



中國農業生態有限公司
China Eco-Farming Limited

(Continued into Bermuda with limited liability)
(Stock Code: 8166)

THIRD
QUARTERLY
REPORT
2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of China Eco-Farming Limited (the “Company”) (the “Director(s)”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.

This report will remain on the Company’s website at <http://www.aplushk.com/clients/8166chinaeco-farming/index.html> and “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.

HIGHLIGHTS

Financial Highlights

The Company and its subsidiaries (collectively, the “Group”) recorded an unaudited revenue of approximately HK\$16,240,000 for the nine months ended 30 September 2012 representing a decrease of approximately 2.8% as compared with approximately HK\$16,706,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the nine months ended 30 September 2012 was approximately HK\$15,420,000, representing an increase of approximately 55.2% as compared with approximately HK\$9,936,000 for the last corresponding period.

The board of directors of the Company (the “Board”) does not recommend any payment of interim dividend for the nine months ended 30 September 2012.

UNAUDITED CONDENSED CONSOLIDATED QUARTERLY RESULTS

The Board hereby announces the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2012 together with the comparative figures for the last corresponding periods.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Hong Kong dollars)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Revenue	3	4,134	4,848	16,240	16,706
Cost of sales		(2,619)	(2,522)	(10,813)	(9,789)
Gross profit		1,515	2,326	5,427	6,917
Other revenue	3	2	1	8	26
Administrative expenses		(6,645)	(5,287)	(18,679)	(15,639)
Finance costs	4	(1,034)	(482)	(2,176)	(1,240)
Loss before taxation		(6,162)	(3,442)	(15,420)	(9,936)
Taxation	5	-	-	-	-
Loss for the period, representing total comprehensive expenses for the period		(6,162)	(3,442)	(15,420)	(9,936)
Loss per share					
- Basic and diluted (<i>HK cents</i>)	7	(0.23)	(0.14)	(0.59)	(0.41)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2012 (Expressed in Hong Kong dollars)

	Attributable to owners of the Company						
	Share capital \$'000	Share premium \$'000	Equity component of convertible preference shares \$'000	Equity component of convertible bonds \$'000	Special reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2011	24,246	11,066	538	-	6,026	(46,645)	(4,769)
Loss for the period, representing total comprehensive expenses for the period	-	-	-	-	-	(9,936)	(9,936)
At 30 September 2011	24,246	11,066	538	-	6,026	(56,581)	(14,705)
At 1 January 2012	24,246	11,066	538	-	6,026	(59,303)	(17,427)
Placing of new shares	2,800	16,240	-	-	-	-	19,040
Transaction costs attributable to placing of new shares	-	(592)	-	-	-	-	(592)
Issue of convertible bonds	-	-	-	1,707	-	-	1,707
Loss for the period, representing total comprehensive expenses for the period	-	-	-	-	-	(15,420)	(15,420)
At 30 September 2012	27,046	26,714	538	1,707	6,026	(74,723)	(12,692)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organisation and operation

China Eco-Farming Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 30 November 2000.

The shares of the Company have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited since 5 February 2002. The registered office of the Company is Clarendon House, 2 Church street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company is Room 1301, 13/F, the Centre Mark, 287-299 Queen's Road Central, Hong Kong. The directors of the Company do not consider any company to be the ultimate holding company or parent company of the Company.

During the year ended 31 December 2007, the Company re-domiciled from the Cayman Islands into Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The change of domicile was approved by the shareholders of the Company on 15 October 2007 and the Company was continued into Bermuda with limited liability with effect from 29 October 2007.

During the nine months ended 30 September 2012, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the health care services, trading of ceramic products, property investment and one-stop value chain services.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Group.

2. Principal accounting policies and basis of preparation

The unaudited condensed financial information has been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with the accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed financial results have been prepared on the historical cost basis except for the investment properties and the financial instruments that are measured at fair values.

Except as described below, the principal accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated financial results for the nine months ended 30 September 2012 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2011.

In the current period, the Group has applied, for the first time, the following new or revised standards and amendments ("new and revised HKFRSs") issued by the HKICPA:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets

The adoption of the above new and revised HKFRSs in the current period has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated financial statements.

The Group has not applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

3. Revenue and other revenue

An analysis of the Group's revenue and other revenue for the period is as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Revenue:				
Trading of ceramic products	–	–	2,745	–
Health care services	4,134	4,720	13,276	14,012
Rental income from property investment (Note)	–	128	219	293
One-stop value chain services	–	–	–	2,401
	4,134	4,848	16,240	16,706
Other revenue	2	1	8	26
	4,136	4,849	16,248	16,732

Note:

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Gross rental income	–	128	219	293
Less: outgoings (included in cost of sales)	(16)	(3)	(25)	(12)
Net rental income	(16)	125	194	281

4. Finance costs

	For the three months ended 30 September		For the nine months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interest on bank loans, wholly repayable within five years	118	122	327	164
Interest on other loans	87	-	357	-
Effective interest expense on convertible preference shares	64	60	188	176
Effective interest expense on convertible bonds	520	-	520	-
Interest on loan from a former fellow subsidiary and a shareholder	245	300	784	900
	1,034	482	2,176	1,240

5. Taxation

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the nine months ended 30 September 2012 and 2011. No provision for Hong Kong Profits Tax has been made for both periods as the Group does not have any assessable profit subject to Hong Kong Profits Tax for both periods.

No deferred tax asset has been recognised due to the unpredictability of future profits streams. The losses may be carried forward indefinitely.

6. Dividend

No dividend was paid or proposed for the nine months ended 30 September 2012, nor any dividend has been proposed since the end of the reporting period (2011: Nil).

7. Loss per share

The calculation of basic loss per share for the three months and nine months ended 30 September 2012 and 2011 is based on the respective unaudited consolidated loss for the period attributable to owners of the Company of approximately HK\$6,162,000 (30 September 2011: HK\$3,442,000) and HK\$15,420,000 (30 September 2011: HK\$9,936,000), and the weighted average of 2,624,891,661 (30 September 2011: 2,424,599,690) ordinary shares of HK\$0.01 each in issue during both the three months and nine months ended 30 September 2012.

The basic loss per share will be the same as the computation of diluted loss per share was prepared on the assumption of no conversion of the Company's outstanding convertible preference shares and convertible bonds of which the exercise may result in a decrease in loss per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

During the nine months ended 30 September 2012 (the "Reporting Period"), the Group has been principally engaged in the health care services, trading of ceramic products, property investment and the one-stop value chain services.

Health Care Services

In respect of the management of health care services business, during the Reporting Period, this business segment reported a revenue of approximately HK\$13,276,000 (nine months ended 30 September 2011: HK\$14,012,000), representing a slight decrease of approximately 5.3% as compared with the last corresponding period.

Trading of Ceramic Products

In the fourth quarter of 2011, the Group started its trading of ceramic products in Macau. This new business segment reported a revenue of approximately HK\$2,745,000 (nine months ended 30 September 2011: Nil) for the Reporting Period.

Property Investment

At 30 September 2012, the Group held properties in Hong Kong for investment purpose amounted to approximately HK\$11,500,000 (31 December 2011: HK\$11,500,000).

During the Reporting Period, this business segment reported a gross rental income of approximately HK\$219,000 (nine months ended 30 September 2011: HK\$293,000).

One-stop Value Chain Services

The IT and telecommunications business of the Group has not generated any revenue for the Reporting Period (nine months ended 30 September 2011: HK\$2,401,000). This was mainly due to uncertainties in the global external environment and keen competition in the manufacturing market in Hong Kong and the People's Republic of China.

Financial Review

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$16,240,000 (nine months ended 30 September 2011: HK\$16,706,000), representing a decrease of approximately 2.8% as compared with the last corresponding period.

Cost of sales for the Reporting Period amounted to approximately HK\$10,813,000 (nine months ended 30 September 2011: HK\$9,789,000), representing an increase of approximately 10.5% as compared with the last corresponding period. This increase was mainly due to the increase in the cost of ceramic products and the health care services.

Administrative expenses for the Reporting Period amounted to approximately HK\$18,679,000 (nine months ended 30 September 2011: HK\$15,639,000), representing an increase of approximately 19.4% as compared with the last corresponding period. This increase was mainly due to increase in professional fee expenses.

Finance costs for the Reporting Period was approximately HK\$2,176,000 (nine months ended 30 September 2011: HK\$1,240,000), representing an increase of approximately 75.5% as compared with the last corresponding period. The increase was mainly due to the increase in interest expenses on bank loans and other loans.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$15,420,000 (nine months ended 30 September 2011: HK\$9,936,000). As a result, the basic loss per share of the Company increased from HK0.41 cent for the nine months ended 30 September 2011 to HK0.59 cent for the Reporting Period.

Liquidity and Financial Resources

During the Reporting Period, the Group financed its business operations mainly with its internally generated resources and borrowings. At 30 September 2012, the bank balances and cash of the Group was approximately HK\$826,000 (31 December 2011: HK\$662,000).

At 30 September 2012, the net liabilities of the Group was approximately HK\$12,691,000 (31 December 2011: HK\$17,427,000) and the net current liabilities was approximately HK\$43,513,000 (31 December 2011: HK\$28,174,000).

Capital Structure

The issued ordinary share capital with an aggregate nominal value of HK\$27,045,996.90 is divided into 2,704,599,690 shares of HK\$0.01 each (the "Share(s)") as at 30 September 2012 (31 December 2011: HK\$24,245,996.90 divided into 2,424,599,690 Shares).

There were convertible preference shares with an aggregate notional value of HK\$2,612,000 outstanding, which may be converted into 227,130,430 new Shares at the conversion price of HK\$0.0115, as at both 30 September 2012 and 31 December 2011. As disclosed under the header of "Event after the end of the reporting period", the Company received a conversion notice dated 2 November 2012 from its convertible preference share holder to convert 22,713,043 convertible preference shares with a notional value of HK\$2,612,000 into 227,130,430 new Shares at the conversion price of HK\$0.0115.

In addition, there were convertible bonds with the principal amount of HK\$18,000,000, which may be convertible into 480,000,000 new Shares at the conversion price of HK\$0.0375, as at 30 September 2012.

Fund Raising Activities

Placing of Existing Shares and Subscription of New Shares

On 12 March 2012, Top Status International Limited (as the vendor, the "Vendor"), the Company and FT Securities Limited (as the placing agent) entered into a placing agreement with respect to the placing of up to 280,000,000 existing Shares owned by the Vendor at the placing price of HK\$0.068 per Share (collectively, the "Placing"). Also, on the same day, the Vendor (as the subscriber) and the Company (as the issuer) entered into a subscription agreement with respect to the subscription of such number of new Shares which is equivalent to the number of the Shares actually placed by the Vendor under the Placing, at the subscription price of HK\$0.068 per Share (collectively, the "Subscription"). Both the Placing and the Subscription were completed on 19 March 2012. The 280,000,000 existing Shares were fully placed to not less than six places and 280,000,000 new Shares were issued to the Vendor. The net proceeds are approximately HK\$18.4 million, out of which HK\$5 million was used for the repayment of a loan and the remainder of approximately HK\$13.4 million is for the general working capital of the Group. For details, please refer to the announcements of the Company dated 13 March 2012 and 19 March 2012, respectively.

Placing of Convertible Bonds

On 12 March 2012, the Company (as the issuer) entered into a conditional placing agreement with FT Securities Limited (as the placing agent) with respect to the placing of convertible bonds up to the principal amount of HK\$20,000,000 due on 31 December 2015. Assuming all the convertible bonds are placed and their conversion rights are exercised in full, a maximum of 200,000,000 new Shares will be issued at the initial conversion price of HK\$0.10 per Share, the maximum gross and net proceeds will be approximately HK\$20 million and HK\$19.4 million, respectively. The Company intends to use the proceeds towards the general working capital of the Group. For details, please refer to the announcements of the Company dated 13 March 2012 and 11 May 2012. As at the date of this report, this placing is not yet completed.

Event after the end of the reporting period

The Company received a conversion notice dated 2 November 2012 from its convertible preference share holder to convert 22,713,043 convertible preference shares with a notional value of HK\$2,612,000 into 227,130,430 new Shares at the conversion price of HK\$0.0115.

Material Acquisition

On 20 January 2012, the Company, Prima Target Limited (the "Subscriber", a wholly-owned subsidiary of the Company) and Lion Legend Holdings Limited (the "Issuer") entered into the subscription agreement (as amended and supplemented by the supplement agreements dated 20 March 2012, 20 April 2012, 21 May 2012 and 20 June 2012 respectively) (collectively referred to as the "Subscription Agreement") with respect to the subscription of the exchangeable bond in the principal amount of HK\$18,000,000. The subscription price shall be satisfied by the Company by way of issuance of the convertible bonds in the principal amount of HK\$18,000,000 convertible into 480,000,000 new Shares at the conversion price of HK\$0.0375 per Share (collectively, the "Subscription").

The exchangeable bond shall be exchangeable for one share in Kingbridge Investment Limited ("KBI"), representing 10% of the existing issued share capital of KBI. The principal asset of KBI is its 67.11% interest in 兆峰陶瓷(北京)潔具有限公司 (Siu Fung Ceramics (Beijing) Sanitary Ware Company Limited*) ("Siu Fung"), a company incorporated in the People's Republic of China (the "PRC") with limited liability, which is principally engaged in the manufacturing and trading of ceramic sanitary ware and accessories mainly in the PRC. Furthermore, upon completion of the Subscription, the Issuer shall grant to the Subscriber, at a nominal consideration of HK\$1.00, an option to acquire from the Issuer all the remaining 90% equity interest in KBI, and the entire issued share capital of Hillmond International Holdings Limited, the legal and beneficial owner of 10.89% interest in Siu Fung. The exercise price of the option shall be satisfied by the Company by issuance of convertible bonds that convertible into not more than 9,000,000,000 new Shares but not less than 71% of the entire issued share capital of the Company on the prescribed enlarged basis as set out in the Subscription Agreement.

Completion of the Subscription is subject to fulfillment or satisfaction (or, where appropriate, the waiver) of the conditions precedent set out in the Subscription Agreement. Furthermore, the Subscription constitutes a major transaction for the Company and is subject to the approval of the shareholders of the Company. On 13 June 2012, the Company held a special general meeting (the "SGM") and in the SGM the ordinary resolution to ratify, confirm and approve the Subscription Agreement and the transactions contemplated thereunder and to authorize directors of the Company to do all such acts and thing and execute all such documents necessary to give effect to the Subscription Agreement and the transactions contemplated thereunder was duly passed by the shareholders of the Company by way of poll. With all the conditions of the Subscription Agreement having been fulfilled, the Subscription was completed on 9 July 2012. At completion, the Issuer issued to the Subscriber the exchangeable bond in the principal amount of HK\$18,000,000 and granted the Subscriber the option to acquire from the Issuer all (but not part of) the remaining asset.

The subscription price was satisfied by the Company by way of issuance of the convertible bonds, in the principal amount of HK\$18,000,000 convertible into 480,000,000 new Shares. The Subscriber had also paid the Issuer a nominal consideration of HK\$1.00 for the Option at completion. For details, please refer to the Company's announcements dated 31 January 2012, 20 March 2012, 23 April 2012, 7 May 2012, 14 May 2012, 21 May 2012, 20 June 2012, 9 July 2012 and the circular dated 28 May 2012.

Save as disclosed above, the Group did not have any other material acquisition or disposal of any of its subsidiaries or affiliated companies during the Reporting Period.

Outlook

During the Reporting Period, the Group continued its principal businesses of health care services, trading of ceramic products, property investment and provision of one-stop value chain services to telecommunications, information technology and advanced manufacturing industries. The Group has been expanding the business in the retail and wholesale of ceramic sanitary products. The Group has leased a street level premises for showroom purpose in Wanchai. The shop is under redecoration and finishing which shall become the flagship store for sanitary products of the Group. The Group will also keep evaluating opportunities to acquire new businesses with a view to diversify its revenue source both in terms of business segments and geographical locations.

The Board will continue to adopt a positive yet prudent approach in its investment strategy and will continue to seek other investment opportunities and to explore the feasibility of expansion into other business segments with a view to diversify the Group's business portfolio aiming to enhance the Group's profitability and the shareholders' value in the long run.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2012, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS" above, at no time during the Reporting Period, there subsisted arrangements to which the Company or any of its subsidiaries is a party, being arrangements whose subjects are, or one of whose objects is, to enable any of the directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate, and none of the directors of the Company, their spouse or their children under the age of 18, had any right to subscribe for the securities of the Company during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware of and having made due enquiries, as at 30 September 2012, the following parties, other than the Directors or the chief executive of the Company, had interests or short positions directly or indirectly in the shares and underlying shares of the Company disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares and underlying shares of the Company:

Name	Capacity	Shares		Underlying Shares	
		Number of Shares	Approximate percentage of the issued share capital (Note 1)	Number of underlying Shares	Approximate percentage of the issued share capital (Note 1)
China Railway Logistics Limited	Interest of controlled corporation	510,776,000 (L) (Note 2)	18.89%	227,130,430 (L) (Note 3)	8.40%
Top Status International Limited	Beneficial owner	510,776,000 (L) (Note 2)	18.89%	227,130,430 (L) (Note 3)	8.40%
Lion Legend Holdings Limited	Beneficial owner	–	–	480,000,000 (L)	17.75%

* The Letter "L" denotes a long position in the Shares or the underlying Shares.

Notes:

1. As at 30 September 2012, the Company's issued ordinary share capital was HK\$27,045,996.90 divided into 2,704,599,690 Shares of HK\$0.01 each.
2. Pursuant to the corporate substantial shareholder notices filed by Top Status International Limited ("Top Status") and China Railway Logistics Limited (Stock code: 8089) ("China Railway"), these Shares are held by Top Status and China Railway. Top Status, which is a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by Rich Best Asia Limited ("Rich Best"), a company incorporated in the British Virgin Islands. Rich Best is in turn wholly-owned by China Railway, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on GEM of the Stock Exchange. As such, each of Rich Best and China Railway is deemed to be interested in these shares.
3. These underlying shares represent a maximum of 227,130,430 new Shares that may be issued to satisfy the conversion rights attached to the convertible preference shares of the Company held by Top Status. Top Status is in turn wholly-owned by China Railway. As such, China Railway is deemed to be interested in these shares.

Save as disclosed above, the Company is not aware of any other person, other than a director or the chief executive of the Company, who held interests or short positions in the shares and underlying shares of the Company as at 30 September 2012 as recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPETING INTERESTS

During the Reporting Period, the Company did not have any controlling shareholders. None of the directors of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that compete or may compete with the business of the Group or had or may have any other conflict of interest with the Group during the Reporting Period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code"). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code during the Reporting Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 31 July 2001 with written terms of reference in compliance with GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the internal control system of the Group. The Audit Committee currently comprises three independent non-executive Directors; namely, Mr. Chau Chi Ming (Chairman of the Audit Committee), Mr. Cheung Tak Shum and Mr. Lau Tin Cheung.

The unaudited condensed consolidated financial results of the Group for the Reporting Period have been reviewed by the Audit Committee.

By Order of the Board

China Eco-Farming Limited
Tsang Chi Hin

Chief Executive and Executive Director

Hong Kong, 5 November 2012

As at the date of this report, the chief executive and executive Director is Mr. Tsang Chi Hin; the executive Director is Mr. Chu Yu Man, Philip; and the independent non-executive Directors are Mr. Chau Chi Ming, Mr. Cheung Tak Shum and Mr. Lau Tin Cheung.