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*(Continued into Bermuda with limited liability)*

**(Stock Code: 8166)**

## **MAJOR TRANSACTION DISPOSAL OF PROPERTIES**

### **THE DISPOSAL**

On 30 July 2020 (after trading hours), the Vendor, being an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Properties at the Consideration of NT\$72,380,000 (equivalent to approximately HK\$19,088,000).

### **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 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders or any of their respective associates has a material interest in the Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene the SGM to approve the Disposal.

A circular containing, amongst others, details of the Disposal, notice of the SGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 20 August 2020.

**As the Disposal is subject to, amongst others, Shareholders' approval at the SGM and may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## THE DISPOSAL

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## THE AGREEMENT

- Date:** 30 July 2020
- Vendor:** Hongkong Shangligao Properties Co., Ltd.\* (香港商利高置業有限公司), which is Taipei branch of Top Yield Properties Limited, an indirect wholly-owned subsidiary of the Company
- Purchaser:** Ms. Li Hsiu Yuan\* (李綉媛)
- Property Agent:** Jason Edward International Properties Consultant Company\* (傑森愛華國際物業顧問行)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and the Property Agent are third parties independent of and not connected with the Company and its connected persons as at the date of this announcement.

## The Properties

The Properties is located on 12th Floor, No. 35, Lane 235, Jingmaoer Road, Nangang District, Taipei City, Taiwan and with two car parking spaces numbered 166 and 167 in the building. The Properties (excluding the two car parking spaces) has an aggregate gross floor area of 2,962 square feet and is for residential use. Pursuant to the Agreement, the Properties include all furniture, home appliances and air-conditioners. As at the date of this announcement, the Properties is vacant and has recorded no rental income for the past two financial years.

## Consideration and payment terms

The Consideration of NT\$72,380,000 (equivalent to approximately HK\$19,088,000) will be payable as follows:

- (i) NT\$7,238,000 (equivalent to approximately HK\$1,909,000 including the earnest money of NT\$100,000 (equivalent to approximately HK\$26,000) was paid upon signing of the Agreement), representing 10% of the Consideration, shall be paid upon signing of a formal agreement for sale and purchase of the Properties (the “**First Tranche Payment**”);
- (ii) NT\$7,238,000 (equivalent to approximately HK\$1,909,000), representing 10% of the Consideration, shall be paid at the time when all the relevant documents having been prepared and executed with both parties’ chops affixed (the “**Second Tranche Payment**”); and
- (iii) the remaining balance of NT\$57,904,000 (equivalent to approximately HK\$15,270,000), representing 80% of the Consideration, shall be paid upon the relevant mortgage loan having been approved and withdrawn and the possession of the Properties having been delivered to the Purchaser. (In the case that the mortgage loan not having been approved or sufficient, the Purchaser shall pay off or complement the remaining balance by cash.)

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, a draft valuation report on the Properties as at 30 July 2020 of NT\$71,900,000 (equivalent to approximately HK\$18,961,000) based on the market approach conducted by an independent property valuer. The Consideration represents a premium of approximately 0.67% to the valuation.

## Formal Agreement and Completion

Pursuant to the Agreement, a formal agreement for sale and purchase of the Properties shall be entered into between the Vendor and the Purchaser on or before 7 August 2020. The Completion shall take place not later than 30 November 2020.

## **Conditions precedent**

Pursuant to the Agreement, the Vendor and the Purchaser agreed that the Disposal is subject to the laws and regulations applicable to the companies in Hong Kong, and the transfer shall be subject to presenting the documents regarding the shareholders' approval of the holding companies and its ultimate holding company of the Vendor.

## **Breach of the Agreement**

Before entering into a formal agreement for sale and purchase of the Properties, in the case that the Agreement is discharged due to the responsibility of the Purchaser, the earnest money shall be forfeited by the Vendor. In case of breach of the Agreement by the Vendor, the Vendor shall compensate the double amount of the earnest money to the Purchaser. In addition, the default party of the Agreement shall be liable to the Property Agent for a compensation in the amount of 0.5% of the Consideration.

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

The fair value of the Properties as shown in the audited consolidated statement of financial position of the Company as at 31 December 2019 was approximately HK\$17,664,000. Subject to review and confirmation by the auditors, the Group is expected to record a gain of approximately HK\$1,424,000 from the Disposal, which is calculated based on the consideration received by the Group for the Disposal less the fair value of the Properties as at 31 December 2019 before related expenses.

It is estimated that the net proceeds from the Disposal would be approximately HK\$10,955,000 after deducting related expenses including the commission of the Property Agent of NT\$1,280,000 (equivalent to approximately HK\$338,000) and repayment of mortgage loan of the Properties. The Company intends to use the net proceeds from the Disposal as general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

In view of the prospects of the property market in Taiwan and the pessimistic business environment of Hong Kong which is the major market of the Group, the Directors are of the view that the Disposal represents an opportunity for the Group to realise the value of the Properties under the current situation so as to generate additional working capital to the Group.

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

## **INFORMATION OF THE GROUP AND THE VENDOR**

The Group are 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 principally engaged in property holding and an indirect wholly-owned subsidiary of the Company. The Vendor is Taipei branch of Top Yield Properties Limited which is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

## **INFORMATION ON THE PURCHASER**

The Purchaser is an individual introduced to the Vendor by the Property Agent. To the best knowledge of the Directors, the Purchaser is a third party independent of and not connected with the Company and its connected persons as at the date of this announcement.

## **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 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders or any of their respective associates has a material interest in the Disposal, thus no Shareholder is required to abstain from voting for the resolution if the Company were to convene the SGM to approve the Disposal.

A circular containing, amongst others, details of the Disposal, notice of the SGM and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 20 August 2020.

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## DEFINITIONS

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

“Agreement”	the sale and purchase earnest money agreement dated 30 July 2020 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties
“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”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	NT\$72,380,000 (equivalent to approximately HK\$19,088,000), 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 Properties 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”	Hong Kong Special Administrative Region of the People’s Republic of China
“Properties”	12th Floor, No. 35, Lane 235, Jingmaoer Road, Nangang District, Taipei City, Taiwan and with two car parking spaces numbered 166 and 167 in the building. The Properties (excluding the two car parking spaces) has an aggregate gross floor area of 2,962 square feet and is for residential use

“Property Agent”	Jason Edward International Properties Consultant Company* (傑森愛華國際物業顧問行)
“Purchaser”	Ms. Li Hsiu Yuan* (李綉媛)
“SGM”	the special general meeting of the Company to be held for the purpose of approving the Disposal
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Hongkong Shangligao Properties Co., Ltd.* (香港商利高置業有限公司), which is Taipei branch of Top Yield Properties Limited, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“%”	per cent.

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

Hong Kong, 30 July 2020

\* *For identification only*

*The translation of HK\$ into NT\$ throughout this announcement is based on the exchange rate of HK\$1 to NT\$3.792 quoted on 29 July 2020 which is provided for information purposes only.*

*As at the date of this announcement, the executive directors of the Company are Mr. So David Tat Man, and Mr. Ng Cheuk Fan; the non-executive director is Mr. Leung Chung Hee; and the independent non-executive directors of the Company are Mr. Yick Ting Fai, Jeffrey, Mr. Zhang Min and Ms. Yuen Wai Man.*

*This announcement, for which the directors of the Company 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 of the Company, 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.*