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(Continued into Bermuda with limited liability)

(Stock Code: 8166)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

THE DISPOSAL

On 6 September 2022 (after trading hours), the Vendor, being an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Property at the consideration of RMB3,425,000 (equivalent to approximately HK\$3,876,000). On the same day, the Vendor, the Purchaser and the Service Provider entered into a service agreement, pursuant to which the Service Provider will provide a series of services in relation to the Disposal to the Vendor and the Purchaser. Upon signing of the service agreement, the Vendor and the Purchaser shall pay a service fee of RMB2,500 (equivalent to approximately HK\$2,800) to the Service Provider respectively.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Chapter 19 of the GEM Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE DISPOSAL

On 6 September 2022 (after trading hours), the Vendor, being an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Property at the consideration of RMB3,425,000 (equivalent to approximately HK\$3,876,000).

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 6 September 2022 (after trading hours)

Vendor: Fujian Seton Investment Company Limited* (福建尚同投資有限公司)

Purchaser: Wang Jianmin* (王建民)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the Company and its respective connected persons as at the date of this announcement.

The Property

The Property is situated at Unit 104, Block 4, Shijimingzhu, No.245 Hualin Road, Chayuan Sub-district, Jin'an District, Fuzhou City, Fujian Province, PRC. The Property has a gross floor area of 137 square metres and is for residential use. Pursuant to the Sale and Purchase Agreement, the Property includes all furniture and home appliances. As at the date of this announcement, the Property is vacant and has recorded no rental income for the past two financial years.

Consideration and payment terms

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (a) a deposit in the amount of RMB300,000 (equivalent to approximately HK\$340,000) (the "**Deposit**") shall be paid by the Purchaser to the Vendor upon signing of the Sale and Purchase Agreement;
- (b) a further deposit in the amount of RMB2,000,000 (equivalent to approximately HK\$2,263,000) (the "**Further Deposit**") shall be paid by the Purchaser to the Vendor within 14 days after signing of the Sale and Purchase Agreement; and
- (c) subject to completion of tax filing and payment of tax by the Vendor and the Purchaser, the remaining balance of RMB1,125,000 (equivalent to approximately HK\$1,273,000) (the Consideration less the Deposit and the Further Deposit) shall be paid by the Purchaser to the Vendor within 2 months after signing of the Sale and Purchase Agreement.

The Consideration of RMB3,425,000 (equivalent to HK\$3,876,000) was determined after arm's length negotiation on normal commercial terms between the Vendor and the Purchaser with reference to a preliminary valuation report with the valuation of the Property as at 31 August 2022 of RMB3,400,000 (equivalent to approximately HK\$3,848,000) conducted by an independent property valuer and the prevailing market value of comparable residential properties in nearby locations.

Completion

The Completion shall take place within two (2) business days after the receipt of the Consideration by the Vendor. Upon the Completion, the Vendor shall deliver the possession of the Property and handover the key of the Property to the Purchaser.

SERVICE AGREEMENT

On 6 September 2022 (after trading hours), the Vendor, the Purchaser and the Service Provider entered into a service agreement, pursuant to which the Service Provider will provide a series of services in relation to the Disposal to the Vendor and the Purchaser. Upon signing of the service agreement, the Vendor and the Purchaser shall pay a service fee of RMB2,500 (equivalent to approximately HK\$2,800) to the Service Provider respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Service Provider is a third party independent of and not connected with the Company and its respective connected persons as at the date of this announcement.

Pursuant to the service agreement, the scope of services of the Service Provider is as follows:

- (i) monitors the relevant materials relating to the Disposal of the Vendor and the Purchaser;
- (ii) assists in carrying out supervision of fund;
- (iii) assists the Vendor and the Purchaser in dealing with the procedures of ownership registration through online signatures (網簽) and the application for title transfer of the Property;

- (iv) assists the Vendor and the Purchaser in delivery of possession of the Property; and
- (v) assists the Vendor and the Purchaser in transferring of the accounts of auxiliary facilities such as water, electricity, gas and television cables etc..

The Disposal is between the Vendor and the Purchaser and the Service Provider shall only be assisting in the formalities. The services provided by the Service Provider shall end upon the completion of the relevant formalities as stipulated in the Sale and Purchase Agreement.

INFORMATION ON THE GROUP AND VENDOR

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

The Vendor is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in property holding.

INFORMATION ON THE PURCHASER

The Purchaser is Wang Jianmin who is a PRC resident and is retired. The Purchaser was introduced by the Service Provider.

FINANCIAL EFFECTS OF THE DISPOSAL

The fair value of the Property for the year ended 31 December 2021 was approximately HK\$5,449,000. Subject to review and confirmation by the auditors, the Group is expected to record a loss of approximately HK\$1,573,000 from the Disposal, which is calculated based on the consideration received by the Group for the Disposal less the fair value of the Property as at 31 December 2021 before related expenses.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

In light of the recent new wave of the outbreak of COVID-19 pandemic in the PRC and the prevailing market conditions in the PRC, the Directors are of the view that the prospects of the property market in the PRC are uncertain. As such, the Directors consider that the Disposal represents a good opportunity for the Company to realise the value of the Property and generate additional working capital for the Group.

In view of the above, the Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms, and the Disposal is in the interests of the Company and the Shareholders as a whole.

It is estimated that the net proceeds from the Disposal would be approximately HK\$3,768,000 million after deducting related expenses associated with the Disposal including a service fee of RMB2,500 (equivalent to approximately HK\$2,800) to the Service Provider. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	the board of Directors
“Company”	China Eco-Farming Limited, a company continued into Bermuda with limited liability, the shares of which are listed on GEM
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules

“Consideration”	RMB3,425,000 (equivalent to approximately HK\$3,876,000), being the consideration payable by the Purchaser to the Vendor for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser
“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 PRC
“PRC”	the People’s Republic of China
“Property”	the residential premise situated at Unit 104, Block 4, Shijimingzhu, No. 245 Hualin Road, Chayuan Sub-district, Jin’an District, Fuzhou City, Fujian Province, the PRC
“Purchaser”	Wang Jianmin* (王建民)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 September 2022 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Service Provider”	Fujian Quanfangtong Real Estate Brokerage Co., Ltd.* (福建全房通房地產經紀有限公司)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Fujian Seton Investment Company Limited* (福建尚同投資有限公司), an indirect wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
China Eco-Farming Limited
Liu Chun Fai
Chairman & Executive Director

Hong Kong, 6 September 2022

As at the date of this announcement, the executive Directors are Mr. Liu Chun Fai (Chairman), Mr. Tin Ka Pak, Timmy (Chief Executive Officer), Mr. So David Tat Man and Mr. Ng Cheuk Fan, Keith; 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 Listed Company Information” page of the HKEx website at www.hkexnews.hk for at least 7 days from the date of its publication.

Unless otherwise specified, the translation of RMB into HKD is based on the exchange rate of RMB1 to HK\$1.1317 and is for information purpose only.

* *For identification purpose only*