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 2014

FINANCIAL HIGHLIGHTS

- Turnover for the financial year ended 31 December 2014 amounted to approximately Renminbi ("**RMB**") 26.8 million (2013: RMB67.0 million), representing a decrease of approximately 60% as compared with the corresponding period in 2013.

- Turnover from the continuing operations of the Company for the financial year ended 31 December 2014 was approximately RMB26.8 million (2013: RMB28.9 million); segment profit from the forestry business for the financial year ended 31 December 2014 was approximately RMB6.6 million (2013: RMB10.4 million).

- Loss attributable to the owners of the Company for the financial year ended 31 December 2014 amounted to approximately RMB90.3 million (2013: RMB19.6 million), representing a decrease of approximately 360.7% as compared with the corresponding period in 2013.

- Total comprehensive expenses attributable to the owners of the Company for the financial year ended 31 December 2014 amounted to approximately RMB91.5million (2013: RMB17.7 million), representing an increase of approximately 416.9% as compared with the corresponding period in 2013.

- Basic and diluted loss per share for the financial year ended 31 December 2014 amounted to approximately RMB19.48 cents (2013: RMB5.14 cents).

- 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 2014 (2013: 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 2014, together with the comparative figures for the year ended 31 December 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** ***RMB'000***	2013 *RMB'000* (restated)
Continuing Operations			
Revenue	*4*	**26,837**	28,928
Cost of sales		**(22,648)**	(28,928)
Gross profit		**4,189**	–
Investment and other income	*6*	**45**	7
Other gains and losses	*7*	**(12,239)**	42,493
Selling and distribution costs		**(120)**	–
Administrative expenses		**(41,997)**	(10,264)
Finance costs	*8*	**(35,079)**	(39,662)
Loss before tax	*9*	**(85,201)**	(7,426)
Income tax expense	*10*	**(124)**	–
Loss for the year from continuing operations		**(85,325)**	(7,426)
Discontinued Operations			
Loss for the year from discontinued operations	*11*	**(5,232)**	(12,206)
Loss for the year		**(90,557)**	(19,632)
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations			
Exchange differences arising during the year		**(2,350)**	1,954
Reclassification adjustments relating to foreign operations disposed of during the year		**1,182**	–
Other comprehensive (expense) income for the year		**(1,168)**	1,954
Total comprehensive expenses for the year		**(91,725)**	(17,678)

	Notes	**2014** *RMB'000*	2013 *RMB'000* (restated)
Loss for the year from continuing operations attributable to:			
Owners of the Company		**(85,090)**	(7,426)
Non-controlling interests		**(235)**	–
		(85,325)	(7,426)
Loss for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(90,322)**	(19,632)
Non-controlling interests		**(235)**	–
		(90,557)	(19,632)
Total comprehensive income attributable to:			
Owners of the Company		**(91,490)**	(17,678)
Non-controlling interests		**(235)**	–
		(91,725)	(17,678)
Loss per share:	*13*		
From continuing and discontinued operations			
Basic		**RMB(19.48)cents**	RMB(5.14)cents
Diluted		**N/A**	N/A
From continuing operations			
Basic		**RMB(18.35)cents**	RMB(1.94)cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**21,965**	6,940
Prepaid lease payments		**9,298**	10,768
Plantation forest assets		**227,408**	229,117
Deposit paid for acquisition of subsidiaries		**3,000**	–
Deposit paid for acquisition of property, plant and equipment		**3,005**	–
		264,676	246,825
Current assets			
Inventories		**3,104**	–
Trade and other receivables	*14*	**24,975**	54,078
Deposits and prepayments		**21,718**	1,431
Prepaid lease payments		**287**	267
Current tax recoverable		**–**	232
Bank balances and cash		**17,050**	21,844
		67,134	77,852
Current liabilities			
Trade and other payables	*15*	**20,868**	5,917
Current tax payable		**124**	–
Promissory notes payable		**56,322**	–
Amount due to a former controlling shareholder		**–**	1,345
		77,314	7,262
Net current (liabilities) assets		**(10,180)**	70,590
Total assets less current liabilities		**254,496**	317,415

	Notes	**2014**	2013
		RMB'000	*RMB'000*
Non-current liabilities			
Promissory notes payable		**18,067**	235,671
Corporate bonds payable		**84,843**	–
		102,910	235,671
Net assets		**151,586**	81,744
Capital and reserves			
Share capital		**4,431**	3,466
Reserves		**135,690**	78,278
Total equity attributable to owners of the Company		**140,121**	81,744
Non-controlling interests		**11,465**	–
Total equity		**151,586**	81,744

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.

The address of the registered office and principal place of business are Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Rooms 1002-1003, 10th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong respectively. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in forestry management, production and sale of biomass fuel products and investment holding.

The Company's functional currency is Hong Kong dollars ("**HK$**") while that for the major subsidiaries in the PRC is Renminbi ("**RMB**"). As the operations of the Group are mainly carried out in the PRC, the directors of the Company consider that it is appropriate to present the consolidated financial statements in RMB.

As referred to in Note 11, the Group discontinued its business of manufacture and wholesale of apparels on 30 June 2014. Certain comparative figures presented in the consolidated financial statements have been restated to conform with the current year's presentation.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors have considered the future liquidity of the Group. As at 31 December 2014, the Group and the Company had net current liabilities of approximately RMB10,180,000 and RMB26,581,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due in the next year from the date of approval of these consolidated financial statements, after taking into consideration of several measures and arrangements made subsequent to the reporting date as detailed below:

(a) In January 2015, the Company entered into a loan agreement with Victor Charm Investment Limited ("Victor Charm"), a shareholder of the Company, under which Victor Charm made a loan to the Company amounted to HK$11,000,000. The loan, which is unsecured and carry interest at 8% per annum, is repayable on the maturity date in July 2015.

(b) In March 2015, the Company issued zero coupon corporate bonds with the aggregate principal amounts of HK$21,000,000 for a cash proceed of HK$19,110,000. The corporate bonds are unsecured and repayable on the maturity date in June 2015.

(c) In March 2015, the Company issued corporate bonds with the principal amount of HK$10,000,000. The corporate bonds, which are unsecured and carry interest at 5.5% per annum, are repayable on the maturity dates of 7 years after the dates of issues.

(d) In March 2015, the Company entered into the subscription agreement with a third party, pursuant to which the third party has agreed to subscribe the corporate bonds with the aggregate principal amount of RMB70,000,000 to be issued by the Company. The corporate bonds, which are unsecured and carry interest at 8% per annum, are repayable on the maturity dates of 2 years after the dates of issues. Up to the date of approval of these consolidated financial statements, such corporate bonds have not been issued by the Company.

In light of the measures and arrangements implemented to date, the directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its businesses. Accordingly, the directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. 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 HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the new and revised HKFRSs in the current year had no material impact on the consolidated financial statements.

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[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 Cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 Cycle[4]
HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKFRS 11	Accounting for Acquisition of Interest in Joint Operations[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]

[1] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[3] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted.
[4] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[5] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[6] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued on 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset and give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. 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.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application 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.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The directors of the Company anticipate that the application of these amendments to HKAS 16 and HKAS 41 will have no material impact on the consolidated financial statements.

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.

4. REVENUE

Revenue for the year 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

Information reported to the chairman of the board (being the chief executive decision maker) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered. 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:

Continuing operations

(i) Forestry Business — plantation, logging and sale of timber related products.

(ii) Biomass Fuel Business — manufacture and sale of biomass fuel products.

Discontinued operations

(i) OEM Business — manufacturing and sale of apparel products made according to design and specifications specified by customers.

(ii) Brand Business — sale of apparel designed in-house and sold under the Group's own brand name.

Information regarding the above segments for the years ended 31 December 2014 and 2013 is presented below.

Segment revenues and results

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

For the year ended 31 December 2014

	Continuing Operations			Discontinued Operations			
	Forestry Business	Biomass Fuel Business	Sub-total	OEM Business	Brand Business	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	12,024	14,813	26,837	–	–	–	26,837
Segment profit (loss)	6,602	(3,440)	3,162	(5,968)	(1,768)	(7,736)	(4,574)
Bank interest income							39
Other unallocated income							7
Gain on bargain purchase of subsidiaries							–
Gain on disposal of subsidiaries							2,467
Loss on change in fair value of derivative financial assets							–
Loss on re-measurement of promissory notes upon change in note terms							–
Loss on early repayment of promissory notes							(18,789)
Other unallocated expenses							(34,504)
Finance costs							(35,079)
Loss before tax							(90,433)
Income tax expense							(124)
Loss for the year							(90,557)

For the year ended 31 December 2013

	Continuing Operations			Discontinued Operations			
	Forestry Business	Biomass Fuel Business	Sub-total	OEM Business	Brand Business	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	28,928	–	28,928	32,864	5,164	38,028	66,956
Segment profit (loss)	10,398	–	10,398	(9,849)	(2,024)	(11,873)	(1,475)
Bank interest income							17
Other unallocated income							174
Gain on bargain purchase of subsidiaries							46,390
Gain on disposal of subsidiaries							–
Loss on change in fair value of derivative financial assets							(2,141)
Loss on re-measurement of promissory notes upon change in note terms							(9,050)
Loss on early repayment of promissory notes							(6,240)
Other unallocated expenses							(7,645)
Finance costs							(39,662)
Loss before tax							(19,632)
Income tax expense							–
Loss for the year							(19,632)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represent the profit/loss earned from each segment without allocation of central administrative costs including directors' salaries and other corporate administrative costs, loss on change in fair value of derivative financial assets, gain on bargain purchase of subsidiaries, gain on disposal of subsidiaries, bank interest income, loss 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 operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

Segment assets	**2014** ***RMB '000***	2013 *RMB '000*
Forestry Business	**248,990**	258,707
Biomass Fuel Business	**47,912**	–
Total segment assets	**296,902**	258,707
Assets relating to the discontinued operations		
— OEM Business	**–**	35,022
— Brand Business	**–**	6,678
Unallocated	**34,908**	24,270
Consolidated assets	**331,810**	324,677

Segment liabilities	**2014** ***RMB '000***	2013 *RMB '000*
Forestry Business	**2,968**	2,172
Biomass Fuel Business	**5,748**	–
Total segment liabilities	**8,716**	2,172
Liabilities relating to the discontinued operations		
— OEM Business	**–**	785
— Brand Business	**–**	151
Unallocated	**171,508**	239,825
Consolidated liabilities	**180,224**	242,933

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

— all assets are allocated to operating segments other than current tax recoverable, bank balances and cash and other assets for corporate use including certain property, plant and equipment and other receivables. Assets used jointly by segments are allocated on the basis of the revenue earned by individual segments; and

— all liabilities are allocated to operating segments other than promissory notes payable, corporate bonds payable, current tax payable, amount due to a former controlling shareholder and certain other payables. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December 2014

	Continuing Operations			Discontinued Operations			
	Forestry Business *RMB'000*	Biomass Fuel Business *RMB'000*	Sub-total *RMB'000*	OEM Business *RMB'000*	Brand Business *RMB'000*	Sub-total *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss/profit or segment assets							
Additions to non-current assets	45	7,118	7,163	–	–	–	7,163
Depreciation of property, plant and equipment	65	674	739	129	75	204	943
Amortisation of prepaid lease payments	223	5	228	17	5	22	250
Loss on disposal of property, plant and equipment	–	–	–	–	–	–	–
Gain on change in fair value less costs to sell of plantation forest assets	7,164	–	7,164	–	–	–	7,164
Impairment loss recognised in respect of trade receivables	–	–	–	–	–	–	–
Impairment loss recognised in respect of other receivables	–	–	–	–	–	–	–
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment loss/profit							
Bank interest income	14	11	25	1	–	1	26
Sundry income	–	7	7	–	–	–	7

For the year ended 31 December 2013

	Continuing Operations			Discontinued Operations			
	Forestry Business *RMB'000*	Biomass Fuel Business *RMB'000*	Sub-total *RMB'000*	OEM Business *RMB'000*	Brand Business *RMB'000*	Sub-total *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss/profit or segment assets							
Additions to non-current assets	234,407	–	234,407	–	–	–	234,407
Depreciation of property, plant and equipment	59	–	59	320	192	512	571
Amortisation of prepaid lease payments	122	–	122	34	10	44	166
Loss on disposal of property, plant and equipment	–	–	–	39	–	39	39
Gain on change in fair value less costs 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	3	–	3	8	2	10	13
Sundry income	–	–	–	–	1	1	1

Geographical information

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

	2014 RMB'000	2013 RMB'000
PRC (excluding Hong Kong)	**26,837**	63,135
Others	**–**	3,821
	26,837	66,956

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

Information about major customers

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

	Revenue generated from	2014 RMB'000	2013 RMB'000
Customer A	Forestry Business	**12,024**	N/A[1]
Customer B	Forestry Business	**N/A[2]**	28,928
Customer C	Biomass Fuel Business	**7,441**	N/A[1]
Customer D	Biomass Fuel Business	**5,296**	N/A[1]
Customer E	OEM Business	**N/A[2]**	14,462
Customer F	OEM Business	**N/A[2]**	10,736

1 The revenue for the corresponding prior year did not contribute over 10% of the total sales for that year.

2 The revenue for the current year did not contribute over 10% of the total sales for this year.

6. INVESTMENT AND OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Interest income	**38**	7	**1**	10	**39**	17
Sundry income	**7**	–	**–**	1	**7**	1
	45	7	**1**	11	**46**	18

7. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Other gains (losses)						
Exchange (loss) gain	**(614)**	415	**36**	(242)	**(578)**	173
Gain on change in fair value less costs to sell of plantation forest assets	**7,164**	13,119	**–**	–	**7,164**	13,119
Gain on bargain purchase of subsidiaries	**–**	46,390	**–**	–	**–**	46,390
Loss on change in fair value of derivative financial assets	**–**	(2,141)	**–**	–	**–**	(2,141)
Loss on re-measurement of promissory notes upon change in note terms	**–**	(9,050)	**–**	–	**–**	(9,050)
Loss on early repayment of promissory notes	**(18,789)**	(6,240)	**–**	–	**(18,789)**	(6,240)
Impairment loss recognised in respect of						
— trade receivables	**–**	–	**–**	(2,490)	**–**	(2,490)
— other receivables	**–**	–	**–**	(1,357)	**–**	(1,357)
	(12,239)	42,493	**36**	(4,089)	**(12,203)**	38,404

8. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Interests on:						
— promissory notes	**31,388**	38,719	**–**	–	**31,388**	38,719
— corporate bonds	**3,691**	–	**–**	–	**3,691**	–
— convertible bonds	**–**	943	**–**	–	**–**	943
	35,079	39,662	**–**	–	**35,079**	39,662

9. LOSS BEFORE TAX

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Loss before tax has been arrived at after charging:						
Directors' emoluments	**1,686**	395	**34**	96	**1,720**	491
Other staff costs	**16,998**	2,069	**7,309**	12,295	**24,307**	14,364
Total staff costs *(Note below)*	**18,684**	2,464	**7,343**	12,391	**26,027**	14,855
Auditors' remuneration	**736**	692	**–**	12	**736**	704
Cost of inventories recognised and timber harvested	**22,347**	27,127	**–**	39,690	**22,347**	66,817
Depreciation of property, plant and equipment	**1,032**	223	**204**	512	**1,236**	735
Amortisation of prepaid lease payments	**228**	122	**22**	44	**250**	166
Impairment loss on inventories	**301**	–	–	–	**301**	–
Loss on disposal of property, plant and equipment	**–**	–	**–**	39	**–**	39
Operating lease rentals in respect of rented premises	**2,839**	995	**116**	272	**2,955**	1,267
Research and development costs recognised	**–**	–	**–**	131	**–**	131

Note:

Included in staff costs are share-based payment expenses amounted to RMB12,877,000 (2013: Nil).

10. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Total	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
PRC Enterprise Income Tax	**124**	–	**–**	–	**124**	–

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 Regulation of the EIT, 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.

11. DISCONTINUED OPERATIONS

On 30 June 2014, the Company disposed of 100% equity interest in a subsidiary, Newshine International Limited, and its subsidiaries (together the "Disposed Group"), to a third party, Pu Xing Group Limited, for a cash consideration of RMB34,012,000. On the same date, the Group discontinued its business of OEM business and Brand business undertaken by the Disposed Group. An analysis of the profit/loss for the period from the discontinued operations is as follows:

	2014	2013
	RMB'000	*RMB'000*
Loss for the period from discontinued businesses *(Note below)*	**(7,699)**	(12,206)
Gain on disposal of the Disposed Group	**2,467**	–
Loss for the period from discontinued operations	**(5,232)**	(12,206)

Note: The results of the discontinued businesses are analysed below:

	OEM Business		Brand Business		Total	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**–**	32,864	**–**	5,164	**–**	38,028
Cost of sales	**–**	(34,736)	**–**	(4,953)	**–**	(39,689)
Gross (loss) profit	**–**	(1,872)	**–**	211	**–**	(1,661)
Investment and other income *(Note 6)*	**1**	8	**–**	3	**1**	11
Other gains or losses *(Note 7)*	**36**	(4,089)	**–**	–	**36**	(4,089)
Selling and distribution expenses	**–**	–	**–**	(392)	**–**	(392)
Administrative expenses	**(5,968)**	(4,135)	**(1,768)**	(1,940)	**(7,736)**	(6,075)
Loss before tax *(Note 9)*	**(5,931)**	(10,088)	**(1,768)**	(2,118)	**(7,699)**	(12,206)
Income tax expense *(Note 10)*	**–**	–	**–**	–	**–**	–
Loss for the period attributable to owners of the Company	**(5,931)**	(10,088)	**(1,768)**	(2,118)	**(7,699)**	(12,206)

12. DIVIDEND

No dividend was paid, declared or proposed during the years ended 31 December 2014 (2013: Nil) nor had any dividend been proposed since the end of the reporting period (2013: Nil).

13. LOSS PER SHARE

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

	Continuing and Discontinued Operations		Continuing Operations	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to owners of the Company	**(90,322)**	(19,632)	**(85,090)**	(7,426)
Effect of dilutive potential ordinary shares:				
— Interest expense on convertible bonds	**–**	943	**–**	943
— Loss on change in fair value of derivative financial assets	**–**	2,141	**–**	2,141
— Loss on early repayment of promissory notes	**(3,398)**	–	**(3,398)**	–
— Interest expense on promissory notes	**809**	7,724	**809**	7,724
Loss for the purpose of diluted earnings/loss per share	**N/A**	N/A	**N/A**	N/A

	Continuing and Discontinued Operations		Continuing Operations	
	2014	2013	**2014**	2013
	'000	*'000*	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**463,680**	382,176	**463,680**	382,176
Effect of dilutive potential ordinary shares:				
— Share options	**5,271**	–	**5,271**	–
— Convertible bonds	**–**	14,120	**–**	14,120
— Warrants	**35,350**	17,594	**35,350**	17,594
Weighted average number of ordinary shares for the purposes of diluted earnings/loss per share	**504,301**	413,890	**504,301**	413,890

As the Group sustained a loss for both of the years presented, diluted earnings/loss per share for these years are not presented as the effects of potential shares issuable arising from exercise of share options and warrants and conversion of the convertible bonds are regarded anti-dilutive.

14. TRADE AND OTHER RECEIVABLES

	2014 *RMB'000*	2013 *RMB'000*
Trade receivables	**12,481**	67,119
Less: allowance for doubtful debts	**–**	(13,712)
	12,481	53,407
Other receivables	**12,494**	671
	24,975	54,078

The Group generally allows an average credit period of 90 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:

	2014 *RMB'000*	2013 *RMB'000*
0–90 days	**12,438**	17,778
91–180 days	**43**	22,951
181–365 days	**–**	12,678
Total	**12,481**	53,407

15. TRADE AND OTHER PAYABLES

	2014 *RMB'000*	2013 *RMB'000*
Trade payables	**1,637**	10
Other payables	**6,593**	3,799
Redemption premium payable	**10,976**	–
Accrued charges	**1,662**	2,108
	20,868	5,917

The average credit period on purchase of goods is approximately 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:

	2014 *RMB'000*	2013 *RMB'000*
0–30 days	**1,584**	–
31–90 days	**53**	–
Over 90 days	**–**	10
Total	**1,637**	10

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

As a result of the gross loss for the apparel business for the financial year ended 31 December 2013 and the continuing adverse conditions in the apparel business, the Company decided to dispose its apparel business. In May 2014, the Company entered into a major transaction which involved the disposal of Newshine International Limited, a wholly-owned subsidiary of the Company (the "**Disposal**"). The Disposal was completed on 30 June 2014, following which the Group ceased its business in the manufacturing and wholesaling of apparels and became principally engaged in the sale, research and development of biomass fuel produced by biomass materials such as timber processing and forestry waste, and forestry management.

Continuing Operations

Forestry management business

As at 31 December 2014, the long-lease forest lands in the PRC owned by the Group were approximately 3,530 Chinese Mu (equivalent to approximately of 235 hectares) and 21,045 Chinese Mu (equivalent to approximately of 1,403 hectares) in Dali City of Yunnan Province (the "**Yunnan Forest**") and Jiange County of Sichuan Province (the "**Sichuan Forest**"), respectively.

The Sichuan Forest is held by China Timbers Limited ("**China Timbers**") and its subsidiaries (collectively the "**China Timbers Group**"), which were acquired by the Group on 28 May 2013 and became part of the Group. The Group harvested timber logs of approximately 15,000 cubic metres (2013: 25,000 cubic metres) in the Sichuan Forest during the year ended 31 December 2014. As at 31 December 2014, the Sichuan Forest is estimated to comprise of approximately 1,403 hectares of Cypress with approximately 13 hectares of tree plantations aged 40 years or older.

The Yunnan Forest 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 from the Yunnan Forest to the Group for the year ended 31 December 2014. As at 31 December 2014, the Yunnan Forest is estimated to comprise of approximately 142 hectares of pine trees and 93 hectares of oak trees with approximately 118 hectares of tree plantations with age 40 years or older.

For the year of 2014, the forestry management business of the Group achieved a revenue of RMB12,024,000, which accounted for 44.8% of the total revenue, representing a decrease of 58.4% as compared to the year of 2013. Such decrease was due to the decrease in the number of logging in Sichuan Forest.

Biomass fuel business

In early 2014, the Group has successfully commenced operation of its first biomass energy base in Jiange County of Sichuan Province, with an expected annual production capacity of 30,000 tons. For the year ended 31 December 2014, the Group produced approximately 17,000 tons of biomass fuel.

To further expand the Group's biomass fuel business, the Group acquired 70% equity interests of Xinyu Bio Energy (Anhui) Company Limited ("**Anhui Xinyu**") for cash consideration of RMB27,300,000 by way of capital contribution of RMB27,300,000 payable by the Group to Anhui Xinyu on 1 December 2014. As at the date of this announcement, RMB2,466,000 has been paid by the Group as capital contribution to Anhui Xinyu. Anhui Xinyu is principally engaged in the manufacture and sale of biomass fuel products.

For the year of 2014, the biomass fuel business of the Group achieved a revenue of RMB14,813,000 (2013: nil), which accounted for 55.2% of the total revenue. As the Group has only commenced its biomass fuel business in early 2014, no revenue was attributable to this business segment for the year of 2013.

Discontinued Operations

Garment business

During the first six months of 2014, 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. Following the Disposal on 30 June 2014, the Group has ceased its business in the manufacturing and wholesaling of apparels. Given the headwinds from monthly manufacturing costs, shortage of skilled sewing workers and slowing domestic demand as well as the unfavorable global macroeconomics environment, the Group did not carry out any production in its garment business during the year and hence no revenue were made in relation to the garment business for the year ended 31 December 2014.

Equity Fundraising Activities

During the year ended 31 December 2014, in order to support the rapid development of the Group's forestry management business and the biomass fuel business, the Group has engaged in certain equity fundraising activities, details of which are set out as follows:

Issue of corporate bonds

During the year, the Company entered into separate subscription agreements with twelve independent private investors (the "**Subscribers**") pursuant to which the subscribers have agreed to subscribe and the Company has agreed to issue the corporate bonds in the aggregate principal amount of HK$114,100,000 at par value, bearing interest rates ranged from 4% to 7% per annum and maturity dates ranging from two to eight years from the date of issue.

The net proceeds from the issue of corporate bonds, after deducting the interests and other related expenses payable by the Company, were approximately HK$102.9 million, which were used mainly for investment in biomass fuel project(s), to repay existing debts and as general working capital.

Placing of new shares under the general mandate

On 24 April 2014, the Company entered into the Placing Agreement with the Emperor Securities Limited (the "**Placing Agent**") whereby the Company agreed to place, through the Placing Agent, on a best effort basis, 74,000,000 new Shares to not less than six placees at a price of HK$1.30 per placing share under the general mandate. The placing shares represent approximately18.67% of the then issued share capital of the Company and 15.73% of the then enlarged issued share capital of the Company.

An aggregate of 74,000,000 placing shares of the Company were placed on 8 May 2014. The net proceeds from the placing, after deducting the placing commission and other related expenses payable by the Company, were approximately HK$94.70 million, which were used mainly for the purpose of investment in biomass fuel project(s), repayment of liabilities and general working capital.

On 16 July 2014, the Company entered into the Placing Agreement with KGI Securities (the "**Placing Agent**") whereby at the request of the Company, the Placing Agent has agreed, on a best effort basis, to procure not less than six placees to subscribe for a total of up to 94,059,259 new Shares at a price of HK$1.65 per placing share under the general mandate. The placing shares represent approximately 20.00% of the then issued share capital of the Company and 16.67% of the then enlarged issued share capital of the Company.

An aggregate of 47,504,000 placing shares of the Company were placed by the Placing Agent on 7 August 2014. The net proceeds from the placing, after deducting the placing commission and other related expenses payable by the Company, were approximately HK$77.6 million, which were used mainly for the purpose of investment in biomass fuel project(s), repayment of liabilities and general working capital.

Financial Review

Turnover

During the financial year ended 31 December 2014, the Company recorded a turnover of approximately RMB26.8 million, representing an approximately 60% decrease as compared to approximately RMB67.0 million for 2013. 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 management business.

Turnover from the Company's forestry management business for the year ended 31 December 2014 was approximately RMB12.0 million (2013: RMB28.9 million), representing an approximately 58.4% decrease as compared to the year ended 31 December 2013. However, such decrease was due to the decrease in the number of logging in Sichuan Forest. The revenue for this business segment attributable to the sale of the forest stock harvested from the Sichuan Forest. The Group expects the revenue generated from this business to further increase in the coming year with the commencement of harvesting of the Yunnan Forest until the Company has acquired the relevant logging permit by the government.

Turnover from the Company's biomass fuel business for the year ended 31 December 2014 was approximately RMB14.8 million. The Group expects the revenue generated from this business to further increase in the coming year as a result of the acquisition of Anhui Xinyu, which is principally engaged in the manufacture and sale of biomass fuel products.

Gross profit

The Group recorded a gross profit of approximately RMB4.19 million for the year ended 31 December 2014 (2013: Gross loss RMB1.66 million), representing an increase of approximately 352.4% as compared to that for the corresponding period in 2013.

Cost of sales of the Group's forestry management business mainly included cost of timbers harvested, costs incurred from direct labour costs, soil fertilization and pest and disease control costs.

The gross margin of the Group's forestry management business and biomass fuel business, calculated by dividing gross profit by turnover, is 17.2% and 14.3% for the financial year ended 31 December 2014.

Gain on change in fair value less costs to sell of plantation forest assets

During the year ended 31 December 2014, the Group recognised a gain on change in fair value of plantation forest assets of approximately RMB7.2 million (2013: RMB13.1 million). The change in fair value mainly attributable to the newly acquired Sichuan Forest of approximately RMB8.9 million.

Selling and distribution costs

The selling and distribution costs of the Group increased from RMB0.12 million for the year ended 31 December 2013 to approximately RMB0.39 million for the year ended 31 December 2014. The increase in selling and distribution costs was mainly attributable to the transportation costs incurred by the newly commercial biomass fuel business.

Administrative expenses

The administrative expenses of the Group increased by approximately 204.9% from approximately RMB16.3 million for the year ended 31 December 2013 to approximately RMB49.7 million for the year ended 31 December 2014. The increase in administrative expenses was mainly attributable to the addition of consultation fees, the one-off loss brought by the valuation on the share options granted by the company, and administrative costs associated with the forestry and biomass fuel business.

Finance costs

The finance costs represent the aggregate of interests on (i) the promissory notes ("**Note A**"), bearing 15% interest per annum and with the principal amount of HK$190 million issued correct by the Company issued on 8 January 2013; (ii) the promissory notes ("**Note B**"), bearing 3% interest per annum and with the principal amount of HK$144 million issued on 28 May 2013 as partial settlement of the consideration for the acquisition of the entire issued share capital of China Timbers; (iii) the zero coupon convertible bonds for the acquisition of the Rongxuan Forestry Investment Holding Limited ("**Rongxuan**") on 11 July 2012; and (iv) corporate bonds issued by the Company during the year with the principal amount of HK$114 million and at interest rates ranged from 4% to 7% per annum.

Income tax expense

For the year ended 31 December 2014, the income tax expense of the Group was approximately RMB0.12 million (2013: nil), which was attributable to the PRC Enterprise Income Tax imposed on profits of the PRC subsidiaries.

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 RMB90.6 million, representing an increase of approximately 362.2% as compared to a loss of approximately RMB19.6 million for the year ended 31 December 2013. The total comprehensive expenses attributable to owners of the Company was approximately RMB91.7 million for the year ended 31 December 2014, which represents an increase of approximately 418.1% compared to approximately RMB17.7 million for the year ended 31 December 2013.

Basic loss per share

Basic loss per share for the financial year ended 31 December 2014 amounted to RMB19.48 cents (2013: RMB5.14 cents), representing a increase of approximately 279.0%.

Employees and Remuneration Policies

As at 31 December 2014, the Group employed a total of 150 employees (766 as at 31 December 2013). Total staff costs for the year under review, including the Directors' remuneration and termination benefits, amounted to approximately RMB26.0 million (2013: RMB14.9 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 2014, the Group had total assets of approximately RMB331.8 million (2013: RMB324.7 million) and net assets of approximately RMB151.6 million (2013: RMB81.7 million). The Group's cash and bank balances as at 31 December 2014 amounted to approximately RMB17.1 million (2013: RMB21.8 million). As at 31 December 2014, there were no unutilised banking facilities (2013: nil).

As discussed above, the Group has engaged in certain equity fundraising activities during the year, including the issuance of corporate bonds and placing of new shares of the Company under the general mandate.

Taking into account the cash reserves and internally generated cash flows from its operating activities, 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

As at 31 December 2014, the Company has pledged its entire equity interest of all subsidiaries under Rongxuan and China Timbers to Maple Reach Limited ("**Maple Reach**") as security for the pledged notes issued to Maple Reach.

Commitments

The Group had the following capital commitments at the end of the reporting period:

	2014	2013
	RMB'000	*RMB'000*
Contracted, but not provided for:		
— Acquisition of subsidiaries	**115,331**	–
— Property, plant and machinery	**2,796**	–
	118,127	–

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:

	2014	2013
	RMB'000	*RMB'000*
Within one year	**3,276**	2,385
In the second to fifth year inclusive	**3,169**	3,977
More than five years	**428**	–
	6,873	6,362

Contingent Liabilities

As at 31 December 2014, the Group did not have any significant contingent liabilities (2013: 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 2014, 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 54.3% as at 31 December 2014 (31 December 2013: 74.8%).

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

During the year ended 31 December 2014, the Company repaid part of the Note A with the principal amount of HK$130,976,000 for cash consideration of HK$130,976,000 and at 31 December 2014, the Note A with the principal amount of HK$59,024,000 (2013: HK$190,000,000) remained outstanding. Subsequent to 31 December 2014, the Company repaid part of the Note A with the principal amount of approximately HK$45,957,000 for a cash consideration of approximately HK$45,957,000 and hence Note A with the principal amount of HK$13,067,000 remained outstanding.

During the year ended 31 December 2014, the Company redeemed part of the Note B with the principal amount of HK$90,497,000 for cash consideration of HK$90,497,000. At 31 December 2014, the Note B with the principal amount of HK$28,503,000 (2013: HK$119,000,000) remained outstanding.

Capital Structure

The capital of the Group comprises only ordinary shares. As at 31 December 2014, the total number of the ordinary shares of the Company in issue was 517,800,296 shares (2013: 396,296,296 shares). The total equity attributable to the owners of the Company as at 31 December 2014 was approximately RMB140.1 million (2013: RMB81.7 million).

*Promissory note issued on 8 January 2013 (the "**Note A**")*

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 Rongxuan and its subsidiaries and the Group's entire equity interest of all subsidiaries under the China Timbers Group upon completion of its acquisition by the Group.

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 B**") 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.

Number of shares under the Warrant B	Exercisable period
6,250,000	8 July 2013 to 31 January 2015
6,250,000	8 January 2014 to 31 January 2015
6,250,000	8 July 2014 to 31 January 2015
6,250,000	8 January 2015 to 31 January 2015
25,000,000	

At 31 December 2013, no part of the Note A was redeemed and no part of the Warrant B was converted into shares of the Company.

During the year ended 31 December 2014, the Company repaid part of the Note A with the principal amount of HK$130,976,000 for an aggregate consideration of HK$144,890,000, comprising cash consideration paid of HK$130,976,000 and redemption premium payable of HK$13,914,000, and Warrant B convertible into 4,194,000 shares lapsed upon repayment of the Note A. At 31 December 2014, the Note A with the principal amount of HK$59,024,000 (2013: HK$190,000,000) remained outstanding. As at that date, the Warrant B convertible into 20,806,000 (2013: 25,000,000) new shares of the Company remained outstanding. Subsequent to 31 December 2014, the Company repaid part of the Note A with the principal amount of approximately HK$45,957,000 for a cash consideration of approximately HK$45,957,000.

Warrants issued on 28 March 2013

On 28 March 2013, the Company issued an aggregate of 22,000,000 warrants at the issue price of HK$0.01 per warrant ("**Warrant A**"). The holders of the warrants are entitled to convert each unit of the warrants into one new share of the Company at the subscription price of HK$0.99 per share during the period of three years commencing from the date of issue of the warrants. During the year, no warrants have been converted into new shares of the Company. At the end of the reporting period, 22,000,000 units (2013: 22,000,000 units) of the Warrants A remained outstanding.

*Promissory note issued on 28 May 2013 (the "**Note B**")*

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 ended 31 December 2013, the Company repaid part of the Note B with the principal amount of HK$25,000,000 for cash consideration of HK$25,000,000.

During the year ended 31 December 2014, the Company repaid part of the Note B with the principal amount of HK$90,497,000 for cash consideration of HK$90,497,000. At 31 December 2014, the Note B with the principal amount of HK$28,503,000 (2013: HK$119,000,000) remained outstanding.

Significant Investment Held and Material Acquisitions and Disposals

On 13 May 2014, the Company and Pu Xing Group Limited (the "**Purchaser**") entered into the sale and purchase agreement, pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of Newshine International Limited, a wholly-owned subsidiary of the Company at a consideration of approximately RMB40 million (which was adjusted to approximately RMB34 million at completion) (the "**Disposal**"). The Disposal was approved by the shareholders on 30 June 2014 and was completed on the same date. Details of the Disposal was disclosed in the announcements of the Company dated 13 May 2014 and 4 June 2014 and the circular dated 13 June 2014, as well as the poll result and completion announcements both dated 30 June 2014.

As discussed earlier, the Group ceased its business in the manufacturing and wholesaling of apparels upon the completion of the Disposal.

Acquisition of Anhui Xinyu

To further expand the Group's biomass fuel business the Group acquired 70% equity interests in Anhui Xinyu for cash consideration of RMB27,300,000 on 1 December 2014. As at the date of this announcement, RMB2,466,000 has been paid by the Group as capital contribution to Anhui Xinyu. Anhui Xinyu is principally engaged in the manufacture and sale of biomass fuel products.

Save as disclosed above, there were no significant investment held or material acquisitions and disposals of subsidiaries for the year ended 31 December 2014.

Future Plans for Material Investments or Capital Assets

The biomass fuel base located in the Jiange County of Sichuan Province, with the designed capacity of 30,000 to 40,000 tons per year, successfully commenced operation at the beginning of 2014 and its operation was on track, with an annual production capacity of 30,000 tons. The Group expected to use such biomass fuel base as the Group's standard model in building new factories in regions and provinces such as North Guangdong, Beijing and Tianjin, Hebei and Jiangsu where there is serious problem of air pollution, so as to further expand the Group's biomass fuel business.

In the context of reducing smog, the Group intends to expand the biomass fuel business to moderately developed areas where there is no natural gas supply and within 200 kilometres from factories, by securing large-scale industrial park projects, constructing energy equipment and boilers for customers, providing energy supply technology and services, and sharing the reduction of energy costs with customers.

Save as disclosed above, the Group had no other future plans for material investments or capital assets as at 31 December 2014.

Events Subsequent to the end of Reporting Period

In addition to those disclosed in the consolidated financial statements, the following events took place subsequent to year ended 31 December 2014:

(a) In January 2015, the Company entered into a loan agreement with Victor Charm Investment Limited ("Victor Charm"), a shareholder of the Company, under which Victor Charm made a loan to the Company amounted to HK$11,000,000. The loan, which is unsecured and carry interest at 8% per annum, is repayable on the maturity date in July 2015.

(b) In March 2015, the Company issued zero coupon corporate bonds with the aggregate principal amounts of HK$21,000,000 for a cash proceed of HK$19,110,000. The corporate bonds are unsecured and repayable on the maturity dates in June 2015.

(c) In March 2015, the Company issued corporate bonds with the principal amount of HK$10,000,000. The corporate bonds, which are unsecured and carry interest at 5.5% per annum, are repayable on the maturity dates of 7 years after the dates of issues.

(d) In March 2015, the Company entered into the subscription agreement with a third party, pursuant to which the third party has agreed to subscribe the corporate bond with the principal amount of RMB70,000,000. The corporate bonds, which are unsecured and carry interest at 8% per annum, are repayable on the maturity dates of 2 years after the dates of issues. Up to the date of approval of these consolidated financial statements, such corporate bond has not yet issued by the Company.

(e) On 24 March 2015, the Company and the Vendor entered into the deed of termination to terminate the agreement relating to the acquisition of subsidiaries. Pursuant to the deed of termination, the vendor shall return the refundable deposit of RMB3,000,000 to the Company.

Prospect and Outlook

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 management and biomass fuel industry.

In the first half of 2014, the Group continually reviewed its existing businesses and opportunities, both in terms of acquisitions and divestments, which may improve its profitability and overall financial position. Following the disposal of the Group's Garment business on 30 June 2014, the Company has positioned development of biomass fuel business and forestry management business as its core business segment of the Group. As a result of the policies implemented by the PRC Government categorizing biomass fuel as clean energy and the rapid development of the biomass fuel business by the Group, the Board holds the view that the earnings derived from the biomass fuel business will grow tremendously in the near future and the profitability of the Group will improve accordingly.

Additionally, the Group intends to expand the biomass fuel business to moderately develop areas where there is no natural gas supply and within 200 kilometres from factories, by securing large-scale industrial park projects, constructing energy equipment and boilers for customers, providing energy supply technology and services, and sharing the reduction of energy costs with customers. The acquisition of Anhui Xinyu which is principally engaged in the manufacture and sale of biomass fuel products at the end of the year of 2014 is an example showing the Group's gradual expansion of the biomass fuel business. It is expected that more projects will be completed in 2015, which will complete the whole supply chain of the biomass fuel business of the Group and maximise profitability.

The Group will continue to increase its investment and research and development, and co-operate with forestry research universities in China to establish a biomass fuel academy in the PRC, which aims to research biomass materials liquefaction, specialization and minimisation of biomass fuel's production facilities and upgrade of biomass boilers. At the same time, the Group will actively cooperate with enterprises which produce biomass fuels in the PRC to broaden the upstream supply sources and actively expand into the downstream market.

Maintenance works of the Sichuan Forest and the Yunnan Forest have been ongoing and the logging and transportation permits for the Yunnan Forest have been applied for. Harvesting of forest stock in the Yunnan Forest will commence when the said permits are obtained, with production capacity expected to grow gradually in 2015.

ANNUAL DIVIDEND

The Board does not recommend the payment of an annual dividend for the financial year ended 31 December 2014 (2013: nil) and there is no closure of the registers of members accordingly.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") adopted on 15 September 2009 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.

On 10 November 2014, an aggregate of 37,000,000 share options (the "**Share Options**") were granted to certain eligible participants (the "**Grantees**"), subject to acceptance of the Grantees, to subscribe for up to an aggregate of 37,000,000 ordinary shares of the Company of HK$2.76 each in the share capital of the Company under the Scheme.

Save as disclosed above, since the Scheme has become effective on 8 October 2009, no further share options were granted, exercised or cancelled by the Company under the Scheme as at 31 December 2014.

SCOPE OF WORK OF CCTH CPA LIMITED ("CCTH")

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 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 2014.

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 2014, 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 exception of Code Provisions A.1.8 as addressed below:

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.

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 2014.

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 Ms. Tian Guangmei, Mr. Liang Guoxin and Mr. Liu Zhaoxiang. 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 2014 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2014. 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 2014.

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 2014.

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 2014 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 2015

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lei Zuliang 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. Liang Guoxin and Mr. Liu Zhaoxiang.