

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



CHINA FORESTRY HOLDINGS CO., LTD.
中國森林控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 930)

UNAUDITED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the “Board”) of China Forestry Holdings Co., Ltd. (the “Company”) announces, based on the information available, the unaudited financial information together with the relevant comparative figures of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013, which have yet to be audited, have been reviewed by the Company’s audit committee (the “Audit Committee”) and approved by the Board for publication.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2013

(Expressed in Renminbi)

	2013 RMB'000	2012 RMB'000
Turnover	212,673	143,952
Cost of inventory sold	(189,871)	(159,089)
Other operating income	46,983	23,564
Amortisation of insurance premium	(124)	(146)
Amortisation of lease prepayments	(10,752)	(9,679)
Amortisation of intangible assets	(937)	–
Consultancy fees	(8,650)	(14,884)
Depreciation	(18,148)	(12,286)
Foreign exchange gain/(loss)	7,619	(3,085)
Other operating expenses	(46,371)	(35,401)
Rental expenses of properties	(9,165)	(8,078)
Staff costs	(42,094)	(45,862)
Travelling expenses	(8,702)	(7,256)
Changes in fair value of plantation assets less costs to sell	(1,070,600)	(858,230)
Impairment loss on lease prepayments	–	(3,876)
Impairment loss on trade receivables	(6,672)	(7,581)
Impairment loss on other receivables	(951)	(935)
Impairment loss on property, plant and equipment	(60,021)	–
Write-down of inventories	(1,472)	(56,298)
Impairment loss on prepayment for purchase of inventories	–	(13,000)
Gain on a bargain purchase of subsidiaries	–	1,665
Loss from operations	(1,207,255)	(1,066,505)
Finance income	14,954	14,590
Finance expenses	(119,317)	(125,523)
Net finance costs	(104,363)	(110,933)
Loss before taxation	(1,311,618)	(1,177,438)
Income tax	(162)	(9,305)
Loss for the year	(1,311,780)	(1,186,743)
Attributable to:		
Owners of the Company	(1,291,356)	(1,180,302)
Non-controlling interests	(20,424)	(6,441)
	(1,311,780)	(1,186,743)
Loss per share (RMB)		
Basic and diluted	(0.42)	(0.39)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

(Expressed in Renminbi)

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Loss for the year	<u>(1,311,780)</u>	<u>(1,186,743)</u>
Other comprehensive income for the year, net of tax		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of group entities outside of the PRC	<u>15,668</u>	<u>16,298</u>
Total other comprehensive income for the year	<u>15,668</u>	<u>16,298</u>
Total comprehensive loss for the year	<u>(1,296,112)</u>	<u>(1,170,445)</u>
Attributable to:		
Owners of the Company	<u>(1,274,572)</u>	<u>(1,164,004)</u>
Non-controlling interests	<u>(21,540)</u>	<u>(6,441)</u>
	<u>(1,296,112)</u>	<u>(1,170,445)</u>

The components of other comprehensive income do not have any significant tax effect for each of the two years ended 31 December 2013 and 2012.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

(Expressed in Renminbi)

	2013 RMB'000	2012 RMB'000
Non-current assets		
Property, plant and equipment	123,092	145,418
Lease prepayments	315,288	316,564
Plantation assets	997,188	2,033,900
Intangible assets	5,063	–
Prepayment for forest acquisition	–	49,787
Deposit for construction of a property	6,212	6,212
Deferred tax assets	3,510	3,642
	<hr/>	<hr/>
Total non-current assets	1,450,353	2,555,523
	<hr/>	<hr/>
Current assets		
Lease prepayments	11,045	10,724
Inventories	52,750	39,405
Trade and other receivables	136,685	88,363
Loan receivable	30,000	50,000
Due from customers on construction contracts	41,350	28,804
Financial assets at fair value through profit or loss	63,920	66,560
Pledged bank deposits	7,300	10,700
Cash and cash equivalents	58,484	395,876
	<hr/>	<hr/>
Total current assets	401,534	690,432
	<hr/>	<hr/>
Current liabilities		
Trade and other payables	(570,881)	(617,627)
Interest-bearing borrowings	(50,000)	(70,000)
Current income tax payable	(71,385)	(71,385)
Financial guarantee liabilities	–	(3,000)
	<hr/>	<hr/>
Total current liabilities	(692,266)	(762,012)
	<hr/>	<hr/>
Net current liabilities	(290,732)	(71,580)
	<hr/>	<hr/>
Total assets less current liabilities	1,159,621	2,483,943
	<hr/>	<hr/>
Non-current liabilities		
Interest-bearing borrowings	(1,080,155)	(1,106,989)
	<hr/>	<hr/>
Total non-current liabilities	(1,080,155)	(1,106,989)
	<hr/>	<hr/>
NET ASSETS	79,466	1,376,954
	<hr/>	<hr/>
CAPITAL AND RESERVES		
Share capital	20,797	20,797
Reserves	37,937	1,313,885
	<hr/>	<hr/>
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	58,734	1,334,682
Non-controlling interests	20,732	42,272
	<hr/>	<hr/>
TOTAL EQUITY	79,466	1,376,954
	<hr/>	<hr/>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

for the year ended 31 December 2013

(Expressed in Renminbi)

1. GENERAL INFORMATION

China Forestry Holdings Company Limited (the “Company”) was incorporated and registered as an exempted company with limited liability under the Companies Law of the Cayman Islands and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 3 December 2009 and have been suspended from trading since 26 January 2011. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 2507, 25th Floor, Bank of America Tower, 12 Harcourt road, Hong Kong respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”).

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the “Group”). The consolidated financial statements are presented in Renminbi (“RMB”), rounded to the nearest thousand except for per share data. The functional currency of the entities within the Group is RMB except for the Company and other group entities established outside the PRC for which the functional currency is Hong Kong dollars (“HK\$”). As the Group mainly operates in the PRC, RMB is used as the presentation currency of the Group.

3. TURNOVER

Turnover represents the sales value of goods supplied to customers less value added tax, returns and trade discounts and service income from the provision of wood processing and construction and catering services.

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue from trading of timber logs and lumbers	146,369	48,493
Revenue from sales of logs from harvesting activities	14,902	46,610
Revenue from provision of wood processing and construction services	50,665	48,849
Revenue from provision of catering services	737	–
	<u>212,673</u>	<u>143,952</u>

4. OTHER OPERATING INCOME AND EXPENSES

a) Other operating income

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Reversal of impairment loss on trade receivables (<i>note i</i>)	2,250	15,050
Reversal of impairment loss on prepayment for purchase of inventories (<i>note i</i>)	6,825	3,365
Reversal of impairment loss on other receivables (<i>note i</i>)	600	3,000
De-recognition of long outstanding payables	4,059	–
Recovery of embezzled funds (<i>note ii</i>)	30,000	–
Government grants	–	264
Others	3,249	1,885
	<u>46,983</u>	<u>23,564</u>

Notes:

- i) During the year ended 31 December 2013, the Group recovered previously impaired debts from debtors and suppliers. Hence impairment losses of RMB2,250,000 (2012: RMB15,050,000), RMB600,000 (2012: RMB3,000,000) and RMB6,825,000 (2012: RMB3,365,000) on trade receivables, other receivables and prepayment for purchase of inventories were reversed respectively.
- ii) In January 2011, the Group discovered that the former chief executive officer, Mr. Li Han Chun embezzled funds of approximately RMB30 million from the Group. During the year ended 31 December 2013, the Group received a refund of RMB30 million from the public security bureau as a recovery of the embezzled funds.

b) Other operating expenses

The other operating expenses include the following:

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Auditors' remuneration		
– audit services	3,063	3,213
– non-audit services	1,359	1,056
	4,422	4,269
Fair value loss on financial assets at fair value through profit or loss	13,254	8,184
Loss on disposal of property, plant and equipment	8	403
	<u>8</u>	<u>403</u>

5. NET FINANCE COSTS

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Finance income		
Interest income earned from deposits with banks	<u>1,295</u>	<u>3,071</u>
Total interest income on financial assets not at fair value through profit or loss	1,295	3,071
Interest income from financial assets at fair value through profit or loss	<u>13,659</u>	<u>11,519</u>
	<u>14,954</u>	<u>14,590</u>
Finance expenses		
Interest on senior notes wholly repayable within five years	(116,092)	(122,017)
Interest on short-term bank loans wholly repayable within five years	(2,768)	(2,809)
Other interest	(457)	(525)
Total interest expense on financial liabilities not at fair value through profit or loss	(119,317)	(125,351)
Others	<u>-</u>	<u>(172)</u>
	<u>(119,317)</u>	<u>(125,523)</u>
Net finance costs	<u>(104,363)</u>	<u>(110,933)</u>

6. STAFF COSTS

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Salaries, wages and other benefits	40,850	41,401
Contributions to defined contribution retirement schemes	6,460	4,190
Equity-settled share-based payment expenses	<u>(1,376)</u>	<u>2,288</u>
Total (including directors' emoluments)	45,934	47,879
Less: staff costs absorbed into work in progress	<u>(3,840)</u>	<u>(2,017)</u>
	<u>42,094</u>	<u>45,862</u>

7. SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company was suspended since 26 January 2011 and shall remain suspended until further notice.

By order of the Board
China Forestry Holdings Co., Ltd.
Li Kwok Cheong
Chairman

Hong Kong, 9 March 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Li Kwok Cheong and Mr. Lin Pu, the non-executive Directors of the Company are Mr. Li Zhi Tong and Mr. Meng Fan Zhi, and the independent non-executive Directors of the Company are Mr. Liu Can, Dr. Liu Yong Ping and Ms. Hsu Wai Man, Helen.