties

- (i) Rich Best Asia Limited as the Vendor;
- (ii) Delightful Hope Limited, a company incorporated in the British Virgin Islands, which is owned as to 50% by each of the JV Partners, and is a non-wholly owned subsidiary of the Company as the Purchaser;
- (iii) the Company as the issuer of the Convertible Bonds, and the ultimate owner of 50% interests in the Purchaser; and

(iv) Yardley Wealth Management Limited, owner of the remaining 50% interests in the Purchaser

(collectively, the “**Parties**” and each individually a “**Party**” hereunder)

The Vendor is a wholly-owned subsidiary of China Strategic, a substantial shareholder of the Company and thus, a connected person of the Company under the GEM Listing Rules, and shall abstain from voting at the SGM on the resolution(s) to approve the Sale and Purchase Agreement and the transactions thereunder.

Save as mentioned above, as at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the SGM on the resolution(s) to approve the Sale and Purchase Agreement and the transactions thereunder.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, (i) the Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the Sale Share, and (ii) the Vendor has agreed to assign to the Purchaser, and the Purchaser has agreed to accept the assignment of, the Sale Loan.

Consideration

The Consideration is HK\$93,000,000, which shall be settled and discharged by the Purchaser in accordance with the time, mode and manner set out under the Sale and Purchase Agreement:

- (i) forthwith upon the execution of the Sale and Purchase Agreement, the Purchaser and Yardley shall jointly and severally pay the sum of HK\$20,000,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor as deposit (the “**Deposit**”), and the Deposit shall be applied for part payment of the Consideration at Completion;
- (ii) the Purchaser and Yardley shall jointly and severally pay a further sum of HK\$26,500,000 either in cash or by cashier order to Chinese Strategic for and on behalf of the Vendor for partial payment of the balance of the Consideration at Completion;
- (iii) the remaining balance of the Consideration in the sum of HK\$46,500,000 shall be settled and discharged by the Company’s issuance to the Vendor (or any nominee of the Vendor) (i) the Convertible Bonds A in the principal amount of HK\$23,000,000; and (ii) the Convertible Bonds B in the principal amount of HK\$23,500,000 at Completion.

The Consideration was determined after arm’s length negotiations between the JV Partners and the Purchaser taking into account (i) the book value of the Properties of HK\$138,538,323 as at 31 December 2014; (ii) that the Properties shall be valued at not less than RMB100,000,000, being one of the conditions precedent to the Sale and Purchase Agreement; and (iii) the assignment of the Sale Loan.

In light of the above, the Directors (excluding the independent non-executive Directors whose views will be given after considering the advice from the independent financial adviser) consider that the Acquisition is on normal commercial terms, which are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Conditions Precedent

Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (i) (if required) the shareholders of Chinese Strategic having approved the Acquisition, and all necessary consent, approval and authorisations (if any) by regulators pursuant to the GEM Listing Rules and any other rules and regulations which may be applicable to the Acquisition having been obtained by the Vendor (collectively, the “**Vendor Necessary Approvals**”), and such Vendor Necessary Approvals shall be valid and effective and not threatened with any withdrawal, revocation or cancellation at all times prior to Completion;

- (ii) the Independent Shareholders having passed the necessary resolutions to approve the Acquisition, and all necessary consent, approval and authorisation (if any) by regulators pursuant to the GEM Listing Rules and any other rules and regulations which may be applicable to the Acquisition having been obtained by the Purchaser (collectively, the “**Purchaser Necessary Approvals**”) and such Purchaser Necessary Approvals shall be valid and effective and not threatened with any withdrawal, revocation or cancellation at all times prior to Completion;
- (iii) the Parties and Chinese Strategic having agreed to all conditions of the CB Instrument A and all conditions of the CB Instrument B, and the Company having agreed to execute the CB Instrument A and the CB Instrument B at Completion;
- (iv) the Stock Exchange having approved the listing and dealings of the Conversion Shares;
- (v) the Vendor is, and shall remain at all times up to Completion, the sole legal and beneficial owner of the Sale Share and the Sale Loan free from any encumbrance;
- (vi) the PRC Company is, and shall remain at all times up to Completion, the sole legal and beneficial owner of the Properties;
- (vii) the Vendor is, and shall remain at all times up to Completion, the sole legal and beneficial owner of the entire equity interest in the PRC Company;
- (viii) the Vendor having passed to the Purchaser true and complete photostatic copy of the audited accounts of the Target Company with respect to the period up to and including 31 December 2014;
- (ix) the Purchaser having completed the due diligence investigations on the Properties and the legal, financial, business and other aspects and affairs of the Target Company and those of the PRC Company (the “**DD Review**”), and the results and outcome of the DD Review are reasonably satisfactory to the Purchaser;
- (x) a valuation report on the Properties having been prepared by Asset Appraisal Limited showing the aggregate current market value of the Properties shall not be less than RMB100,000,000;

- (xi) the Parties have, and shall have, performed or complied, in all material respects, with their respective undertakings, covenants and agreements contained herein; and
- (xii) all representations, warranties and undertakings given by the Purchaser and/or the Vendor, remaining true, correct, valid, binding and effective.

Save and except that the above conditions precedent (vii) to (xii) may be waived by the Purchaser at any time prior to the Long Stop Date (as defined below) by notice in writing to the Vendor, no other conditions precedent under the Sale and Purchase Agreement can be waived by any Party.

Save as otherwise stated, if any of the conditions precedent set out above shall not have been fulfilled or satisfied (or waived, as the case may be) on 30 September 2015 (the “**Long Stop Date**”), the Sale and Purchase Agreement shall, unless the Parties agree in writing to postpone the Long Stop Date to another date (being a Business Day), automatically terminate and cease to be of any effect except for terms expressed to have continuing effect pursuant to the Sale and Purchase Agreement, which shall remain in force, and none of the parties to the Sale and Purchase Agreement shall have any claim of any nature or liabilities thereunder whatsoever against the other Party save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the Completion Date after satisfaction and/or fulfillment, and as the case may be, waiver of the abovementioned conditions (or at such other place and time as shall be mutually agreed in writing by the Parties).

Pursuant to the Sale and Purchase Agreement, within 30 Business Days after the Completion Date, the Purchaser shall deliver the Completion Account to the Vendor for approval. The Vendor shall use its best endeavours to provide such assistance and documents to the Purchaser (or its professional advisors) as may be reasonably required by the Purchaser (or its professional advisors) for the preparation of the Completion Account.

If the Completion NAV as shown in the Completion Account shows a deficit (or negative value) of more than HK\$20,000,000, then the Vendor shall pay to the Purchaser an amount in cash equivalent to the difference between the Completion NAV and the Benchmark Value on a dollar-to-dollar basis within 30 Business Days after the Completion Account is issued and delivered by the Purchaser to the Vendor. For any avoidance of doubt, if the Completion NAV as shown in the Completion Account shows either no deficit or a deficit (or negative value) of less than HK\$20,000,000, no payment whatsoever shall be made by the Vendor to the Purchaser or by the Purchaser to the Vendor.

Termination

The Parties acknowledge and agree that the entire amount of the Deposit shall be refunded to the Purchaser (without interest) by the Vendor in case the Sale and Purchase Agreement is terminated prematurely due to non-fulfilment or non-satisfaction of any conditions precedent by the Long Stop Date save and except such conditions precedent being or having been waived, and such refund shall be completed within 30 Business Days of such premature termination of the Sale and Purchase Agreement.

THE CONVERTIBLE BONDS

Principal Terms of the Convertible Bonds

Set out below are the principal terms of the Convertible Bonds:

	Convertible Bonds A	Convertible Bonds B
Principal Amount	HK\$23,000,000	HK\$23,500,000
Maturity Dates	31 March 2017	30 September 2018

Conversion Shares	<p>Assuming the Convertible Bonds A in the principal amount of HK\$23,000,000 are converted at the Conversion Price of HK\$0.25 per Conversion Share, 92,000,000 new Shares will be allotted and issued, representing (a) approximately 2.92% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 2.84% of the issued share capital of the Company as enlarged by the corresponding conversion Shares.</p>	<p>Assuming the Convertible Bonds B in the principal amount of HK\$23,500,000 are converted at the Conversion Price of HK\$0.25 per Conversion Share, 94,000,000 new Shares will be allotted and issued, representing (a) approximately 2.99% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 2.90% of the issued share capital of the Company as enlarged by the corresponding conversion Shares.</p>
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Save as mentioned above, the following terms apply to both Convertible Bonds A and Convertible Bonds B:

Issuer: the Company

Conversion Price: The Convertible Bonds are convertible at the Conversion Price of HK\$0.25 per Conversion Share.

The Conversion Price of HK\$0.25 per Conversion Share represents:

- (i) a discount of approximately 3.85% to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a premium of approximately 1.30% to the closing price of HK\$0.2468 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement.

Anti-dilution adjustments: The Conversion Price shall from time to time be adjusted upon the occurrence of certain events including, but not limited to, the followings:

- (i) consolidation and subdivision;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution;
- (iv) issue of Shares by way of rights;
- (v) issue of other securities by way of rights;
- (vi) issue of Shares other than by way of rights;
- (vii) issue of Shares upon conversion or exchange;
- (viii) modification of rights of conversion or exchange; and
- (ix) offers for Shares.

Conversion Shares: The Conversion Shares, collectively representing (a) approximately 5.91% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 5.58% of the issued share capital of the Company as enlarged by the Conversion Shares.

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate.

Interest: The Convertible Bonds shall not bear any interest.

Conversion Rights: Each holder of the Convertible Bonds shall have the right, exercisable during the Conversion Period (as defined below) to convert the whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the Convertible Bonds held by such holder of Convertible Bonds into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the date of conversion.

No fraction of a Share shall be issued on conversion of the Convertible Bonds. The Company shall pay a cash amount in HK\$ equal to such amount of Convertible Bonds that is not converted.

Limitations on conversion of the Convertible Bonds:

A holder of the Convertible Bonds shall not exercise any Conversion Rights if, as a result of such exercise, it will cause the public float of the Company to be unable to meet the relevant requirements under the GEM Listing Rules.

A holder of the Convertible Bonds shall not exercise any Conversion Rights, and the Company shall not be required to issue any Conversion Shares, if, as a result of the relevant exercise of the Conversion Rights, the holder of the Convertible Bonds and/or parties acting in concert with it would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for the Shares held by the Company's other Shareholders.

Redemption:

Redemption of the Convertible Bonds at maturity

All Convertible Bonds which have not been redeemed or converted in accordance with the terms and conditions of the CB Instruments by the Maturity Dates shall be redeemed by the Company on the Maturity Dates at a redemption amount equal to 100% of the principal amount of such Convertible Bonds.

Redemption on default

If any of the event of default pursuant to the CB Instruments occur, the Company shall forthwith give notice thereof to the holders of the Convertible Bonds and each holder of the Convertible Bonds may (without prejudice to any other rights and remedies available to the holders of the Convertible Bonds), at its option, opt to convert their Convertible Bonds in its entirety or, alternatively, give a notice of redemption to the Company in respect of part or all of the Convertible Bonds held by it, whereupon such Convertible Bonds shall become immediately due and payable at a redemption amount equal to 100% of the principal amount of such Convertible Bonds. For any avoidance of doubt, there shall not be any redemption by any holder of the Convertible Bonds prior to the Maturity Dates unless an event of default pursuant to the CB Instruments occur.

Conversion Period:	The period commencing from the date of issue of the Convertible Bonds and ending on the date which falls on the fifth Business Day before the relevant Maturity Dates, both dates inclusive.
Ranking:	Shares issued upon exercise of the Conversion Rights shall rank pari passu in all respects with all other existing Shares outstanding at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
Transferability:	Subject to compliance with the GEM Listing Rules and regulatory requirements, the Convertible Bonds may be transferred to any person provided that where the Convertible Bonds is intended to be transferred to a connected person (as defined in the GEM Listing Rules) (other than the associates of the holders of the Convertible Bonds), such transfer shall comply with the requirements under the GEM Listing Rules and/or requirements imposed by the Stock Exchange, if any.
	Any transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$500,000) of the outstanding principal amount of the Convertible Bonds.
Application for listing:	No application will be made by the Company to the Stock Exchange for listing of the Convertible Bonds. Application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

	(i) As at the date of this announcement		(ii) Immediately after Completion and issuance of the Convertible Bonds		(iii) Immediately after Completion, issuance of the Convertible Bonds and issuance of the Conversion Shares upon exercise of the rights attached to the Convertible Bonds	
	No. of Shares	approx. %	No. of Shares	approx. %	No. of Shares	approx. %
Substantial Shareholders						
Elegant Basic Investments Limited (Note 1)	237,000,000	7.53%	237,000,000	7.53%	237,000,000	7.11%
Chinese Strategic Holdings Limited (Note 2)	369,053,215	11.73%	369,053,215	11.73%	369,053,215	11.07%
Vendor (Note 2)	–	0.00%	–	0.00%	186,000,000	5.58%
Other public Shareholders	2,540,611,845	80.74%	2,540,611,845	80.74%	2,540,611,845	76.24%
Total	3,146,665,060	100.00%	3,146,665,060	100.00%	3,332,665,060	100.00%

Notes:

1. Elegant Basic Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by PME Group Limited (Stock Code: 379).
2. These Shares are held by Top Status International Limited (318,953,215 Shares), Fameway Finance Limited (49,000,000 Shares) and Winner Performance Limited (1,100,000 Shares), all of which are wholly-owned by the Vendor, which is in turn wholly-owned by Chinese Strategic.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capital of the Target Company.

As at the date of this announcement, the Target Company is the sole legal and beneficial owner of the entire equity interest in the PRC Company, a company of limited liability incorporated in the PRC. The PRC Company is the sole legal and beneficial owner of the Properties.

The Properties are the principal assets of the Target Company. The Properties comprise 8 commercial units of a total gross floor area of approximately 1,690 sq.m. in Shenzhen City, Guangdong Province, the PRC, and a residential house in Shenzhen City, Guangdong Province, the PRC of a total gross floor area of approximately 315.23 sq.m.. Among the Properties, 2 out of the 8 commercial units are currently vacant as at the date of the Sale and Purchase Agreement, one of the units currently occupied and used by the PRC Company, and the remaining units being leased out pursuant to a tenancy agreement as stated under the Sale and Purchase Agreement; and the residential house is also occupied and leased out pursuant to a tenancy agreement as stated under the Sale and Purchase Agreement. The original acquisition cost of the Target Company to Vendor was HK\$1, and the original acquisition cost of the Properties to the PRC Company was approximately HK\$89,200,000. According to the audited consolidated account of the Target Company, the book value of the Properties was HK\$138,538,323 as at 31 December 2014.

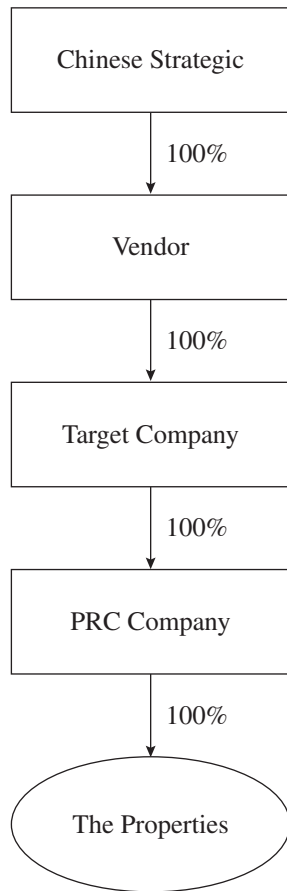
INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability, and a wholly owned subsidiary of Chinese Strategic, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on GEM of the Stock Exchange.

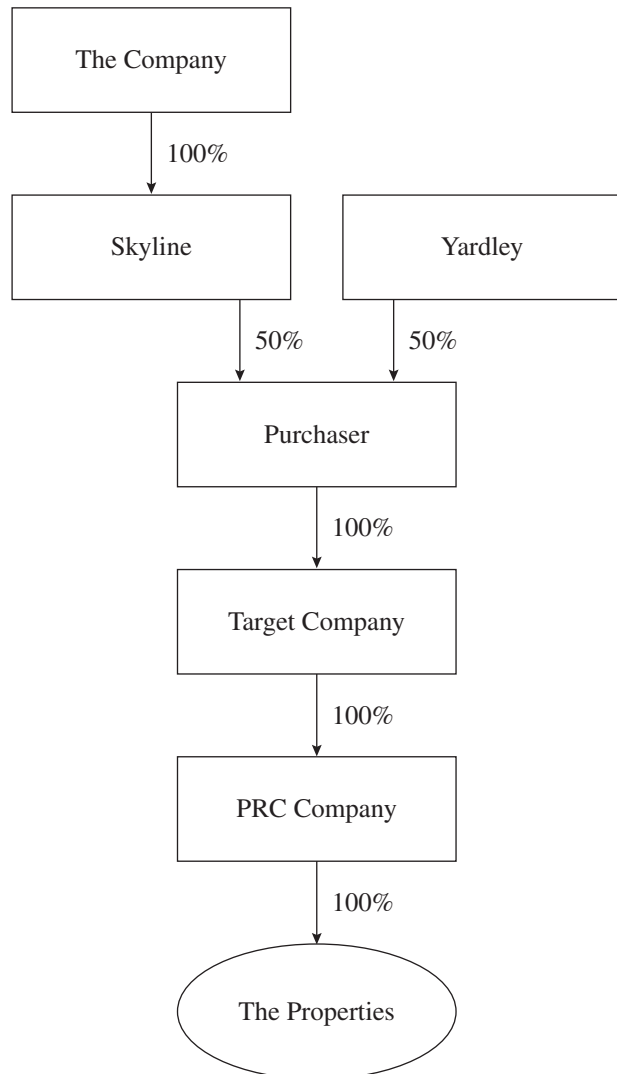
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group:

Immediately prior to completion of the Acquisition



Immediately upon completion of the Acquisition



Financial information of the Target Group

Set out below is the summary of the audited consolidated financial figures of the Target Group prepared under the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants for the two financial years ended 31 December 2013 and 2014.

	For the year ended 31 December 2014	For the year ended 31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	382	644
(Loss before tax)	(17,980)	(7,750)
(Loss after tax)	(21,180)	(7,750)
Total Assets	141,319	154,933
(Net Deficit)/Net Asset	(14,127)	6,922

REASONS AND BENEFITS OF THE ENTRY OF THE PROPOSED SHAREHOLDERS' AGREEMENT AND THE ACQUISITION

The Group is principally engaged in the business of one-stop value chain services, property investment, trading of ceramic products and agricultural products.

The Company has been exploring investment opportunities in the PRC and is positive about the long term prospect of the property market in PRC. The Shareholders' Agreement to be entered into by the JV Partners would be able to regulate the management and operation of the JV Company. Subsequently, the Acquisition would allow the Company, through the Purchaser, to purchase the Properties held by the Target Company without any immediate cash outlay and impact on the financial position of the Group (subject to audit).

The Group intends to hold the Properties for investment purpose and will, depending on the market circumstances, lease out the Properties after the Completion for rental income. The Directors consider that the Acquisition represents an attractive investment opportunity to the Company as it is expected that the Acquisition would allow the Company to enhance its property investment portfolio.

Based on the above, the Directors are of the view that the terms of the proposed Shareholders' Agreement and the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Major Transactions

The Board is of the view that the issue of the Convertible Bonds will be treated as capital commitment of the Group, the applicable percentage ratio (as calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceed 25% but are below 100%, the entry of the proposed Shareholders' Agreement would constitute a major transaction of the Company under the GEM Listing Rules and is subject to the requirements of reporting, announcement and the approval by the Shareholders under the GEM Listing Rules.

As the applicable percentage ratios (as calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceed 25% but are below 100%, the Acquisition also constitutes a major transaction of the Company under the GEM Listing Rules and is subject to the requirements of reporting, announcement and the approval by the Shareholders under the GEM Listing Rules.

Connected Transaction

As at the date of this announcement, the Vendor is a wholly-owned subsidiary of Chinese Strategic, a substantial shareholder of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules, which requires approval of the Independent Shareholders by way of poll at the SGM.

Chinese Strategic and/or its associates shall abstain from voting at the SGM on the resolutions in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to (i) advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement to be entered for the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole; and (ii) advise the Independent Shareholders on how to vote in respect of the Acquisition after taking into account the recommendation of the independent financial adviser to be appointed by the Company.

The Board will appoint an independent financial adviser to the Independent Board Committee and the Independent Shareholders to give advice in relation to the terms and conditions of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

As at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, Yardley and its associates are independent of the Company and its connected person(s) in accordance with the GEM Listing Rules, therefore no Shareholder is required to abstain from voting at the SGM on the resolution(s) to approve the proposed Shareholders' Agreement.

The Vendor is a wholly-owned subsidiary of China Strategic, a substantial shareholder of the Company and thus, a connected person of the under the GEM Listing Rules, and shall abstain from voting at the SGM on the resolution(s) to approve the Sale and Purchase Agreement and the transactions thereunder.

Save as mentioned above, as at the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting at the SGM on the resolution(s) to approve the Sale and Purchase Agreement and the transactions thereunder.

The SGM will be convened to consider and, if thought fit, approve, among other things, (i) the proposed Shareholders' Agreement, (ii) the Sale and Purchase Agreement and the transactions thereunder, and (iii) the Specific Mandate for the issuance of the Conversion Shares.

A circular containing details of, among others, (i) the proposed Shareholders' Agreement (ii) the Sale and Purchase Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Acquisition; (iv) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders containing its advice to them in respect of the Acquisition; (v) a valuation report of the Properties; and (vi) a notice convening the SGM will be despatched to the Shareholders on or before 7 July 2015 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

As the Shareholders' Agreement and the Acquisition may or may not complete. Shareholders and investors should exercise caution when dealing in securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share by the Purchaser from the Vendor and the assignment of the Sale Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Agreed Proportions”	the proportions that the total number of the issued shares of the JV Company held by each of the JV Shareholders respectively (at the time of determination of the Agreed Proportions) bears to the total number of the issued shares of the JV Company
“Benchmark NAV”	means the deficit (or negative) amount of HK\$20,000,000
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays, Sundays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“China Smart”	China Smart Asia Limited, a company of limited liability incorporated in Hong Kong and is wholly owned by Chinese Strategic at the date of this announcement
“Chinese Strategic”	Chinese Strategic Holdings Limited, a company of limited liability incorporated in Bermuda whose issued shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (stock code: 8089)
“CB Instruments”	CB Instrument A and CB Instruments B
“CB Instrument A”	the bond instrument of Convertible Bonds A
“CB Instrument B”	the bond instrument of Convertible Bonds B
“Company”	China Eco-Farming Limited, a company continued into Bermuda with limited liability, the shares of which are listed on GEM

“Completion”	completion of the Acquisition and transactions contemplated under the Sale and Purchase Agreement in accordance with its terms
“Completion Account”	the audited consolidated account of the Target Company for the period from 1 January 2015 to the Completion Date prepared by SHINEWING (HK) CPA Limited
“Completion Date”	the date on which Completion takes place, which shall be any Business Day falling within five (5) Business Days after satisfaction and/or fulfilment of all the conditions precedent pursuant to the Sale and Purchase Agreement
“Completion NAV”	the consolidated net asset value of the Target Company as at the Completion Date
“Consideration”	the aggregate sum of HK\$93,000,000 to be paid by the Purchaser to the Vendor for the Acquisition
“Conversion Price”	HK\$0.25 per Conversion Share initially (subject to adjustment pursuant to the terms of the Convertible Bonds)
“Conversion Share(s)”	new Share(s) to be allotted and issued to the holder of the Convertible Bonds upon any exercise of the conversion rights under and pursuant to the Convertible Bonds
“Convertible Bonds”	Convertible Bonds A and Convertible Bonds B
“Convertible Bonds A”	the zero-coupon convertible bond in a principal amount of HK\$23,000,000 proposed to be issued by the Company to the Vendor (or his direct or indirect wholly owned company) pursuant to the Sale and Purchase Agreement
“Convertible Bonds B”	the zero-coupon convertible bond in a principal amount of HK\$23,500,000 proposed to be issued by the Company to the Vendor (or his direct or indirect wholly owned company) pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company

“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising Mr. Ng Cheuk Fan, Keith, Mr. Yick Ting Fai, Jeffrey and Mr. Zhang Min, being all the independent non-executive Directors, established by the Board for the purpose of advising the Independent Shareholders in relation to the Acquisition and the transactions contemplated under the Sale and Purchase Agreement
“Independent Shareholder(s)”	the Shareholders and/or their respective associates other than those who are required under the GEM Listing Rules to abstain from voting at the extraordinary general meeting of the Company for approval of the proposed Shareholders’ Agreement and the Acquisition and other transactions contemplated hereunder, and other than those persons who have material interest in the proposed Shareholders’ Agreement, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associate
“JV Articles”	the articles or memorandum and articles of association (if applicable) adopted by the JV Company from time to time amended, varied, supplemented or replaced
“JV Business”	the business from time to time carried on by the JV Company and/or the JV Group in accordance with the provisions of the Shareholders’ Agreement, which includes the business of investment holding and/ or such other business as may be determined by the board of directors of the JV Company from time to time
“JV Company” or “Purchaser”	Delightful Hope Limited, a company incorporated in the British Virgin Islands with limited liability

“JV Establishment”	the establishment of the JV Company
“JV Formation”	formation of the JV Company and the JV Partners becoming partners to the JV Company
“JV Group”	the JV Company and every direct or indirect subsidiary of the JV Company from time to time, or any of them as the context requires. And JV Group Company shall have a corresponding meaning
“JV Partners”	Yardley and Skyline
“JV Shares”	ordinary shares of US\$1.00 each in the share capital of the JV Company and having the rights as set out in the JV Articles
“JV Shareholders”	As at the date of this announcement, the JV Partners, and in other circumstances, the holders of the JV Shares from time to time who (i) are parties to the Shareholders’ Agreement and/or (ii) have entered into a deed of adherence in respect of such JV Shares
“Last Trading Day”	29 May 2015, being the last trading day immediately before the entering into of the Sale and Purchase Agreement
“Maturity Dates”	31 March 2017, being maturity date of Convertible Bonds A, and 30 September 2018, being the maturity date of Convertible Bonds B, respectively
“PRC”	People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company”	深圳市盛世富強科技有限公司, a company of limited liability incorporated in the PRC, is the wholly-owned subsidiary of the Target Company, and the sole legal and beneficial owner of the Properties as at the date of this announcement

“Properties”	(i) commercial premises situate at Suites A to H on the 33rd floor (otherwise known as suites 33A to 33H) of Shidai-Caifu Building, Futian District, Shenzhen City, Guangdong Province, the PRC; and (ii) a residential house situate at land lot no. G17102-16 Shuitousha Village, Nanao Town, Longgang District, Shenzhen City, Guangdong Province, the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 May 2015 entered into between the Purchaser, the Vendor, the Company and Yardley in relation to the Acquisition
“Sale Loan”	the amount of HK\$120,203,956 indebted by the Target Company to the Vendor as at 31 December 2014, and as at Completion, the entire amount due and owing by the Company to the Vendor shall not exceed HK\$126,000,000 pursuant to the Sale and Purchase Agreement
“Sale Share”	1 ordinary share of HK\$1.00 in the share capital of the Target Company, representing the entire issued share capital in the Target Company as at the date of the Sale and Purchase Agreement
“SGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, among other things, (i) the proposed Shareholders’ Agreement, (ii) the Sale and Purchase Agreement, the transactions contemplated thereunder and the Specific Mandate for the issuance of the Conversion Shares
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement for the JV Company to be executed by the JV Partners and the JV Company forthwith upon obtaining the approval of the Shareholders
“Skyline”	Skyline Top Limited, a company of limited liability incorporated in British Virgin Islands and is wholly owned by the Company at the date of this announcement

“Specific Mandate”	refers to the specific mandate to be granted to the Directors to allot, issue and deal with the Conversion Shares at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission
“Target Company”	China Smart Asia Limited, a company of limited liability incorporated in Hong Kong and is wholly owned by Chinese Strategic at the date of this announcement
“Target Group”	Target Company and the PRC Company
“Vendor”	Rich Best Asia Limited, a company incorporated in the British Virgin Islands with limited liability
“Yardley”	Yardley Wealth Management Limited, a company incorporated in the British Virgin Islands with limited liability
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“US\$”	United States dollar(s), the lawful currency of United States of American
“sq.m.”	square meters
“%”	per cent.

By Order of the Board
China Eco-Farming Limited
So David Tat Man
Executive Director

Hong Kong, 29 May 2015

For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.25. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

As at the date of this announcement, the executive Director is Mr. So David Tat Man and the independent non-executive Directors are Mr. Ng Cheuk Fan, Keith, Mr. Yick Ting Fai, Jeffrey and Mr. Zhang 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Company's website at <http://www.aplushk.com/clients/8166chinaeco-farming/index.html> and the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its publication.