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**(Stock Code: 8166)**

## **TERMINATION OF PREVIOUS PLACING AGREEMENT AND PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**

 **KINGSTON SECURITIES**

### **TERMINATION OF PREVIOUS PLACING AGREEMENT**

The Company and the Previous Placing Agent entered into the Termination Agreement on 9 March 2018 (after trading hours), pursuant to which the Previous Placing Agreement shall be terminated and shall cease to have any force or effect with effect from 9 March 2018.

### **THE PLACING**

The Board is pleased to announce that on 9 March 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 1,200,000,000 Placing Shares at the Placing Price of HK\$0.083 per Placing Share.

Assuming no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum of 1,200,000,000 Placing Shares under the Placing represents (i) approximately 19.66% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.083 per Placing Share represents (i) a discount of approximately 3.49% to the closing price of HK\$0.086 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 1.72% over the average closing prices per Share of HK\$0.0816 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM.

The expected gross proceeds from the Placing will be HK\$99.6 million, and the net proceeds will be approximately HK\$96.9 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.081 per Placing Share.

The Directors intend to apply the net proceed as to (i) redemption of convertible bonds in the amount of approximately HK\$23.5 million; (ii) repayment of other debts (i.e. matured convertible bonds and interests accrued thereon) in the amount of approximately HK\$23.9 million; (iii) partial repayment of loan from a non-bank financial institution of approximately HK\$44.5 million; and (iv) general working capital of approximately HK\$5 million.

**Shareholders and potential investors of the Company should note that Completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## **TERMINATION OF PREVIOUS PLACING AGREEMENT**

References are made to the announcements of the Company dated 20 February 2018 and 5 March 2018 in relation to the Previous Placing Agreement for the placing of new Shares under the General Mandate.

The Company and the Previous Placing Agent entered into the Termination Agreement on 9 March 2018 (after trading hours), pursuant to which the Previous Placing Agreement shall be terminated and shall cease to have any force or effect with effect from 9 March 2018.

## **THE PLACING**

The Board is pleased to announce that on 9 March 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing. The terms of the Placing Agreement are as follows:

### **The Placing Agreement**

Date: 9 March 2018 (after trading hours)

Issuer: The Company

Placing Agent: Kingston Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent is an Independent Third Party.

### **Placing Shares**

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed, on a best effort basis, to place or procure the placing of a maximum of 1,200,000,000 Placing Shares with currently expected to be not less than six Places at the Placing Price of HK\$0.083 per Placing Share. The aggregate nominal value of the Placing Shares under the Placing will be HK\$24,000,000.

Assuming no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum of 1,200,000,000 Placing Shares under the Placing represents (i) approximately 19.66% of the issued share capital of the Company (i.e. 6,103,552,488 Shares) as at the date of this announcement; and (ii) approximately 16.43% of the issued share capital of the Company (i.e. 7,303,552,488 Shares) as enlarged by the allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price of HK\$0.083 per Placing Share represents:

- (i) a discount of approximately 3.49% to the closing price of HK\$0.086 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 1.72% over the average closing prices per Share of HK\$0.0816 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The net price of each Placing Share (after deduction of commission and other expenses of the Placing) will be approximately HK\$0.081.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the prevailing market price of the Shares. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and its Shareholders as a whole.

### **Ranking of Placing Shares**

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

### **Placees**

The Placing Shares are expected to be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties.

### **Placing Commission**

The Placing Agent shall receive a placing commission of 2.5% of the aggregate amount equals to the Placing Price multiplied by the actual number of Placing Shares being placed.

The placing commission was determined after arm's length negotiation between the Placing Agent and the Company with reference to the commission charged for similar transactions in the market. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

### **Conditions of the Placing Agreement**

Completion of the Placing by the Placing Agent of the Placing Shares under the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the approval for the listing of, and permission to deal in the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement being unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on the Long Stop Date or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties in the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches).

## **Termination**

Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (i) the Completion; (ii) the Long Stop Date if the conditions as set out in "Conditions of the Placing Agreement" of above have not been satisfied and (iii) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events as below:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (ii) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement(s) relating to the Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated the Placing Agent shall determine, in this absolute opinion, that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

## **Completion**

Completion will take place within four business days after the fulfilment of the conditions as set out in the Placing Agreement or such later date as may be agreed between the Company and the Placing Agent in writing.

## General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM pursuant to which the Board is authorised to issue up to 1,200,068,284 new Shares (representing 20% of the total number of issued Shares as at the date of the AGM). Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and the issue of the Placing Shares is not subject to the approval of the Shareholders.

## Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion assuming there is no other changes in the shareholding structure of the Company from the date of this announcement up to the Completion Date are set out below:

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Yardley Finance Limited ( <i>Note 1</i> )	471,600,000	7.73	471,600,000	6.46
Sun Hui	395,840,000	6.48	395,840,000	5.42
Placee(s)	–	–	1,200,000,000	16.43
Other public Shareholders	<u>5,236,112,488</u>	<u>85.79</u>	<u>5,236,112,488</u>	<u>71.69</u>
<b>Total</b>	<b><u>6,103,552,488</u></b>	<b><u>100.00</u></b>	<b><u>7,303,552,488</u></b>	<b><u>100.00</u></b>

Notes:

1. Yardley Finance Limited is wholly-owned by Mr. Chan Kin Sun.
2. The percentages are subject to rounding error, if any.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Date of the initial announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
29 May 2017	Placing of convertible bonds under specific mandate	HK\$354 million	As to (i) approximately HK\$74.7 million for the repayment of outstanding liabilities of the Group; (ii) approximately HK\$81 million for the establishment of four biotechnological centers; (iii) approximately HK\$110 million for a possible acquisition of a biotechnology related company; (iv) approximately HK\$50 million for the development of the Group's properties investment business; and (v) approximately HK\$38.3 million as the general working capital of the Group.	Not applicable as the placing was terminated
20 February 2018	Placing of new Shares under general mandate	HK\$97.4 million	As to (i) redemption of convertible bonds in the amount of approximately HK\$23.5 million; (ii) repayment of other debts (i.e. matured convertible bonds and interests accrued thereon) in the amount of approximately HK\$23.9 million; and (iii) repayment of loan from a non-bank financial institution of approximately HK\$50 million.	Not applicable as the placing was terminated

Save for disclosed above, the Company has not carried out any other equity fund raising activities during the 12 months immediately preceding the date of this announcement.

### REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the business of one-stop value chain services, property investment, trading of grocery food products, trading of consumables and agricultural products, provision of money lending services and provision of financial services.

The expected gross proceeds from the Placing will be HK\$99.6 million, and the net proceeds will be approximately HK\$96.9 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.081 per Placing Share.

The Directors intend to apply the net proceed as to (i) redemption of convertible bonds in the amount of approximately HK\$23.5 million; (ii) repayment of other debts (i.e. matured convertible bonds and interests accrued thereon) in the amount of approximately HK\$23.9 million; (iii) partial repayment of loan from a non-bank financial institution of approximately HK\$44.5 million; and (iv) general working of approximately HK\$5 million.



In light of the above, the Directors believe that the Placing represents a good opportunity to raise capital for the general working capital of the Group. Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

**Shareholders and potential investors of the Company should note that Completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 9 May 2017
“Board”	the board of Directors
“Business Days”	days on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	China Eco-Farming Limited, a company continued into Bermuda with limited liability, the shares of which are listed on GEM (stock code: 8166)
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“Completion Date”	within four Business Days after the fulfilment of the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing)
“connected persons”	has the meanings as ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the AGM to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 6,000,341,424 Shares) as at the date of passing such resolution, which is equivalent to 1,200,068,284 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Long Stop Date”	3 April 2018 or such later date as may be agreed between the Company and the Placing Agent in writing
“Placee(s)”	any independent professional institutional or other investor(s) procured by the Placing Agent to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares on a best effort basis pursuant to the terms and condition in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 9 March 2018 in relation to the Placing
“Placing Price”	HK\$0.083 per Placing Share
“Placing Share(s)”	up to 1,200,000,000 new Shares to be placed pursuant to the Placing Agreement

“PRC”	the People’s Republic of China, including Hong Kong and the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Placing Agent”	VC Brokerage Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Previous Placing Agreement”	the placing agreement dated 20 February 2018 (as supplemented by the supplemental agreement dated 5 March 2018) entered into between the Company and the Previous Placing Agent in relation to the placing of a maximum of 1,200,000,000 new Shares under the General Mandate, details of which are set out in the announcements of the Company dated 20 February 2018 and 5 March 2018
“Shareholders”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Agreement”	the termination agreement dated 9 March 2018 entered into between the Company and the Previous Placing Agent in relation to the termination of the Previous Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 9 March 2018

*As at the date of this announcement, the executive Directors are Mr. So David Tat Man, Mr. Lai Yick Fung and Mr. Ng Cheuk Fan, Keith; and the independent non-executive Directors are Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai 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, 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*