江晨國際控股有限公司
Jiangchen International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01069)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

FINANCIAL HIGHLIGHTS

- Turnover of Jiangchen International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter referred to as the "**Group**") for the six months ended 30 June 2013 amounted to approximately Renminbi ("**RMB**") 25.1 million (For the six months ended 30 June 2012: approximately RMB49.5 million), representing a decrease of 49.3% as compared with corresponding period in 2012.

- Total comprehensive income attributable to the owners of the Company for the six months ended 30 June 2013 amounted to approximately RMB22.5 million (Total comprehensive expense attributable to the owners of the Company for the six months ended 30 June 2012: approximately RMB2.2 million). The profit and total comprehensive profit attributable to owners of the Company was mainly attributable to the gain on bargain purchase from acquisition of subsidiaries. Without taking the gain on bargain purchase from acquisition of subsidiaries into consideration, the Company experienced total comprehensive expense attributable to the owners of the Company for the six months ended 30 June 2013.

- Basic and diluted earnings per share for the six months ended 30 June 2013 amounted to RMB0.051 and RMB0.050 respectively (Basic and diluted loss per share for the six months ended 30 June 2012: both RMB0.006).

- The board (the "**Board**") of directors (the "**Directors**") of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (For the six months ended 30 June 2012: nil).

FINANCIAL RESULTS

The Board announces the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2013, which have been reviewed by the Company's audit committee (the "**Audit Committee**"), together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Notes	**Six months ended 30 June 2013 RMB'000 (unaudited)**	2012 RMB'000 (unaudited)
Turnover	4	**25,079**	49,509
Cost of sales		**(25,647)**	(49,984)
Gross loss		**(568)**	(475)
Change in fair value of plantation forest assets		**(38)**	–
Other operating income		**10**	88
Change in fair value of derivative financial assets		**(861)**	–
Gain on bargain purchase for acquisition of subsidiaries	13	**43,606**	–
Selling and distribution costs		**(258)**	(546)
Administrative expenses		**(4,829)**	(950)
Finance costs	6	**(18,318)**	(318)
Profit (loss) before tax	7	**18,744**	(2,201)
Income tax expense	8	**–**	–
Profit (loss) for the period		**18,744**	(2,201)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of financial statements of foreign operations		**3,717**	–
Other comprehensive income for the period		**3,717**	–
Total comprehensive income (expense) for the period		**22,461**	(2,201)
Profit (loss) for the period attributable to owners of the Company		**18,744**	(2,201)
Total comprehensive income (expense) for the period attributable to owners of the Company		**22,461**	(2,201)
Earnings (loss) per share:			
Basic	10	**0.051**	(0.006)
Diluted	10	**0.050**	(0.006)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Notes	**30 June 2013 RMB'000 (unaudited)**	31 December 2012 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		**4,117**	4,356
Prepaid lease payments		**10,911**	3,148
Plantation forest assets		**243,087**	19,195
		258,115	26,699
Current assets			
Inventories		**9,195**	2,961
Trade and other receivables	11	**63,662**	34,989
Prepaid lease payments		**268**	63
Derivative financial assets		**1,281**	2,184
Tax recoverable		**6**	232
Bank balances and cash		**28,358**	26,198
		102,770	66,627
Current liabilities			
Trade and other payables	12	**4,510**	5,479
Amount due to a former controlling shareholder		**1,353**	1,385
Promissory notes		**26,118**	–
		31,981	6,864
Net current assets		**70,789**	59,763
Total assets less current liabilities		**328,904**	86,462
Non-current liabilities			
Promissory notes		**219,244**	–
Convertible bonds		**13,153**	12,594
		232,397	12,594
Net assets		**96,507**	73,868
Capital and reserves			
Share capital		**3,256**	3,256
Reserves		**93,251**	70,612
Total equity attributable to owners of the Company		**96,507**	73,868

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
For the six months ended 30 June 2013

1. GENERAL INFORMATION

Jiangchen International Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and wholesaling of apparels and investment holding.

The directors of the Company consider that Well Bright Group Limited ("Well Bright"), a company incorporated in the British Virgin Islands ("BVI") with limited liability, is the parent company and Mr. Cai Shuiyong ("Mr. Cai SY") and Mr. Cai Shuiping ("Mr. Cai SP") were the ultimate controlling shareholders during the six months ended 30 June 2012.

During the six months ended 30 June 2013, Well Bright disposed of 73,900,000 shares in total representing 19.97% issued share capital of the Company, to Victor Charm Investments Limited ("Victor Charm"), a company incorporated in the BVI and beneficially owned by Mr. Hu Kai. Both of Victor Charm and Mr. Hu Kai are considered as independent third parties to the Company. Moreover, Mr. Cai SY and Mr. Cai SP have disposed of entire interest in Well Bright to certain individuals who are independent third parties to the Company. Upon completion of the disposals, the directors of the Company consider that the Company has no parent company and ultimate controlling shareholders.

The Company's functional currency is Hong Kong dollars ("HK$") while that for the major subsidiaries in the People's Republic of China (the "PRC") is Renminbi ("RMB"). As the operation of the Group is mainly held in the PRC, the directors of the Company consider it appropriate to present the condensed consolidated interim financial information in RMB.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated interim financial information has been prepared on the historical cost basis except for certain financial instruments and biological assets, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 1	First-time Adoption of HKFRSs – Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)* – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

* HK(IFRIC) represents the Hong Kong (International Financial Reporting Interpretation Committee)

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Except for the below, the directors of the Company anticipate that the application of the above new or revised HKFRSs in the current interim period has no material effect on the amounts reported in the condensed consolidated interim financial information and/or on the disclosures set out in the condensed consolidated interim financial information.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

5. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2013

	Manufacturing and wholesaling of original equipment manufacturing (the "OEM") products RMB'000 (unaudited)	Brand business RMB'000 (unaudited)	Forestry business RMB'000 (unaudited)	Total RMB'000 (unaudited)
Turnover	**22,910**	**2,169**	**–**	**25,079**
Segment loss	**(804)**	**(621)**	**(384)**	**(1,809)**
Other operating income				**10**
Change in fair value of derivative financial assets				**(861)**
Gain on bargain purchase for acquisition of subsidiaries				**43,606**
Central administrative costs				**(3,884)**
Finance costs				**(18,318)**
Profit before tax				**18,744**

Six months ended 30 June 2012

	Manufacturing and wholesaling of OEM products RMB'000 (unaudited)	Brand business RMB'000 (unaudited)	Total RMB'000 (unaudited)
Turnover	38,402	11,107	49,509
Segment loss	(1,116)	(408)	(1,524)
Other operating income			88
Central administrative costs			(447)
Finance costs			(318)
Loss before tax			(2,201)

5. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000 (audited)
Segment assets		
Manufacturing and wholesaling of OEM products	**52,338**	37,723
Brand business	**13,968**	5,606
Forestry business	**252,613**	20,679
Total segment assets	**318,919**	64,008
Unallocated	**41,966**	29,318
Total assets	**360,885**	93,326
Segment liabilities		
Manufacturing and wholesaling of OEM products	**3,939**	5,090
Brand business	**157**	141
Forestry business	**214**	35
Total segment liabilities	**4,310**	5,266
Unallocated	**260,068**	14,192
Total liabilities	**264,378**	19,458

6. FINANCE COSTS

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Interest on secured bank borrowing wholly repayable within one year	**–**	318
Effective interest expense on:		
Promissory notes	**17,456**	–
Convertible bonds	**862**	–
	18,318	318

7. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit (loss) before tax has been arrived at after charging (crediting):		
Directors' emoluments	**101**	95
Other staff costs	**5,445**	7,591
Retirement benefits scheme contributions, excluding directors	**2,074**	3,693
Total staff costs	**7,620**	11,379
Amortisation of prepaid lease payments	**22**	80
Cost of inventories recognised	**25,647**	49,984
Depreciation of property, plant and equipment	**284**	643
Net exchange loss (gain)	**282**	(2)
Operating lease rental paid in respect of rented premises	**476**	44
Research and development costs recognised as an expense (included in the administrative expenses) (Note)	**99**	141

Note: During the six months ended 30 June 2013, research and development costs included staff costs of approximately RMB93,000 (2012: RMB91,000) for the Group's employees engaged in research and development activities, which are also included in staff costs.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
– the PRC		
Enterprise Income Tax	**–**	–

8. INCOME TAX EXPENSE (CONTINUED)

Hong Kong Profits Tax has not been provided for in the condensed consolidated interim financial information as there was no assessable profit derived from Hong Kong for both periods.

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries are exempted from PRC Enterprise Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years (the "Tax Exemption"). The PRC subsidiaries which are currently entitled to the Tax Exemption from 1 January 2008 would continue to enjoy such treatments until the Tax Exemption period expires, but not beyond 2012.

As at 30 June 2013, the Group had unrecognised tax losses of approximately RMB6,286,000 (as at 31 December 2012: RMB4,157,000), which can be carried forward to offset future taxable profit and will expire after five years. No deferred tax asset had been recognised in respect of the unrecognised tax loss of RMB6,286,000 (as at 31 December 2012: RMB4,157,000) due to the unpredictability of future profit streams.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated interim financial information in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB56,860,000 (31 December 2012: approximately RMB58,887,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

9. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

10. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

Earnings (loss) figures are calculated as follows:

	Six months ended 30 June	
	2013 RMB'000 (unaudited)	2012 RMB'000 (unaudited)
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share for the period attributable to the owners of the Company	**18,744**	(2,201)
Effect of dilutive potential ordinary shares:		
Change in fair value of derivative financial assets	**861**	–
Effective interest expense on convertible bonds	**862**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	**20,467**	(2,201)

10. EARNINGS (LOSS) PER SHARE (CONTINUED)

	2013 ’000	2012 ’000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**370,000**	370,000
Effect of dilutive potential ordinary shares:		
Warrants	**11,489**	–
Convertible bonds	**26,296**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**407,785**	370,000

Notes:

(a) The computation of diluted earnings per share for the six months ended 30 June 2013 assumes the exercise/conversion of the Company’s outstanding warrants and convertible bonds since their exercise/conversion would result in an dilutive effect on the basic earnings per share for the six months ended 30 June 2013.

(b) The computation of diluted loss per share for the six months ended 30 June 2012 does not assume the conversion of the Company’s outstanding convertible bonds since the conversion of the Company’s convertible bonds has an anti-dilutive effect to the loss per share.

11. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period of 90 to 180 days to its trade customers, where payment in advance is normally required. The Group does not hold any collateral over these balances.

The following is an analysis of the trade receivables by age, presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition date.

	30 June 2013 RMB’000 (unaudited)	31 December 2012 RMB’000 (audited)
0-90 days	**19,038**	10,180
91-180 days	**8,528**	4,068
Over 180 days	**2,217**	–
	29,783	14,248

12. TRADE AND OTHER PAYABLES

The following is an analysis of the trade payables by age, presented based on the invoice date at the end of the reporting period.

	30 June 2013 RMB’000 (unaudited)	31 December 2012 RMB’000 (audited)
0-30 days	**–**	257
31-90 days	**–**	465
	–	722

13. ACQUISITION OF SUBSIDIARIES

On 28 May 2013, the Group acquired the entire interest in China Timbers Group which are principally engaged in the operation and management of the forest lands in Jiange Country, Sichuan Province.

Consideration transferred	RMB'000
Cash	109,914
Promissory note	78,793
	188,707

Acquisition-related costs amounting to approximately RMB880,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the 'administrative expenses' line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the date of acquisition

	RMB'000 (unaudited)
Current assets	
Trade and other receivables	266
Prepaid lease payments	205
Bank balances and cash	100
Non-current assets	
Property, plant and equipment	40
Prepaid lease payments	7,785
Plantation forest assets	223,930
Current liabilities	
Trade and other payables	(13)
	232,313

Bargain purchase gain arising on acquisition

	RMB'000 (unaudited)
Consideration transferred	188,707
Less: recognised amount of identifiable net assets acquired	(232,313)
Bargain purchase gain arising on acquisition	(43,606)

Net cash outflow arising on acquisition

	RMB'000 (unaudited)
Consideration paid in cash	109,914
Less: cash and cash equivalent balances acquired	(100)
	109,814

13. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Impact of acquisition on the results of the Group

Included in the profit for the interim period is loss of RMB133,543 attributable to China Timbers Group. None of the turnover for the interim period is attributable to China Timbers Group.

Had the acquisition of China Timbers Group been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2013 would have been RMB25,079,000, and the amount of the profit for the interim period would have been RMB18,025,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had China Timbers Group been acquired at the beginning of the interim period, the directors calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

a) The Company had entered into a subscription agreement for secured promissory note in the amount of HK$190,000,000. On 16 May 2013, the Company, Maple Reach Limited ("Maple Reach"), Well Bright and China Construction Bank (Asia) Corporation Limited, entered into the supplemental deed to include certain terms of the subscription agreement. Under the terms of the subscription agreement, the Company is required to pay the redemption premium in cash to Maple Reach for investing in the promissory notes. Subsequently, the parties to the subscription agreement have agreed to amend the terms of the subscription agreement, to the effect that Maple Reach will be granted the warrants to be convertible into 25,000,000 shares. Under the supplemental deed, Maple Reach has the option to elect for the exercise of the warrants, which would result in them forgoing the cash settlement option of the redemption premium. As a result, the redemption premium would have been deemed to be used towards the payment of the warrant exercise price to the Company upon exercise of the warrants whereby such application would be full and final settlement for the redemption premium by the Company.

   The completion of the issue of warrants has taken place and an aggregate of 25,000,000 warrants have been issued by the Company to Maple Reach on 5 July 2013.

b) All issued convertible bonds with principal amount amounted to HK$21,300,000 had been subsequently converted into 26,296,296 ordinary shares at conversion price HK$0.81 on 16 July 2013.

c) On 5 July 2013, the Company announced the proposal of change of Company's name from "Jiangchen International Holdings Limited 江晨國際控股有限公司" to "China Agroforestry Low-Carbon Holdings Limited 中國農林低碳控股有限公司" which was approved by special resolution in extraordinary general meeting on 29 July 2013. Approval from the Registrar of Companies in the Cayman Islands was obtained on 2 August 2013. The change of the Company name will take effect upon the registration of the new name of the Company in Hong Kong under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

d) The Company had redeemed part of the unsecured promissory note at a cash consideration of HK$25,000,000 on 5 July 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

After the completion of the acquisition of China Timbers Limited ("**China Timbers**") and its subsidiaries in late May 2013, the Group has positioned the forestry management business as its core business, with over 25,300 Chinese Mu forest lands under management as at 30 June 2013. The Group is also engaged in the manufacturing and wholesaling of apparels on an original equipment manufacturing ("**OEM**") basis in the People's Republic of China ("**China**" or the "**PRC**"). The apparels produced by the Group can be broadly categorized into cotton and sweat jacket, sportswear and leisurewear, trousers and children garment.

The Forestry Management Business

As a result of the continuing adverse conditions in the garment business segment and the implementation of strategic diversification, the Company has been actively seeking for diversified business opportunities. The Company has started to foray into forestry management business via acquisitions of companies engaging in the operation and management of forest lands in the PRC since 2012.

As at 30 June 2013, the long-lease forest lands in the PRC owned by the Group were approximately 3,530 Chinese Mu and 21,786 Chinese Mu in Dali City of Yunnan Province and Jiange County of Sichuan Province, respectively.

The Group has not yet commenced any harvesting works in the forest lands located in Jiange County of Sichuan Province since the completion of the acquisition in late May 2013. The harvesting works are expected to begin in September 2013. As disclosed in the circular dated 30 April 2013, China Timbers has already obtained all necessary permits and approvals for its harvesting works in the forest, including but not limited to, the forestry certificates in respect of the titles and the land use rights and the timbers cultivated thereon, logging permit and transportation permit for the year of 2013. The Company targets to harvest 25,000 cubic metres of forest stock in the second half of 2013.

The forest lands situated in Dali City of Yunnan Province have been under various maintenance works, and the logging permit and the transportation permit of the forest lands are being applied, before the commencement of harvesting work. Accordingly, nil revenue has been contributed from China Timbers and Rongxuan Forestry Investment Holdings Limited ("**Rongxuan**") to the Group for the six months ended 30 June 2013.

The Garment Business

During the six months ended 30 June 2013, the Group's garment business consisted of manufacturing and wholesaling of OEM basis apparels. The PRC market remained the most important market segment of the Group, accounting for over 90% of the Group's total revenue.

The PRC market did not grow to the extent that the Company had hoped during the six months ended 30 June 2013. During the period, the Group faced a very complex and volatile environment both domestically and internationally. The core garment manufacturing business of the Group has been significantly impacted by unfavorable and uncertain global macroeconomic environment and the Group continued to face considerable head winds from mounting manufacturing costs, shortage of skilled sewing workers, slowing domestic demand as well as strong domestic and international competitions. As a result, the garment business of the Group was adversely affected for the six months ended 30 June 2013.

Financial Review

Turnover

During the period under review, the Company recorded a turnover of RMB25.1 million for the six months ended 30 June 2013, an approximately 49.3% decrease as compared to RMB49.5 million for the six months ended 30 June 2012. It entirely represents the turnover from the garment business segment of the Group as no harvesting works have been carried out on the forests lands during the period under review. Such significant drop was mainly due to the slowdown of both domestic and international demand and the fierce competition in garment industry in the PRC.

The turnover of the Company's OEM apparels sold to domestic import and export companies and overseas trading companies for export for the six months ended 30 June 2013 was approximately RMB22.9 million (For the six months ended 30 June 2012: RMB38.4 million), representing a decrease of approximately 40.4% as compared with the corresponding period in 2012. Such decrease was mainly attributable to the unstable global economic conditions which slowed down the export of the Group's apparel products.

The Company also distributes its own brand apparels to local chain stores, its franchise stores and through its wholesale outlets in China. The turnover from distribution of the Company's brand apparels for the six months ended 30 June 2013 was approximately RMB2.2 million (For the six months ended 30 June 2012: approximately RMB11.1 million), which is approximately 80.2% lower than that for the corresponding period in 2012.

In terms of product mix, turnover of OEM products represent approximately 91.4% of the total turnover (For the six months ended 30 June 2012: approximately 77.6%) while turnover of the brand products only account for approximately 8.6% (For the six months ended 30 June 2012: approximately 22.4%).

For the six months 30 June 2013, no turnover was recorded for the forestry management business.

Gross Loss and Gross Margin

The Group recorded a gross loss of approximately RMB0.6 million for the six months ended 30 June 2013 (Gross loss for the six months ended 30 June 2012: RMB0.5 million), representing an increase of approximately 20.0% as compared to that for the corresponding period in 2012. Gross margin is calculated as gross profit/loss divided by turnover. The gross margin was approximately -2.4% (2012: approximately -1%). The decrease in gross margin in 2013 was mainly attributable to the lower demands for the Group's products from the Group's import and export customers, which resulted in a significant decrease in sales.

Gain/(Loss) Arising From the Changes in Fair Value Less Costs to Sell of Plantation Forest Assets

During the six months ended 30 June 2013, the Group recognised a decrease of fair value less costs to sell of plantation forest assets of approximately RMB38,000, which was valued by Ascent Partners Valuation Service Limited ("**Ascent Partners**"), the independent qualified professional valuer appointed by the Company, who undertook the valuations of the plantation assets in Yunnan Province and Sichuan Province of the Group as at 30 June 2013.

Biological Assets

The biological assets of the Group included the forest lands situated in Dali City of Yunnan Province and Jiange County of Sichuan Province.

Ascent Partners has performed valuations update on the aforesaid forests assets to assist the Group in assessing the fair value of those biological assets.

The net decrease in value was mainly due to the changes in fair value less costs to sell of RMB38,000. The movements of biological assets were as follows:

	Yunnan Forest RMB'000	**Sichuan Forest** RMB'000	**Total** RMB'000
At 1 January 2012 (audited)	–	–	–
Acquisition of assets on an acquisition of subsidiaries	17,396	–	17,396
Change in fair value less costs to sell	1,799	–	1,799
At 31 December 2012 and at 1 January 2012 (audited)	19,195	–	19,195
Acquisition of subsidiaries	–	223,930	223,930
Changes in fair value less costs to sell	(38)	–	(38)
At 30 June 2013 (unaudited)	19,157	223,930	243,087

Selling and Distribution Costs

The selling and distribution costs of the Group decreased from approximately RMB0.5 million for the six months ended 30 June 2012 to approximately RMB0.3 million for the six months ended 30 June 2013, representing a decrease of approximately 40%. The decrease in selling and distribution costs was mainly attributable to the reduced amount of transportation costs owing to the decreased sales volumes of the Group's apparel products.

Administrative Expenses

The administrative expenses of the Group increased by approximately 380% from approximately RMB1.0 million for the six months ended 30 June 2012 to approximately RMB4.8 million for the six months ended 30 June 2013. The significant increase in administrative expenses was mainly attributable to the increased amounts of legal and professional fees owing to the acquisition of China Timbers.

Finance Costs

The finance costs were related to the interest expenses incurred in relation to the zero coupon convertible bonds for the acquisition of Rongxuan on 11 July 2012 and the promissory notes for the acquisition of China Timbers.

Income Tax Expense

The effective tax rate of the Group for the six months ended 30 June 2013 was 0% because no income tax expense was incurred (For the six months ended 30 June 2012: 0%).

Profit/Loss and Total Comprehensive Income/Expense Attributable to Owners of the Company

As a result of the above changes, the Company recorded total comprehensive income attributable to owners of the Company of approximately RMB22.5 million for the six months ended 30 June 2013, as compared to total comprehensive expense attributable to owners of the Company of approximately RMB2.2 million for the six months ended 30 June 2012. The profit and total comprehensive profit attributable to owners of the Company was mainly attributable to the gain on bargain purchase from acquisition of subsidiaries. Without taking the gain on bargain purchase from acquisition of subsidiaries into consideration, the Company experienced total comprehensive expense attributable to the owners of the Company for the six months ended 30 June 2013.

Basic and Diluted Earnings/Loss Per Share

Basic and diluted earnings per share for the six months ended 30 June 2013 amounted to RMB0.051 and RMB0.050, respectively (The basic and diluted loss per share for the six months ended 30 June 2012: both RMB0.006).

Employees and Remuneration Policies

As at 30 June 2013, the Group employed a total of 741 employees as compared to 1,095 employees as at 30 June 2012, including the Directors. Total staff costs for the period under review, including Directors' remuneration, amounted to approximately RMB7.6 million (For the six months ended 30 June 2012: approximately RMB11.4 million). The Group's remuneration policy is in line with the prevailing market standards and is determined on the basis of performance and experience of individual employee. Other employee benefits include contributions to social insurance scheme.

The Group has adopted a share option scheme pursuant to which the Directors may grant options to individuals including Directors, employees or consultants of the Group to acquire shares of the Company. The Directors consider that the share option scheme assists in recruiting and retaining high calibre executives and employees.

Liquidity and Financial Resources

The Group generally finances its daily operations from internally generated cash flows. As at 30 June 2013, the Group had total assets of approximately RMB360.9 million and net assets of approximately RMB96.5 million. The Group's cash and bank balances as at 30 June 2013 amounted to approximately RMB28.4 million and there were no secured bank borrowings.

On 18 January 2013, in order to provide additional general working capital of the Group, the Company entered into the warrant subscription agreements with the subscribers, pursuant to which the Company agreed to issue and the subscribers agreed to subscribe for an aggregate of 22,000,000 unlisted warrants at the issue price of HK$0.01 per warrant. It is expected that approximately HK$21.5 million will be raised from the issue of the new shares upon the full exercise of the subscription rights attaching to the warrants.

On 16 May 2013, the Company entered into the supplemental deed to include certain terms of the subscription agreement dated 15 November 2012 with Maple Reach Limited ("**Maple Reach**"), Well Bright Group Limited ("**Well Bright**") and China Construction Bank (Asia) Corporation Limited ("**CCBA**"), pursuant to which Maple Reach will be granted warrants to be convertible into 25,000,000 shares at an exercise price equivalent to HK$1.0644 per share for the purpose of settlement alternative to the redemption premium to be paid to Maple Reach pursuant to the terms of the subscription agreement.

Taking into account the cash reserves and the net proceeds upon the full exercise of the subscription rights attaching to the warrants, the Group's financial position is healthy, advantageously positioning the Group to achieve its business objectives.

Pledge on Assets

As at 30 June 2013, the Group had pledged certain of its building and prepaid lease payments to secure banking facilities granted to the Group. The carrying values of the assets pledged are as follows:–

	30 June 2013 RMB'000 (unaudited)	31 December 2012 RMB'000 (audited)
Buildings	**–**	1,403
Prepaid lease payments	**–**	1,081
	–	2,484

As at 30 June 2013, the Company has pledged its entire equity interest in Rongxuan and all of its subsidiaries to Maple Reach as security for the promissory note subscribed by Maple Reach as described in note 14. The Company has further pledged its entire equity interest in China Timbers and all of its subsidiaries to Maple Reach as security for the aforesaid promissory note.

Material Litigation

As at 30 June 2013, the Group was not involved in any material litigation or arbitration (31 December 2012: nil)

Contingent Liabilities

As at 30 June 2013, the Group did not have any significant contingent liabilities. (31 December 2012: nil)

Foreign Exchange Exposure and Related Hedges

The Group's transactions are mainly denominated in Hong Kong dollars and RMB. Therefore, the Group is exposed to exchange rate risk. The majority of the Group's cash and bank balances are also denominated in these two currencies. During the six months ended 30 June 2013, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. Accordingly, the Group has not implemented any foreign currency hedging policy at the moment. However, the management of the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in the future when necessary.

Gearing Ratio

The gearing ratio of the Group was approximately 71.6% as at 30 June 2013, based on total borrowings to total assets of the Group as the Group had issued convertible bonds, pledged note and promissory notes as at the date of this announcement (31 December 2012: 13.5%).

Capital Structure

The capital of the Group comprises only ordinary shares. As at 30 June 2013, the total number of the ordinary shares of the Group in issue was 370,000,000 shares (30 June 2012: 370,000,000). The total equity attributable to the owners of the Company was approximately RMB96.5 million (31 December 2012: approximately RMB73.9 million).

On 18 January 2013, the Company entered into the warrant subscription agreements with the subscribers. Pursuant to the warrant subscription agreements, the Company agreed to issue and the subscribers agreed to subscribe for an aggregate of 22,000,000 unlisted warrants at the issue price of HK$0.01 per warrant, pursuant to which the holders of the unlisted warrants would be entitled to subscribe for up to 22,000,000 new shares at the initial subscription price of HK$0.99 per new share within a period of 3 years commencing from (and inclusive of) the date of issuance of the unlisted warrants. The placing of the unlisted warrants was completed on 28 March 2013. Details of the warrant subscription agreements were disclosed in the announcements of the Company dated 18 January 2013 and 1 February 2013, as well as the announcement of completion of the issuance of the unlisted warrants dated 28 March 2013. At the date of this announcement, the abovementioned 22,000,000 unlisted warrants have not yet been converted.

On 16 May 2013, the Company entered into the supplemental deed to include certain terms of the subscription agreement dated 15 November 2012 with Maple Reach, Well Bright and CCBA, pursuant to which Maple Reach will be granted unlisted warrants convertible into 25,000,000 shares at an exercise price equivalent to HK$1.0644 per share. On 24 June 2013, the Shareholders have approved the resolution regarding the issuance of unlisted warrants mentioned above under a specific mandate, and the completion of the issuance of the warrants took place and an aggregate of 25,000,000 warrants were issued by the Company to Maple Reach on 5 July 2013. Details of the supplemental deed and subscription agreement were disclosed in the announcement of the Company dated 16 May 2013 and 15 November 2012, respectively, as well as the circular dated 6 June 2013, the poll result announcement dated 24 June 2013 and the announcement of completion of the issuance of the unlisted warrants dated 5 July 2013. At the date of this announcement, the abovementioned warrants have not yet been converted.

On 16 July 2013, the issued zero coupon convertible bonds with principal amount amounted to HK$21,300,000 as the consideration of the acquisition of 100% equity interest in Rongxuan in 2012 had been converted into 26,296,296 ordinary shares at a conversion price of HK$0.81 per share. Accordingly, at the date of this announcement, the total number of ordinary shares of the Group in issue was 396,296,296 shares.

Capital Commitments

Save as disclosed herein, as at 30 June 2013, the Group did not have any significant capital commitment (31 December 2012: RMB229,133,000).

Significant investments held and material acquisitions and disposals

On 10 December 2012, the Company and Mr. Du Jianjun entered into the acquisition agreement, as supplemented by two supplemental agreements dated 2 January 2013 and 26 March 2013, pursuant to which, among other things, the Company has conditionally acquired from Mr. Du Jianjun the sale shares, representing the entire issued share capital of China Timbers at a consideration of HK$280,000,000, which was satisfied by a refundable deposit of HK$136,000,000 in the form of cash, and the remaining balance in the form of promissory note. The acquisition of China Timbers has been approved by the Shareholders on 16 May 2013 and the aforesaid acquisition has been completed on 28 May 2012. Details of the acquisition of China Timbers were disclosed in the announcements of the Company dated 10 December 2012, 2 January 2013, 26 March 2013 and the circular dated 30 April 2013, as well as the poll result and completion of acquisition announcements dated 16 May 2013 and 28 May 2013, respectively.

Save as disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries for the six months ended 30 June 2013.

Future Plans for Material Investments or Capital Assets

Reference is made to the announcement dated 24 July 2013. On 24 July 2013, the Company has entered into a strategic cooperation framework agreement with the People's Government of Jiange County in Sichuan Province. Pursuant to the aforesaid framework agreement, subject to the approvals by the Shareholders and relevant regulatory authorities, the Company will invest by phases in sustainable forest management on more than 400,000 Chinese Mu forest land in Jiange County and receive a harvest quota of not less than 60,000 cubic metres per annum.

Saved as disclosed above and up to the date of this announcement, the Group has not yet entered into any legally binding agreement or arrangement with respect to any investment opportunities except those disclosed in the relevant public announcement and this announcement.

Prospect and Outlook

The first half of 2013 was a challenging period for the Company. Unfavorable global macroeconomic conditions have continued to generate negative impact on the garment business of the Group. The escalating cost of raw materials and labor wages, shortage of skilled sewing workers, slowing domestic demand as well as keen domestic and international competitions have adversely affected the gross margin of the Group.

China has been displaying signs of an economic slowdown after a decade of significant growth. Worldwide economic environment remains volatile with many uncertainties. The federal reserve of United States of America is expected to begin tapering the pace of its bond purchasing program in the near future, whereas heavy indebtedness, sky-high unemployment and lackluster growth still persist in the Euro zone. Based on the aforesaid economic factors, combined with mounting costs of manufacturing and lack of skilled sewing workers in the PRC, the management of the Company holds a conservative view on the performance of the garment business in the second half of 2013. Nonetheless, the Group will continue to exercise stringent control over production costs and improve its manufacturing processes for the garment business segment in order to minimize the negative effects the economy has brought upon its sales.

On 28 May 2013, the Company completed the acquisition of China Timbers. With the acquisition of Rongxuan in the first half of 2012, the Company has positioned forestry management business as its core business segment of the Group. Notwithstanding the fact that the forestry management business segment is still at its preliminary stage, the Company is confident and optimistic that the forestry management business will be resilient and will be able to increase the income stream and bring additional stable earnings to the Group, and hence, maximizing returns to the Group and its shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company during the six months ended 30 June 2013.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES OR ASSOCIATED COMPANIES

Save for the acquisition of China Timbers as discussed in the section of "Significant investments held and material acquisitions and disposals", the Group did not have any material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2013.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards set out in Appendix 10 to (the "**Model Code**") the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Having made specific enquiry of all Directors, all of them confirmed that they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company for the six months ended 30 June 2013.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted all the code provisions (the "**Code Provisions**") contained in the Corporate Governance Code (the "**CG Code**") as set out in the Appendix 14 to the Listing Rules as the Company's code on corporate governance. Throughout the six months ended 30 June 2013, except for Code Provisions A.1.8 and A.2.1 as addressed below, the Company complied with all the Code Provisions contained in the CG Code and, where appropriate, adopted the Recommended Best Practices set out in the CG Code:

1. Pursuant to the Code Provision A.1.8, the Company should arrange appropriate insurance cover in respect of any legal action against its Directors and officers. As at the date of this announcement, the Company has yet to arrange to purchase any Directors and Officers' Liability Insurance, which covers in respect of legal action against the Directors and officers. While the Company is committed to achieving high standards of corporate governance and to complying with the Code Provisions, the Company decided to defer the compliance with such Code Provision as the Board is currently considering quotations from different underwriters and will select the Directors and Officer's Liability insurance that is the most cost-efficient; and

2. During the six months ended 30 June 2013, Mr. Cai Shuiyong, who was executive Director, chief executive officer and chairman until 21 June 2013 on which date he resigned as chairman. Before 21 June 2013, the assumption of both chief executive officer and chairman by Mr. Cai Shuiyong did not comply with Code Provision A.2.1, which requires that the roles of chairman and chief executive officer should not be performed by the same individual. Mr. Lei Zuliang took over the role of chairman on 21 June 2013 and the Company has complied with Code Provision A.2.1 since then.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the Code Provisions contained in the CG Code.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2013 (For six months ended 30 June 2012: nil).

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established the Audit Committee in accordance with the requirements of the Code Provisions as set up in Appendix 14 of the Listing Rules. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Zhou Wei (as the chairman), Mr. Long Weihua and Ms. Tian Guangmei.

The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2013 and is of the opinion that the preparation of such results complied with the applicable accounting standards, rules and requirements, and that adequate disclosure has been made.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Pursuant to the disclosure requirements under Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors for the six months ended 30 June 2013 and up to the date of this announcement are set out as below:

Name of Director	Details of changes
Mr. Cai Shuiping	Resigned as executive Director of the Company with effect 14 February 2013
Mr. Zhou Wei	Appointed as independent non-executive Director of the Company with effect 17 June 2013
Ms. Tian Guangmei	Appointed as independent non-executive Director of the Company with effect 17 June 2013
Mr. Liu Jianlin	Resigned as independent non-executive Director of the Company with effect 19 June 2013
Mr. Cai Shuiyong	Resigned as chairman and chief executive officer of the Company with effect 21 June 2013 and 2 July 2013, respectively
Mr. Lei Zuliang	Appointed as chairman of the Company with effect 21 June 2013
Ms. Chan Ling	Retired as independent non-executive Director of the Company with effect from 24 June 2013

Saved as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement has been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.jcholding.com). The interim report of the Group for the six months ended 30 June 2013 containing all the relevant information required by the Listing Rules will be published on the aforesaid websites in September 2013.

By order of the Board
Jiangchen International Holdings Limited
Lei Zuliang
Chairman

Shenzhen, the PRC, 30 August 2013

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lei Zuliang and Mr. Cai Shuiyong; one non-executive Director, namely Professor Liu Zhikun; and three independent non-executive Directors, namely Mr. Long Weihua, Ms. Tian Guangmei and Mr. Zhou Wei.