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*(Continued into Bermuda with limited liability)*

**(Stock Code: 8166)**

## **DISCLOSEABLE TRANSACTIONS PROVISION OF LOANS**

### **PROVISION OF LOANS**

The Board announces that, (i) on 22 January 2020, the Lender, a non-wholly owned subsidiary of the Company, entered into the Loan Agreement A with the Borrower A, pursuant to which the Lender agreed to grant the Loan A in the principal amount of RMB5,000,000 (equivalent to HK\$5,627,250) to the Borrower A for a term of 24 months at an interest rate of 8% per annum; and (ii) on 23 January 2020, the Lender entered into the Loan Agreement B with the Borrower B, pursuant to which the Lender agreed to grant the Loan B in the principal amount of RMB5,000,000 (equivalent to HK\$5,607,500) to the Borrower B for a term of 24 months at an interest rate of 8% per annum.

### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of each of the Loans exceeded 5% but were less than 25%, the provision of the Loan A and the Loan B under the Loan Agreement A and the Loan Agreement B respectively constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Due to inadvertent oversight, the Company failed to comply with the notification and announcement requirements regarding the Loans in a timely manner in accordance with Chapter 19 of the GEM Listing Rules. In order to avoid the recurrence of similar events in the future, the Group will take remedial actions to ensure that the GEM Listing Rules are strictly complied with.

## PROVISION OF LOANS

The Board announces that, (i) on 22 January 2020, the Lender, a non-wholly owned subsidiary of the Company, entered into the Loan Agreement A with the Borrower A, pursuant to which the Lender agreed to grant the Loan A in the principal amount of RMB5,000,000 (equivalent to HK\$5,627,250) to the Borrower A for a term of 24 months at an interest rate of 8% per annum; and (ii) on 23 January 2020, the Lender entered into the Loan Agreement B with the Borrower B, pursuant to which the Lender agreed to grant the Loan B in the principal amount of RMB5,000,000 (equivalent to HK\$5,607,500) to the Borrower B for a term of 24 months at an interest rate of 8% per annum.

## THE LOAN AGREEMENTS

The principal terms of the Loan Agreements are summarised as follows:

	<b>Loan Agreement A</b>	<b>Loan Agreement B</b>
<b>Date:</b>	22 January 2020	23 January 2020
<b>Parties:</b>	(i) the Lender; and (ii) the Borrower A	(i) the Lender; and (ii) the Borrower B
<b>Principal amount:</b>	RMB5,000,000 (equivalent to HK\$5,627,250)	RMB5,000,000 (equivalent to HK\$5,607,500)
<b>Interest rate:</b>	8% per annum	8% per annum
<b>Term:</b>	23 January 2020 to 22 January 2022	23 January 2020 to 22 January 2022
<b>Security:</b>	Nil	Nil
<b>Repayment:</b>	Subject as otherwise provided in the Loan Agreements, the Borrowers shall repay the Lender their respective loan principal and the accrued interest upon expiry of the term.	

## **FUNDING OF THE LOANS**

The Loans were funded by the Group's internal resources.

## **INFORMATION ON THE GROUP AND THE LENDER**

The Group has been 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 Lender, a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company, is engaged in property investment.

## **INFORMATION ON THE BORROWERS**

The Borrower A and the Borrower B are both residents of the PRC, where the Borrower A is engaged in the medical industry as the sales director and the Borrower B is engaged in the technology industry as the deputy general manager.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrowers are third parties independent of the Company and its connected persons as at the date of the Loan Agreements and the date of this announcement. In addition, the Borrower A and the Borrower B are independent of each other.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF LOANS**

The terms of the Loans (including the interest rates) were negotiated on arm's length basis between the Group and the Borrowers and were on normal commercial terms based on the Group's internal credit policy. Having reviewed the background, income status and repayment ability of the Borrowers, the Group considered that it had performed adequate thorough review based on its loan approval procedures before granting the Loans.

The Group has been engaged in the provision of money lending services in Hong Kong. The Group intended to explore new opportunities in entering into the PRC market through provision of loans in small amounts to test the water while ensuring a steady interest income flow for the sake of the Group's development.

In light of the abovementioned reasons, the Directors were of the view that the terms of the Loans were fair and reasonable and the entering into of the Loan Agreements were in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the relevant percentage ratios (as defined in the GEM Listing Rules) in respect of each of the Loans exceeded 5% but were less than 25%, the provision of the Loan A and the Loan B under the Loan Agreement A and the Loan Agreement B respectively constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Due to inadvertent oversight, the Company failed to comply with the notification and announcement requirements regarding the Loans in a timely manner in accordance with Chapter 19 of the GEM Listing Rules.

## **REMEDIAL MEASURES**

According to the Company's internal control procedures, the Company has provided training and educated its staff (including the PRC staff) on the calculation of percentage ratios in respect of notifiable transaction. However, the order of quarantine in the PRC during the outbreak of the novel coronavirus (COVID-19) epidemic in early 2020 which had affected the communication between the Company and its PRC staff and the PRC staff had misapplied the old market capitalisation of the Company to calculate the relevant percentage ratios.

The Company is fully aware of the non-compliance with the requirements in accordance with the GEM Listing Rules. In order to avoid the recurrence of similar events in the future, the following remedial actions will be taken by the Group to ensure that the GEM Listing Rules are strictly complied with:

- (1) the Company will review and enhance the reporting procedures, to ensure any potential notifiable transactions would be promptly reported to the finance department of the Company, which shall further assess and make sure the proposed transactions will be conducted in a manner that aligns with the concerned requirements under the GEM Listing Rules;
- (2) an internal checklist regarding compliance requirements under Chapter 19 of the GEM Listing Rules will be circulated to the management of the Company to remind the management of the Company in relation to the compliance obligations under the GEM Listing Rules;
- (3) further guidance and relevant trainings will be provided to the Directors and staff of the Group (including the staff members in the PRC) concerning the proper calculation of percentage ratios in relation to notifiable transactions under Chapter 19 of the GEM Listing Rules so as to consolidate and strengthen their knowledge base to increase their awareness of possible notifiable transactions; and
- (4) the Group will seek advice from professional advisers before entering into any possible notifiable transactions in future.

## DEFINITIONS

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

“Board”	the board of Directors
“Borrower A”	Mr. Chen Yuchang* (陳裕昌)
“Borrower B”	Mr. Liu Guomin* (劉國民)
“Borrowers”	the Borrower A and the Borrower B
“Company”	China Eco-Farming Limited, an exempted company continued into Bermuda with limited liability, the shares of which are listed on GEM
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	Shenzhen Shengshi Fuqiang Technology Company Limited (深圳市盛世富強科技有限公司), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“Loan A”	the loan in the principal amount of RMB5,000,000 (equivalent to HK\$5,627,250) at an interest rate of 8% per annum from 23 January 2020 to 22 January 2022 provided by the Lender to the Borrower A pursuant to the terms of the Loan Agreement A
“Loan B”	the loan in the principal amount of RMB5,000,000 (equivalent to HK\$5,607,500) at an interest rate of 8% per annum from 23 January 2020 to 22 January 2022 provided by the Lender to the Borrower B pursuant to the terms of the Loan Agreement B

“Loan Agreement A”	the loan agreement dated 22 January 2020 entered into between the Lender and the Borrower A in respect of the provision of the Loan A
“Loan Agreement B”	the loan agreement dated 23 January 2020 entered into between the Lender and the Borrower B in respect of the provision of the Loan B
“Loan Agreements”	the Loan Agreement A and the Loan Agreement B
“Loans”	the Loan A and the Loan B
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, 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**  
**So David Tat Man**  
*Executive Director*

Hong Kong, 6 October 2021

\* *For identification purpose only*

*In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.12545 to RMB1 in respect of the Loan A and at the rate of HK\$1.1215 to RMB1 in respect of the Loan B, based on the exchange rate at the relevant time of entering into each of the Loan Agreements.*

*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 Listed Company Information" page of the GEM website for at least 7 days from the date of its publication.*