中國農林低碳控股有限公司

China Agroforestry Low-Carbon Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(stock code: 01069)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Turnover for the financial year ended 31 December 2013 amounted to approximately Renminbi ("**RMB**") 67.0 million (2012: RMB92.4 million), representing a decrease of approximately 27.5% as compared with the corresponding period in 2012.

- Turnover from the forestry business for the financial year ended 31 December 2013 was approximately RMB28.9 million (2012: nil) and segment profit from the forestry business for the financial year ended 31 December 2013 was approximately RMB10.4 million (2012: RMB1.5 million).

- Loss attributable to the owners of the Company for the financial year ended 31 December 2013 amounted to approximately RMB19.6 million (2012: RMB20.0 million), representing a decrease of approximately 2.0% as compared with the corresponding period in 2012.

- Total comprehensive expenses attributable to the owners of the Company for the financial year ended 31 December 2013 amounted to approximately RMB17.7 million (2012: RMB20.0 million), representing a decrease of approximately 11.5% as compared with the corresponding period in 2012.

- Basic and diluted loss per share for the financial year ended 31 December 2013 amounted to approximately RMB0.0514 (2012: RMB0.0542).

- The board (the "**Board**") of directors of the Company (the "**Directors**") does not recommend the payment of a final dividend for the financial year ended 31 December 2013 (2012: nil).

FINANCIAL RESULTS

The Board of China Agroforestry Low-Carbon Holdings Limited (the "**Company**") hereby announces the consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013, together with the comparative figures for the year ended 31 December 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Turnover	*4*	**66,956**	92,438
Cost of sales		**(68,617)**	(93,322)
Gross loss		**(1,661)**	(884)
Gain on change in fair value less costs to sell of plantation forest assets		**13,119**	1,799
Gain on bargain purchase of subsidiaries	*11*	**46,390**	–
Gain on disposal of a subsidiary		**–**	850
Sundry income		**191**	139
Loss on change in fair value of derivative financial assets		**(2,141)**	(3,128)
Loss on re-measurement of promissory notes upon change in note terms		**(9,050)**	–
Loss on early repayment of promissory notes		**(6,240)**	–
Selling and distribution costs		**(392)**	(777)
Administrative expenses		**(16,339)**	(5,761)
Impairment loss recognised in respect of	*9*		
– trade receivables		**(2,490)**	(11,122)
– other receivables		**(1,357)**	–
Finance costs	*5*	**(39,662)**	(1,153)
Loss before tax		**(19,632)**	(20,037)
Income tax expense	*6*	**–**	–
Loss for the year	*7*	**(19,632)**	(20,037)

	Notes	**2013**	2012
		RMB'000	*RMB'000*
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**1,954**	39
Other comprehensive income for the year		**1,954**	39
Total comprehensive expenses for the year		**(17,678)**	(19,998)
Loss for the year attributable to owners of the Company		**(19,632)**	(20,037)
Total comprehensive expenses for the year attributable to owners of the Company		**(17,678)**	(19,998)
Loss per share:	*8*		
Basic		**RMB5.14 cents**	RMB5.42 cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Non-current assets			
Property, plant and equipment		**6,940**	4,356
Prepaid lease payments		**10,768**	3,148
Plantation forest assets		**229,117**	19,195
		246,825	26,699
Current assets			
Inventories		**–**	2,961
Trade and other receivables	*9*	**55,509**	34,989
Prepaid lease payments		**267**	63
Derivative financial assets		**–**	2,184
Current tax recoverable		**232**	232
Bank balances and cash		**21,844**	26,198
		77,852	66,627
Current liabilities			
Trade and other payables	*10*	**5,917**	5,479
Amount due to a former controlling shareholder		**1,345**	1,385
		7,262	6,864
Net current assets		**70,590**	59,763
Total assets less current liabilities		**317,415**	86,462
Non-current liabilities			
Promissory notes payable		**235,671**	–
Convertible bonds		**–**	12,594
		235,671	12,594
Net assets		**81,744**	73,868
Capital and reserves			
Share capital		**3,466**	3,256
Reserves		**78,278**	70,612
Total equity attributable to owners of the Company		**81,744**	73,868

NOTES

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands. On 8 October 2009, the Company's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM on 13 May 2011. On 16 May 2011, the Company's shares are listed on the Main Board of the Stock Exchange.

Pursuant to a special resolution passed by the shareholders of the Company at the extraordinary general meeting held on 29 July 2013, the name of the Company was changed from "Jiangchen International Holdings Limited" to "China Agroforestry Low-Carbon Holdings Limited" with the adoption of the new Chinese name「中國農林低碳控股有限公司」 for identification purpose.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle
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 Associate and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year had no material impact on the consolidated financial statements.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of 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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". Upon the adoption of the amendments to HKAS 1, the consolidated statement of comprehensive income is renamed as the consolidated statement of profit or loss and other comprehensive income. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section of the consolidated statement of profit or loss and other comprehensive income 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 9	Financial Instruments[3]
HKFRS14	Regulatory Deferral Accounts[5]
HK(IFRIC)-Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for first time annual HKFRS financial statements beginning on or after 1 January 2016.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designed as at fair value through profit or loss, HKFRS 9 requires that amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impacts on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised HKFRSs in issue but not yet effective will have no material impact on the consolidated financial statements.

3. 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.

4. SEGMENT INFORMATION

Information reported to the chief executive officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Manufacturing and wholesaling of OEM products – manufacturing and sale of apparel products made according to design and specifications specified by customers.

(ii) Manufacturing and sales of branded products ("Brand business") – the sale of apparel designed in-house and sold under the Group's own brand name.

(iii) Forestry business – plantation, logging and the sale of timber related products.

Information regarding the above segments for the years ended 31 December 2013 and 2012 is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments for the years ended 31 December 2013 and 2012:

For the year ended 31 December 2013

	Manufacturing and wholesaling of OEM products *RMB'000*	**Brand business** *RMB'000*	**Forestry business** *RMB'000*	**Total** *RMB'000*
Turnover	**32,864**	**5,164**	**28,928**	**66,956**
Segment (loss) profit	**(9,849)**	**(2,024)**	**10,398**	**(1,475)**
Bank interest income				**17**
Exchange gains				**173**
Sundry income				**1**
Gain on bargain purchase of subsidiaries				**46,390**
Gain on disposal of a subsidiary				**–**
Loss on re-measurement of promissory notes upon change in note terms				**(9,050)**
Loss on change in fair value of derivative financial assets				**(2,141)**
Loss on early repayment of promissory notes				**(6,240)**
Central administrative costs				**(7,645)**
Finance costs				**(39,662)**
Loss before tax				**(19,632)**

For the year ended 31 December 2012

	Manufacturing and wholesaling of OEM products *RMB'000*	Brand business *RMB'000*	Forestry business *RMB'000*	Total *RMB'000*
Turnover	73,954	18,484	–	92,438
Segment (loss) profit	(12,315)	(3,016)	1,483	(13,848)
Bank interest income				139
Exchange gains				–
Sundry income				–
Gain on bargain purchase of subsidiaries				–
Gain on disposal of a subsidiary				850
Loss on re-measurement of promissory notes upon change in note terms				–
Loss on change in fair value of derivative financial assets				(3,128)
Loss on early repayment of promissory notes				–
Central administrative costs				(2,897)
Finance costs				(1,153)
Loss before tax				(20,037)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss/profit represent the loss/profit earned from each segment without allocation of central administrative costs including directors' emoluments and other corporate administrative costs, gain on disposal of a subsidiary, gain on bargain purchase of subsidiaries, bank interest income, loss on change in fair value of derivative financial assets, gain on re-measurement of promissory notes upon change in note terms, loss on early repayment of promissory notes and finance costs. This is the measure reported to the chief executive officer for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments as at 31 December 2013 and 2012:

	2013	2012
Segment assets	***RMB '000***	*RMB '000*
Manufacturing and wholesaling of OEM products	**35,022**	37,723
Brand business	**6,678**	5,606
Forestry business	**258,707**	20,679
Total segment assets	**300,407**	64,008
Unallocated	**24,270**	29,318
Consolidated assets	**324,677**	93,326

	2013	2012
Segment liabilities	***RMB '000***	*RMB '000*
Manufacturing and wholesaling of OEM products	**785**	5,090
Brand business	**151**	141
Forestry business	**2,172**	35
Total segment liabilities	**3,108**	5,266
Unallocated	**239,825**	14,192
Consolidated liabilities	**242,933**	19,458

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to operating segments other than derivative financial assets, current tax recoverable, bank balances and cash and other assets for corporate use including certain property, plant and equipment and other receivables.

– all liabilities are allocated to operating segments other than promissory notes payable, convertible bonds, tax liabilities, amount due to a former controlling shareholder and certain other payables.

Other segment information

For the year ended 31 December 2013

	Manufacturing and wholesaling of OEM products *RMB'000*	Brand business *RMB'000*	Forestry business *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss/ profit or segment assets						
Additions to non-current assets	–	–	234,637	234,637	886	235,523
Depreciation of property, plant and equipment	320	192	59	571	164	735
Amortisation of prepaid lease payments	34	10	122	166	–	166
Loss on disposal of property, plant and equipment	39	–	–	39	–	39
Gain on change in fair value less cost to sell of plantation forest assets	–	–	13,119	13,119	–	13,119
Impairment loss recognised in respect of trade receivables	2,490	–	–	2,490	–	2,490
Impairment loss recognised in respect of other receivables	1,357	–	–	1,357	–	1,357
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment loss/profit						
Bank interest income	–	–	–	–	17	17
Sundry income	–	1	–	1	173	174
Interest expenses	–	–	–	–	39,662	39,662
Loss on re-measurement of promissory notes upon change in notes terms	–	–	–	–	9,050	9,050
Loss on early redemption of promissory note	–	–	–	–	6,240	6,240
Gain on bargain purchase of subsidiaries	–	–	–	–	46,390	46,390
Gain on disposal of a subsidiary	–	–	–	–	–	–
Loss on change in fair value of derivative financial assets	–	–	–	–	2,141	2,141

Other segment information

For the year ended 31 December 2012

	Manufacturing and wholesaling of OEM products *RMB'000*	Brand business *RMB'000*	Forestry business *RMB'000*	Segment total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss/profit or segment assets						
Additions to non-current assets	–	–	18,885	18,885	23	18,908
Depreciation of property, plant and equipment	1,055	228	15	1,298	3	1,301
Amortisation of prepaid lease payments	151	10	–	161	–	161
Loss on disposal of property, plant and equipment	50	77	–	127	–	127
Gain on change in fair value less cost to sell of plantation forest assets	–	–	1,799	1,799	–	1,799
Impairment loss recognised in respect of trade receivables	11,122	–	–	11,122	–	11,122
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment loss/profit						
Bank interest income	–	–	–	–	139	139
Interest expenses	–	–	–	–	1,153	1,153
Gain on bargain purchase of subsidiaries	–	–	–	–	–	–
Gain on disposal of a subsidiary	850	–	–	850	–	850
Gain on change in fair value of derivative financial assets	–	–	–	–	3,128	3,128

Geographical information

Information about the Group's revenue from external customers presented based on the location of customers is detailed below:

	2013 *RMB'000*	2012 *RMB'000*
PRC (excluding Hong Kong)	**63,135**	92,438
Others	**3,821**	–
	66,956	92,438

An analysis of segment assets and capital expenditure by geographical area in which the assets are located has not been presented as the Group's assets are substantially located in the PRC.

Information about major customers

Revenue from individual customers which contributed over 10% of the revenue of the Group are as follows:

	2013	2012
	RMB'000	*RMB'000*
Customer A[2]	**28,928**	N/A[1]
Customer B[3]	**14,462**	29,753
Customer C[3]	**N/A[4]**	20,382
Customer D[3]	**10,736**	12,696
Customer E[3]	**N/A[4]**	11,122

1 The corresponding revenue did not contribute over 10% of the total sales for the year.
2 Revenue from forestry business.
3 Revenue from manufacturing and wholesaling of OEM products.
4 The revenue for the current year did not contribute over 10% of the total sales for the year.

5. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on secured bank borrowings wholly repayable within one year	**–**	318
Interest expense on promissory notes	**38,719**	–
Interest expense on convertible bonds	**943**	835
	39,662	1,153

6. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
PRC Enterprise Income Tax	**–**	–

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profits derived from Hong Kong for both of the years presented.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax of 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%. Pursuant to the Implementation Rules to the EIT Law, the Group's PRC subsidiaries which are engaged in forestry business are entitled to full exemption from PRC Enterprise Income Tax in respect of both of the years presented.

7. LOSS FOR THE YEAR

	2013	2012
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Directors' emoluments	**491**	228
Other staff costs *(Note below)*	**14,364**	23,583
Total staff costs	**14,855**	23,811
Amortisation of prepaid lease payments	**166**	161
Auditors' remuneration	**704**	717
Cost of inventories recognised and timber harvested	**66,817**	93,211
Depreciation of property, plant and equipment	**735**	1,301
Bank interest income	**(17)**	(139)
Exchange (gains) losses	**(173)**	97
Loss on disposal of property, plant and equipment	**39**	127
Operating lease rentals in respect of rented premises	**1,267**	79
Research and development cost recognised	**131**	283

Note:

Included in other staff costs are contributions to retirement benefits schemes amounted to RMB3,048,000 (2012: RMB8,389,000).

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributed to the owners of the Company is as follows:

	2013	2012
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic loss per share		
Loss for the year	**(19,632)**	(20,037)
Effect of dilutive potential ordinary shares:		
– Interest expense on convertible bonds	**943**	835
– Loss on change in fair value of derivative financial assets	**2,141**	3,128
– Interest expense on promissory notes	**7,724**	–
Loss for the purpose of diluted loss per share	**N/A**	N/A
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**382,176**	370,000
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**14,120**	26,296
– Warrants	**17,594**	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	**413,890**	396,296

As the Group sustained a loss for both of the years presented, diluted loss per share for these years are not presented as the potential shares issuable arising from the conversion of the convertible bonds and warrants would decrease the loss per share which is regarded anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**67,119**	25,470
Less: allowance for doubtful debts	**(13,712)**	(11,222)
	53,407	14,248
Prepayments	**746**	2,224
Deposits	**685**	
Other receivables	**671**	18,517
	55,509	34,989

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 aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date:

	2013	2012
	RMB'000	*RMB'000*
0 – 90 days	**17,778**	10,180
91 – 180 days	**22,951**	4,068
181 – 365 days	**12,678**	–
Total	**53,407**	14,248

10. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**10**	722
Other payables	**3,799**	3,052
Receipt in advance	**–**	27
Accruals	**2,108**	1,678
	5,917	5,479

The average credit period on purchase of goods ranges from 45 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013	2012
	RMB'000	*RMB'000*
0 – 30 days	**–**	257
31 – 90 days	**–**	465
Over 90 days	**10**	–
Total	**10**	722

11. ACQUISITION OF SUBSIDIARIES

On 28 May 2013, the Group acquired 100% equity interests in China Timbers Limited ("China Timbers") from a third party for an aggregate consideration of HK$280,000,000 which was satisfied by (i) cash of HK$136,000,000 (equivalent to approximately RMB108,293,000) and (ii) the promissory notes payable with the principal amount of HK$144,000,000 (the "Note B") issued by the Company. China Timbers, through its subsidiaries established in the PRC (together with China Timbers referred to as "China Timbers Group"), is principally engaged in the operation and management of the forest land in Jiange County, Sichuan Province.

This acquisition has been accounted for by business combination using the purchase method. The effect of the acquisition is summarised as follows:

Consideration transferred

	RMB'000
Cash	108,293
Fair value of Note B	77,631
	185,924

Assets and liabilities of China Timbers Group recognised at the date of acquisition are as follows:

	RMB'000
Non-current assets	
Property, plant and equipment	40
Plantation forest assets	223,930
Prepaid lease payments	7,990
Current assets	
Trade receivables	267
Bank balances and cash	100
Current liabilities	
Trade and other payables	(13)
	232,314

Bargain purchase gain arising on acquisition

	RMB'000
Fair value of identifiable net assets acquired	232,314
Consideration transferred	(185,924)
Gain on bargain purchase	46,390

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

As a result of the continuing adverse conditions in the garment business segment and the implementation of strategic diversification, the Company had been actively seeking for diversified business opportunities since 2012. In 2013, the Company started to venture into the forestry business via acquisitions of companies engaging in the operation and management of forest lands in the PRC.

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 business as its core business, with over 24,500 Chinese Mu forest lands under management as at 31 December 2013. The Group is also engaged in the manufacturing and wholesaling of apparels under its own brand name and on an original equipment manufacturing ("**OEM**") basis in the PRC.

Forestry business

As at 31 December 2013, the long-lease forest lands in the PRC owned by the Group were approximately 3,530 Chinese Mu and 21,045 Chinese Mu in Dali City of Yunnan Province and Jiange County of Sichuan Province, respectively.

The Group began harvesting works in September 2013. The Group harvested approximately 25,000 cubic metres of forest stock in the Jiange County of Sichuan Province from September 2013 to December 2013. Approximately 43.2% of the revenue of the Group was contributed by China Timbers for the year ended 31 December 2013 (2012: nil).

The forest lands situated in Dali City of Yunnan Province have been under various maintenance works, and the logging and transportation permits of the forest lands are being applied before the commencement of harvesting work. Accordingly, nil revenue has been contributed by Rongxuan Forestry Investment Holdings Limited ("**Rongxuan**") to the Group for the year ended 31 December 2013 (2012: nil).

Garment business

For the year ended 31 December 2013, the Group's garment business consisted of manufacturing and wholesaling of apparels on an OEM basis and manufacturing and sales of branded products in the PRC. The apparels under its own brand name and of the Company are mainly sold to domestic import and export companies, and overseas trading companies for export. Accordingly, the Group's garment business is mainly operated in the PRC. Approximately 56.8% of the Group's revenue was generated from the garment business for the year ended 31 December 2013 (2012: 100%).

The PRC market did not grow to the extent that the Company had hoped during the year ended 31 December 2013. During the year, the Group's garment business faced a very complex and volatile environment both domestically and internationally. The core garment manufacturing business of the Group has been significantly impacted by the unfavorable and uncertain global macroeconomic environment and the said business continues 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 year ended 31 December 2013.

Financial Review

Turnover

During the financial year ended 31 December 2013, the Company recorded a turnover of approximately RMB67.0 million, representing a decrease of approximately 27.5% as compared to approximately RMB92.4 million for 2012. Such significant drop was mainly due to the slowdown of both domestic and overseas demand and the fierce competition in the garment industry in the PRC, which is partially offset by the new stream of revenue generated from the forestry business.

Turnover from the Company's forestry business for the year ended 31 December 2013 was approximately RMB28.9 million (2012: nil). This is attributable to the sale of the forest stock harvested from the Jiange County of Sichuan Province from September 2013 to December 2013. The Group expects the revenue generated from this business to further increase in the coming year with a full year of harvesting of the forest land situated in Jiange County of Sichuan Province and the commencement of harvesting of the forest land situated in the Dali City of Yunan Province in 2014.

Turnover from the Company's OEM apparels sold to domestic import and export companies and overseas trading companies for export for the year ended 31 December 2013 was approximately RMB32.9 million (2012: RMB74.0 million), which is approximately 55.5% lower than that for the corresponding period in 2012. Such decrease was mainly attributable to the impact of 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 outlet in the PRC. The turnover of the distribution of the Company's brand apparels for the year ended 31 December 2013 was approximately RMB5.2 million (2012: RMB18.5 million), which is approximately 71.9% lower than that for the corresponding period in 2012. Such decrease was mainly attributable to the weaker market sentiment in the PRC.

In terms of product mix, turnover of OEM products represented approximately 86.4% of the total garment business turnover (2012: 80.0%) while turnover of the brand products only accounted for approximately 13.6% (2012: 20.0%).

Gross loss

The Group recorded a gross loss of approximately RMB1.7 million for the year ended 31 December 2013 (2012: RMB0.9 million), representing an increase of approximately 88.9% as compared to that for the corresponding period in 2012.

The Group's forestry business recorded nil gross profit for the year ended 31 December 2013 (2012: nil). Cost of sales of the Group's forestry business mainly included timber costs, measured at its fair value less costs to sell at the point of harvest, and forest protection fund paid to the government authorities.

The Group's garment business recorded a gross loss of approximately RMB1.7 million for the year ended 31 December 2013 (2012: RMB0.9 million), representing an increase of approximately 88.9% as compared to that for the corresponding period in 2012.

Cost of sales of the Group's garment business mainly included costs incurred from raw materials, direct labour costs and manufacturing overheads. The decrease in the Group's cost of sales for the year ended 2013 was mainly a result of the decreased costs of raw materials owing to the drop of the sales volume in apparel products.

The gross margin of the Group's garment business, calculated by dividing gross profit by turnover, is not applicable for the financial year ended 31 December 2012 and 2013 as a gross loss was recorded for both years. The gross loss in 2013 was mainly attributable to the decreased sales volume of the Group's apparel products as a result of the fierce competition in the garment industry, the weaker market sentiment in the PRC and the direct labour costs owing to the statutory minimal wages policy in the PRC.

Selling and distribution costs

The selling and distribution costs of the Group decreased from approximately RMB0.8 million for the year ended 31 December 2012 to approximately RMB0.4 million for the year ended 31 December 2013, representing a decrease of approximately 50.0%. The decrease in selling and distribution costs was mainly attributable to the decrease of the transportation costs owing to the decreased sales volume of the Group's apparel products.

Administrative expenses

The administrative expenses of the Group increased by approximately 181.0% from approximately RMB5.8 million for the year ended 31 December 2012 to approximately RMB16.3 million for the year ended 31 December 2013. The increase in administrative expenses was mainly due to the addition of staff and administrative costs associated with the forestry business.

Finance costs

The finance costs were related to the interests on (i) the issue of promissory notes ("**Note A**"), bearing 15% interest per annum, in the principal amount of HK$190 million by the Company on 8 January 2013 for cash; and (ii) the issue of promissory notes ("**Note B**"), bearing 3% interest per annum, in the principal amount of HK$144 million issued by the Company on 28 May 2013 as partial settlement of the consideration for the acquisition of the entre issued share capital of China Timbers; and (iii) the zero coupon convertible bonds for the acquisition of the Rongxuan group on 11 July 2012.

Income tax expense

For the year ended 31 December 2013, the effective tax rate of the Group was approximately 0% because there was loss before tax and no income tax expenses had been incurred (2012: 0%).

Loss and total comprehensive expenses attributable to owners of the Company

As a result of the above changes, the Company has recorded a loss of approximately RMB19.6 million, representing a decrease of approximately 2.0% as compared to a loss of approximately RMB20.0 million for the year ended 31 December 2012. The total comprehensive expenses attributable to owners of the Company was approximately RMB17.7 million for the year ended 31 December 2013, which represents a decrease of approximately 11.5% when comparing to approximately RMB20.0 million for the year ended 31 December 2012.

Basic and diluted loss per share

Basic and diluted loss per share for the financial year ended 31 December 2013 amounted to RMB0.0514 (2012: RMB0.0542), representing a decrease of approximately 5.2%.

Employees and Remuneration Policies

As at 31 December 2013, the Group employed a total of 766 employees (981 as at 31 December 2012). Total staff costs for the year under review, including the Directors' remuneration and termination benefits, amounted to approximately RMB14.9 million (2012: RMB23.8 million). The Group's remuneration policies are in line with the prevailing market standards and are determined on the basis of the performance and the level of experience of each 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 and bank borrowings. As at 31 December 2013, the Group had total assets of approximately RMB324.7 million (2012: RMB93.3 million) and net assets of approximately RMB81.7 million (2012: RMB73.9 million). The Group's cash and bank balances as at 31 December 2013 amounted to approximately RMB21.8 million (2012: RMB26.2 million). As at 31 December 2013, there was no unutilised banking facilities (unutilised banking facilities as at 31 December 2012: HK$190,000,000 (equivalent to approximately RMB154,831,000)).

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 conditionally agreed to acquire from Mr. Du Jianjun the entire issued share capital of China Timbers at a consideration of HK$280,000,000, which was to be satisfied by HK$136,000,000 in the form of cash, and the remaining balance in the form of promissory note. The acquisition of China Timbers was approved by the shareholders on 16 May 2013 and the aforesaid acquisition was completed on 28 May 2013.

Taking into account the cash reserves and net current assets of the Group, the Group's financial position is healthy, positioning the Group advantageously to expand its core business and seek other opportunities in order to achieve its business objectives.

Pledge of Assets

The Group had pledged certain of its buildings and leasehold lands to secure banking facilities granted to the Group. At the end of the reporting period, the carrying values of these pledged assets are as follows:

	2013	2012
	RMB'000	*RMB'000*
Buildings	–	1,403
Prepaid lease payments	–	1,081
	–	2,484

As at 31 December 2013, the Company has pledged its entire equity interest of all subsidiaries under Rongxuan Forestry Investment Holdings Limited and China Timbers Limited to Maple Reach Limited ("**Maple Reach**") as security for the pledged notes issued to Maple Reach.

Commitments

The Group leases certain of its office premises and production plants under operating lease arrangements with leases negotiated for an average term of one to three years and rentals are fixed over the lease term. At the end of the reporting period, the Group had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013	2012
	RMB'000	*RMB'000*
Within one year	**2,385**	212
In the second to fifth year inclusive	**3,977**	322
	6,362	534

The commitment disclosed above included the lease payments of approximately RMB33,000 (2012: RMB62,000) which are payable to Mr. Tsoi Kam On, the brother of Mr. Cai Shuiyong, under the operating leases which will expire in 2014.

The Group had no material capital commitments as at 31 December 2013.

As at 31 December 2012, capital expenditure in respect of the acquisition of a subsidiary authorised but not contracted for amounted to approximately RMB229,133,000. The acquisition of the subsidiaries was completed during the current year.

Contingent Liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities (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 risk. The majority of the Group's cash and bank balances are also denominated in these two currencies. During the financial year ended 31 December 2013, the Group did not experience significant exposure to the 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 future when necessary.

Gearing Ratio

The gearing ratio of the Group, which is calculated as total liabilities divided by total assets of the Group was approximately 74.8% as at 31 December 2013 (31 December 2012: 20.8%).

The increase in the gearing ratio of the Group is primarily attributable to the issue of Note A and Note B.

During the year, no part of Note A was redeemed and HK$25,000,000 of Note B was redeemed at cash consideration of HK$25,000,000. Accordingly, the principal amount of HK$190 million of Note A and HK$119,000,000 of Note B remain outstanding as at the date of this announcement.

Capital Structure

The capital of the Group comprises only ordinary shares. As at 31 December 2013, the total number of the ordinary shares of the Company in issue was 396,296,296 shares (2012: 370,000,000 shares). The total equity attributable to the owners of the Company as at 31 December 2013 was approximately RMB81.7 million (2012: RMB73.9 million).

On 8 January 2013, the Company issued the Note A with the principal amount of HK$190,000,000 to a third party, Maple Reach, for a cash consideration of HK$190,000,000. The Note A bears interest at 15% per annum, payable on a semi-annual basis, and is payable on the maturity date of two years after the date of issue with a redemption premium of HK$26,610,000. Under the terms of the Note A, the Company was entitled to early redeem the note after six months from the issue date at the principal amount of the note plus the redemption premium as specified therein. The Note A was secured by 186,850,000 shares of the Company owned by existing shareholders of the Company, the Company's entire equity interest of all subsidiaries under the Rongxuan Group and the Group's entire equity interest of all subsidiaries under the China Timbers Group upon completion of its acquisition by the Group.

On 18 January 2013, the Company entered into the warrant subscription agreements with seven independent subscribers, pursuant to such agreements the Company agreed to issue, and the seven 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 the warrant subscription agreements, the holders of the unlisted warrants will be entitled to subscribe for up to 22,000,000 new shares at the initial subscription price of HK$0.99 per share for a period of 3 years commencing from the date of the issuance of the warrants.

On 16 May 2013, the parties to the Note A reached an agreement for the change in the terms of the note, under which warrants with the nominal value of HK$26,610,000 (the "**Warrant A**") was issued by the Company to Maple Reach and the redemption premium of HK$26,610,000 referred above was agreed not to be paid by the Company upon redemption of the Note A. The holder of the warrants is entitled to convert the warrants into new shares of the Company (the "**Warrant Shares**") for the following period at the conversion price of HK$1.066 per share.

During the year, no part of the Note A was redeemed and no part of the Warrant A was converted into shares of the Company. As at the date of this announcement, the Note A with the principal amount of HK$190,000,000 (2012: nil) and the Warrant A with the nominal value of HK$26,610,000 (2012: nil) remained outstanding.

On 28 May 2013, the Company issued the Note B with the principal amount of HK$144,000,000 as part of the consideration for the acquisition of certain subsidiaries. The Note B, which is unsecured, bears interest at 3% per annum for the first two years from the date of issue and 8% per annum thereafter, and is payable the maturity date of 28 May 2018 at the principal amount. The Company is also entitled to redeem the whole or part of the Note B at the principal amount at any time before the maturity date.

During the year, the Company redeemed part of the Note B with the principal amount of HK$25,000,000 at cash consideration of HK$25,000,000. As at the date of this announcement, the Note B with the principal amount of HK$119,000,000 (2012: nil) remained outstanding.

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

Significant Investment 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 conditionally agreed to acquire from Mr. Du Jianjun the entire issued share capital of China Timbers at a consideration of HK$280,000,000, which was to be satisfied by HK$136,000,000 in the form of cash, and the remaining balance in the form of promissory note. The acquisition of China Timbers was approved by the shareholders on 16 May 2013 and the aforesaid acquisition was completed on 28 May 2013. 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 investment held or material acquisitions and disposals of subsidiaries for the year ended 31 December 2013.

Future Plans for Material Investments or Capital Assets

As at 31 December 2013, the Group expected to incur an estimated RMB5 million for the purposes of constructing and setting up the biomass fuel base located in the Jiange Country, with the designed capacity of 30,000 to 40,000 tonnes per year. The said biomass fuel base was completed in January 2014 and has commenced production since completion of the biomass fuel base. For further details, please refer to the announcement of the Company dated 17 January 2014.

Save as disclosed above, the Group had no future plans for material investments or capital assets as at 31 December 2013.

Events Subsequent to the end of Reporting Period

In January 2014, February 2014 and March 2014, the Company issued debentures with the aggregate principal amounts of HK$15,000,000. The debentures, which are unsecured and carry interest at 7% per annum, are repayable on the maturity date of 7 years after the date of issue of such debentures.

Prospect and Outlook

For 2014, we expect to see modest growth in major economies. While the US economy continues its gradual recovery, the PRC economy is expected to slow down but in a managed manner. However, uncertainties still exist in the macro environment that could lead to unexpected market volatility and need to be monitored closely. The US economic recovery and the tapering of the quantitative easing programme will have important implications for the global markets.

The Group is expecting a challenging year ahead for its garment business in light of the above and due to other factors such as the fierce competition in the garment industry, fluctuation of the price of raw materials and the rise of the statutory minimum wages in the PRC, which had led to a gross loss for this segment. The Group may re-structure its garment business, as it may not demonstrate promising growth in the future.

Given that the PRC's economy is no longer developing at double-digit rates of growth and has entered a mature stage featuring more robust but slower growth, the Group is cautiously optimistic about the future of the forestry industry.

Maintenance works of the forest lands in the Jiange County of Sichuan Province and in the Dali City of Yunan Province has been ongoing and the logging and transportation permits for 2014 has been applied for. Harvesting of forest stock will commence when the said permits are obtained, with production capacity expected to grow gradually in 2014.

Looking forward, the Group will continue to implement its vertically-integrated development strategy by exploring downstream businesses to capture opportunities throughout the industry value chain, including utilising forestry waste to produce biomass fuel.

ANNUAL DIVIDEND

The Board does not recommend the payment of an annual dividend for the financial year ended 31 December 2013 (2012: nil) and there is no closure of the registers of members accordingly.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of attracting and retaining the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

Since the Scheme has become effective on 8 October 2009, no share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 31 December 2013.

SCOPE OF WORK OF CCTH CPA LIMITED

The auditors of the Company were previously SHINEWING (HK) CPA Limited ("**SHINEWING**") for the years ended 31 December 2009 to 2012. On 24 December 2013, the Board appointed CCTH CPA Limited ("**CCTH**") as the new auditors of the Company to fill the casual vacancy occasioned by the resignation of SHINEWING.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, CCTH, to the amounts set out in the Group's draft consolidated accounts for the year. The work performed by CCTH in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH on the preliminary announcement. The audit committee has reviewed the annual results for the financial year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and practices to protect the interests of the shareholders of the Company. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. The Company adopts the principles set out in the Corporate Governance Code and embedding best governance practices throughout the organization.

The Company has adopted all the code provisions (the "**Code Provisions**") contained in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the Company's code of corporate governance. Throughout the year ended 31 December 2013, 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, with the exceptions of Code Provisions A.1.8 and A.2.1 as addressed below:

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. Up to the date of this announcement, the Company has not arranged to purchase any Directors and Officers' Liability Insurance, which covers in respect of legal action against the Directors. While the Company is committed to achieving high standards of corporate governance and to complying with the code provisions, the Company decided to delay 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 with the most cost-efficient; and

2. Pursuant to the Code Provision A.2.1, the roles of chairman and chief executive officer should not be performed by the same individual. Mr. Cai Shuiyong was previously appointed as the chairman and chief executive officer of the Company. On 21 June 2013, the Company has appointed Mr. Lei Zuliang and Mr. Cai Shuiyong has relinquished his role as the chairman of the Company. Since then, the Company has complied with Code Provision A.2.1.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the Code Provisions during the year of 31 December 2013.

REVIEW BY AUDIT COMMITTEE

The Company established an audit committee in September 2009 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules, which were reviewed from time to time by the Board to keep them in line with the most up-to-date requirements. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. As at the date of this announcement, the audit committee has three members comprising our three independent non-executive Directors, namely Mr. Zhou Wei, Ms. Tian Guangmei and Mr. Liang Guoxin. Ms. Tian Guangmei has been appointed as the chairman of the audit committee.

The audit committee reviews the interim and annual reports before submission to the Board. 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 accounting principles and practices adopted by the Company, the annual results of the Group during the year ended 31 December 2013 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2013. The audit committee is of the view that the Group's consolidated financial statements for the year under review are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made.

COMPLIANCE WITH THE MODEL CODE FOR 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 standard of dealings as set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors for the year ended 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2013.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the financial year, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

ANNUAL GENERAL MEETING

Notice of annual general meeting of the Company will be published on the website of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") at www.hkex.com.hk and the website of the Company at www.chinacaflc.com, as well as despatched to shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company and the Stock Exchange. The 2013 annual report of the Company will be despatched to shareholders of the Company around mid-April of 2014 and will also be available at the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to the management and staff members for their continued dedication and contribution. I would also like to express our gratitude to our shareholders for their support to the Group.

By order of the Board
China Agroforestry Low-Carbon Holdings Limited
Lei Zuliang
Chairman and Executive Director

Shenzhen, The PRC, 31 March 2014

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