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*(Continued into Bermuda with limited liability)*

**(Stock Code: 8166)**

**(I) THE RENEWED TRADEMARK LICENCE AGREEMENT; AND  
(II) RENEWAL OF CONTINUING CONNECTED TRANSACTION  
THE RENEWED SOLE DISTRIBUTORSHIP AGREEMENT**

**THE RENEWED TRADEMARK LICENCE AGREEMENT AND THE RENEWED  
SOLE DISTRIBUTORSHIP AGREEMENT**

On 25 March 2019 (after trading hours), the JV Company and Chan Kee (a company held as to 90% by Mr. Chan) entered into the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement to renew the Trademark Licence Agreement and the Sole Distributorship Agreement.

Pursuant to the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement, Chan Kee has agreed (i) to continue to grant the JV Company exclusive licence to use the Trademark(s) and Tradenames in the Territories, on and subject to the terms set out in the Renewed Trademark Licence Agreement; and (ii) to appoint the JV Company as its sole and exclusive distributor for promoting, marketing, distribution and sale or resale of the Products in the Territories, which the Products shall be supplied and sold to retailers including but not limited to supermarkets for retail distribution.

**GEM Listing Rules Implications**

As at the date of this announcement, the equity of the JV Company is held as to 51% by Maxford Wealth and 49% by Ms. Yoo, Chan Kee, by virtue of being a 30%-controlled company held by Mr. Chan (the spouse of Ms. Yoo) is therefore a connected person of the Company at subsidiary level under Rule 20.06(9) of the GEM Listing Rules. The transactions contemplated under the Renewed Trademark Licence Agreement and the sale and distribution of Products contemplated under the Renewed Sole Distributorship Agreement constitute continuing connected transactions of the Company.

The Renewed Trademark Licence Agreement and the transactions contemplated thereunder are fully exempt in accordance with Rule 20.74(1) of the GEM Listing Rules. The Renewed Sole Distributorship Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements in accordance with Rule 20.99 of the GEM Listing Rules.

## **INTRODUCTION**

Reference is made to the Announcement in relation to, among others, the formation of the JV Company, the Trademark Licence Agreement and the Sole Distributorship Agreement.

Following the formation of the JV Company, on 4 February 2016 (after trading hours), the JV Company and Chan Kee (a company held as to 90% by Mr. Chan) entered into the Trademark Licence Agreement and the Sole Distributorship Agreement.

The term of 3 years under each of the Trademark Licence Agreement and the Sole Distributorship Agreement has expired.

For further details of the formation of the JV Company, the Trademark Licence Agreement and the Sole Distributorship Agreement, please refer to the Announcement.

## **THE RENEWED TRADEMARK LICENCE AGREEMENT AND THE RENEWED SOLE DISTRIBUTORSHIP AGREEMENT**

On 25 March 2019 (after trading hours), the JV Company and Chan Kee (a company held as to 90% by Mr. Chan) entered into the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement to renew the Trademark Licence Agreement and the Sole Distributorship Agreement.

Pursuant to the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement, Chan Kee has agreed (i) to continue to grant the JV Company exclusive licence to use the Trademark(s) and Tradenames in the Territories, on and subject to the terms set out in the Renewed Trademark Licence Agreement; and (ii) to appoint the JV Company as its sole and exclusive distributor for promoting, marketing, distribution and sale or resale of the Products in the Territories, which the Products shall be supplied and sold to retailers including but not limited to supermarkets for retail distribution.

## **Prices**

In consideration of the rights and licences granted to the JV Company under the Renewed Trademark Licence Agreement, the JV Company will pay to Chan Kee HK\$1.

Pursuant to the Renewed Sole Distributorship Agreement, Chan Kee and the JV Company shall jointly determine the wholesale prices for the sale of the Products to the retailers. Chan Kee shall give the JV Company cost report summarising the production costs of purchasing the Products from the manufacturer/supplier of the Products (“**Production Costs**”). The wholesale prices of the Products may be adjusted and agreed in writing between the parties from time to time with reference to the prevailing market value of the products which are similar in nature to the Products or the Production Costs.

Pursuant to the Renewed Sole Distributorship Agreement, the purchase price of Products to be paid by the JV Company to Chan Kee shall equal to the higher of (i) 1.06 times of the Production Costs; or (ii) the Production Costs plus HK\$11,500.

## **Term and termination**

The JV Company and Chan Kee agree and acknowledge that both the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement shall commence on the Effective Date and continue for a period of 3 years.

In the event that either party wishes to terminate the Renewed Trademark Licence Agreement or the Renewed Sole Distributorship Agreement, it shall give the other party a 6-month prior written notice of termination. Where either party exercises its right to terminate the Renewed Trademark Licence Agreement under this paragraph, the parties agree, confirm and acknowledge that the Renewed Sole Distributorship Agreement shall be deemed to terminate on the same day as the Renewed Trademark Licence Agreement.

## **Proposed annual caps**

The Directors anticipate that the aggregate annual fee payable by the JV Company to Chan Kee under the Renewed Sole Distributorship Agreement shall not exceed HK\$12 million, HK\$15 million and HK\$18 million for the years ending 31 December 2019, 31 December 2020 and 31 December 2021, respectively. These annual caps have been estimated by the Directors (i) by reference to the Group’s estimated demand for supply of Products for each of the years ending 31 December 2019, 31 December 2020 and 31 December 2021, respectively, which were arrived at with reference to the annual amounts under the cooperation in the distribution of the Products in the Territories under the Sole Distributorship Agreement in each of the past three years; (ii) by reference to expected expansion on variety of Products; and (iii) on the assumption that the sourcing costs for the Products will increase at an annual inflation rate of 4%.

## Historical amounts

For the years ended 31 December 2016, 31 December 2017 and 31 December 2018, the aggregate amounts under the cooperation in the distribution of the Products in the Territories under the Sole Distributorship Agreement are set out below:

<b>For the year ended 31 December</b>		
<b>2016</b>	<b>2017</b>	<b>2018</b>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
5,490	4,816	3,769

## Reasons for and benefits of entering into the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement

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

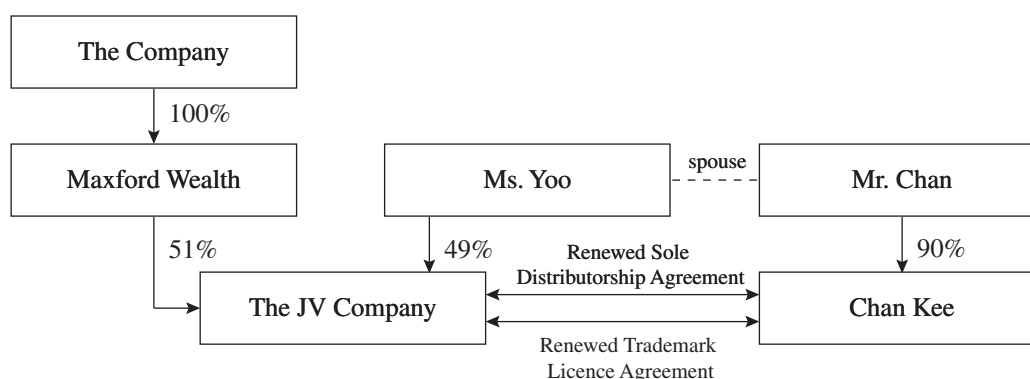
The Directors are of the view that entering into the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement could provide stable revenue to the grocery food business of the Group. The Directors are also of the view that the provision of the Products could create synergy effect and opportunities with the existing business of the Group and to further expand and develop its scope of business. In addition, due to the steady supply and sales of the Products in the past 3 years, transactions under the Trademark Licence Agreement and the Sole Distributorship Agreement contributed approximately 10% and approximately 13% to the revenue of the Group for each of the years ended 31 December 2016 and 31 December 2017, respectively.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement were entered into on normal commercial terms, and that the terms of the Renewed Trademark Licence Agreement, the Renewed Sole Distributorship Agreement and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the transactions contemplated under the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement.

## Shareholding Structure of the JV Company

Set out below is the shareholding structure of the JV Company as at the date of this announcement, which also illustrates the relationship between the JV Company and Chan Kee arising from the Renewed Trademark Licence Agreement and the Renewed Sole Distributorship Agreement:



## Information on Chan Kee

Chan Kee is a company incorporated in Hong Kong with limited liability. It is engaged in the business of, inter alia, manufacture, production and distribution and sale of various products including but not limited to the Products.

## GEM Listing Rules Implications

As at the date of this announcement, the equity of the JV Company is held as to 51% by Maxford Wealth and 49% by Ms. Yoo, Chan Kee by virtue of being a 30%-controlled company held by Mr. Chan (the spouse of Ms. Yoo) is therefore a connected person of the Company at subsidiary level under Rule 20.06(9) of the GEM Listing Rules. The transactions contemplated under the Renewed Trademark Licence Agreement and the sale and distribution of Products contemplated under the Renewed Sole Distributorship Agreement constitute continuing connected transactions of the Company.

As (i) the transactions contemplated under the Renewed Trademark Licence Agreement are conducted on better than normal commercial terms; and (ii) all the percentage ratios are less than 0.1%, the Renewed Trademark Licence Agreement and the transactions contemplated thereunder are fully exempt in accordance with Rule 20.74(1) of the GEM Listing Rules.

As (i) the Renewed Sole Distributorship Agreement and the transactions contemplated thereunder constitute connected transactions between the Company and a connected person at the subsidiary level of the Company on normal commercial terms; (ii) the Board has approved the Renewed Sole Distributorship Agreement and the transactions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Renewed Sole Distributorship Agreement and the transactions contemplated thereunder are fair and reasonable, the Renewed Sole Distributorship Agreement and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Renewed Sole Distributorship Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and shareholders' approval requirements in accordance with Rule 20.99 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Announcement”	the announcement of the Company dated 4 February 2016 in relation to, among others, the formation of the JV Company, the Trademark Licence Agreement and the Sole Distributorship Agreement
“Board”	the board of Directors
“Chan Kee”	Chan Kee Holdings Limited, a company incorporated in Hong Kong with limited liability, which is the owner of and/or owns/holds the requisite licences and rights in the brand name/trade name and goodwill of “NITTIN” and 「日丁」 and various other brand names/trade names, and is engaged in the business of, inter alia, manufacture, production and distribution and sale of various products including but not limited to the Products
“Company”	China Eco-Farming Limited, a company continued into Bermuda with limited liability, the shares of which are listed on GEM

“Director(s)”	the director(s) of the Company
“Effective Day”	the day immediately after the last day of the 3-year fixed term under the Trademark Licence Agreement and the Sole Distributorship Agreement, i.e. 4 February 2019
“GEM”	the GEM 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 People’s Republic of China
“JV Company”	Right Ocean Asia Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 51% by Maxford Wealth and 49% by Ms. Yoo as at the date of this announcement
“Maxford Wealth”	Maxford Wealth Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Mr. Chan”	Mr. Chan Yung Chin, who owns 90% of the issued share capital of Chan Kee
“Ms. Yoo”	Ms. Yoo Young Jun, the spouse of Mr. Chan
“Products”	(i) various products manufactured, produced, distributed, and sold under the brand name/trade name “NITTIN” and 「日丁」 by Chan Kee which will be purchased by the JV Company from Chan Kee and distributed by the JV Company on and subject to the terms and conditions of the Renewed Sole Distributorship Agreement; and (ii) all such other products (present or future) manufactured, produced, distributed and sold under such brand name/trade name (other than “NITTIN” and 「日丁」) by Chan Kee as may be identified, determined and confirmed by the JV Company in writing to Chan Kee and agreed between the JV Company and Chan Kee from time to time which will be purchased by the JV Company from Chan Kee and distributed by the JV Company on and subject to the terms and conditions of the Renewed Sole Distributorship Agreement

“Renewed Sole Distributorship Agreement”	the renewed sole distributorship agreement dated 25 March 2019 entered into between Chan Kee and the JV Company in relation to the promoting, marketing, distribution and sale or resale of the Products in the Territories
“Renewed Trademark Licence Agreement”	the renewed trademark licence agreement dated 25 March 2019 entered into between Chan Kee and the JV Company in relation to the Trademarks and Tradenames for the distribution, sale and/or resale of the Products in the Territories
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Distributorship Agreement”	the sole distributorship agreement dated 4 February 2016 entered into between Chan Kee and the JV Company in relation to the sale and distribution of the Products within the Territories
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territories”	Hong Kong, Macau and Taiwan
“Trademark(s)”	brand names, logos and any other trademarks related to the Products which have been licensed to the JV Company for its use under the Renewed Sole Distributorship Agreement including but not limited to trademark of “NITTIN” and 「日丁」 registered at the Trade Marks Registry (Trade Mark No.:301432638; Class No.: 29, 30 and 43) and such trademarks (including without limitation all such trademarks related to “NITTIN”/「日丁」 licensed by Chan Kee)



“Trademark Licence Agreement”	the trademark licence agreement dated 4 February 2016 entered into between Chan Kee and the JV Company in relation to the Trademarks and Tradenames for the purpose of distribution and sale of the Products in the Territories
“Tradenames”	“NITTIN” and 「日丁」
“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, 25 March 2019

*As at the date of this announcement, the executive Directors are Mr. So David Tat Man 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.*