

*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.*



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)**

**SUBSCRIPTION AND SETTLEMENT AGREEMENT  
AND  
ISSUE OF SHARES UNDER GENERAL MANDATE**

On 15 July 2015, the Company and Maple Reach entered into the Subscription and Settlement Agreement whereby the parties agreed to a full and final settlement of the Remaining Balance of the Redemption Premium in the amount of HK\$22,326,924.34 in consideration of the allotment and issue by the Company to Maple Reach of the Subscription Shares (13,952,583 new Shares or 69,762,915 new Subdivided Shares upon completion of the Share Subdivision) at the Subscription Price of HK\$1.60 for each Share or HK\$0.32 for each Subdivided Share. In consideration of the Subscription Shares, Maple Reach further agreed to release and discharge the Company immediately after completion of the Subscription from all claims, damages, liabilities, causes of action and demands whatsoever which it now has or may consider it has against the Company in relation to the Redemption Premium payable pursuant to the Subscription Agreement and the Supplemental Deed.

The Subscription Shares represent approximately 2.46% of the issued share capital of the Company as at the date of this announcement and approximately 2.40% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Price of HK\$1.60 per Share or HK\$0.32 per each Subdivided Share was arrived at after arm's length negotiations between the Company and Maple Reach with reference to the recent trading prices of the Shares. It represents (i) a discount of approximately 19.99% to the closing price of HK\$2.00 per Share or HK\$0.40 per Subdivided Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 9.6% to the average closing price of approximately HK\$1.77 per Share or HK\$0.35 per Subdivided Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription and Settlement Agreement.

**As completion of the Subscription is subject to the fulfilment of certain conditions precedents under the Subscription and Settlement Agreement and may or may not proceed, Shareholders and prospective investors are advised to exercise caution when dealing in securities of the Company.**

## **BACKGROUND**

Reference is made to the announcement of the Company dated 15 November 2012 in relation to the Subscription Agreement for the Pledged Notes and the announcements of the Company dated 20 May 2013 and 5 July 2013 and the circular of the Company dated 6 June 2013 relating to the Supplemental Deed of the same date to the Subscription Agreement.

Pursuant to the Supplemental Deed, Maple Reach (being the subscriber under the Subscription Agreement) was granted certain warrants to be convertible into 25,000,000 Shares and Maple Reach had the option to elect for the exercise of the said warrants, which would result in them forgoing the cash settlement option of the Redemption Premium under the Subscription Agreement. As at the date of this announcement, the Remaining Balance of the Redemption Premium in the amount of HK\$22,326,924.34 is outstanding and has not been settled by the Company.

On 15 July 2015, the Company and Maple Reach entered into the Subscription and Settlement Agreement whereby the parties agreed to a full and final settlement of the Remaining Balance of the Redemption Premium in consideration of the allotment and issue by the Company to Maple Reach of the Subscription Shares. The salient terms of the Subscription and Settlement Agreement are as follows:

## **SUBSCRIPTION AND SETTLEMENT AGREEMENT**

Date: 15 July 2015

Parties: (i) The Company as issuer; and  
(ii) Maple Reach as subscriber

### **Information on Maple Reach**

Maple Reach is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of CCB International (Holdings) Limited. It is principally engaged in investment holding.

As at the date of this announcement, Maple Reach holds the Pledged Notes in the amount of HK\$190,000,000.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed herein, Maple Reach and CCB International (Holdings) Limited and its ultimate beneficial owner(s) are Independent Third Parties and not connected persons (as defined under the Listing Rules) of the Company.

## **Number of Subscription Shares**

Pursuant to the Subscription and Settlement Agreement, the Company has conditionally agreed to allot and issue to Maple Reach, and Maple Reach has conditionally agreed to subscribe for the Subscription Shares (13,952,583 new Shares or 69,762,915 new Subdivided Shares upon completion of the Share Subdivision) at the Subscription Price of HK\$1.60 per Share or HK\$0.32 per Subdivided Share in an aggregate amount of HK\$22,326,923.08, which shall be satisfied by Maple Reach by way of set-off against the Remaining Balance.

The number of the Subscription Shares is calculated by dividing the Remaining Balance by the Subscription Price.

The Subscription Shares represent approximately 2.46% of the issued share capital of the Company as at the date of this announcement and approximately 2.40% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

## **Subscription Price**

The Subscription Price of HK\$1.60 per Share or HK\$0.32 per Subdivided Share was arrived at after arm's length negotiations between the Company and Maple Reach with reference to the recent trading prices of the Shares. It represents (i) a discount of approximately 19.99% to the closing price of HK\$2.00 per Share or HK\$0.40 per Subdivided Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 9.6% to the average closing price of approximately HK\$1.77 per Share or HK\$0.35 per Subdivided Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Subscription and Settlement Agreement.

## **Rights of the Subscription Shares**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the General Mandate. As at the date of this announcement, the General Mandate has not been utilised prior to the entering into of the Subscription and Settlement Agreement. The issue and allotment of the Subscription Shares will utilise about 12.6% of the General Mandate.

## **Conditions of the Subscription**

The Subscription is conditional upon the fulfillment (or waiver, if applicable) of:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares;
- (ii) no representations and warranties having been breached by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect; and
- (iii) Maple Reach having performed all necessary external, internal and corporate approvals and checks under all applicable laws regarding the Subscription and Settlement Agreement and the transactions as contemplated therein, including but not limited to its or its affiliates' investment committee approval, anti-money laundering checks and know-your-client checks.

Conditions (i) is not waivable but conditions (ii) and (iii) are waivable by Maple Reach. In the event that the conditions of the Subscription are not fulfilled on or before 31 August 2015 or such other date as may be agreed between the parties to the Subscription and Settlement Agreement, the Subscription and Settlement Agreement shall cease and determine and neither the Company nor Maple Reach shall have any obligations and liabilities under the Subscription Agreement.

## **Completion of the Subscription**

Completion of the Subscription will take place on the second business day after the last condition of the Subscription is fulfilled or waived (where applicable) (or such other date as may be agreed between the parties).

## **Release and discharge of claims and liabilities**

In consideration of the Subscription Shares, Maple Reach agreed to release and discharge the Company immediately after completion of the Subscription from all claims, damages, liabilities, causes of action and demands whatsoever which it now has or may consider it has against the Company in relation to the Redemption Premium payable pursuant to the Subscription Agreement and the Supplemental Deed.

## **Application for listing**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **Lock-up undertaking**

Under the Subscription and Settlement Agreement, Maple Reach agreed that it or its nominee(s) shall not, unless with the prior written consent of the Company, and shall procure its/their beneficial owners not to, sell, dispose of or otherwise deal with or create any options, rights, interests or encumbrances in respect of (or enter into any agreement to sell, dispose of or otherwise deal with or create any options, rights, interests or encumbrances in respect of) the Subscription Shares within a period of three (3) months from the date of completion of the Subscription.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription:

	As at the date of this announcement		Upon completion of the Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<b>Shareholders</b>				
Mr. Wang Yue	61,550,000	10.85	61,550,000	10.58
<b>Public Shareholders</b>				
Existing public Shareholders	505,754,296	89.15	505,754,296	87.01
Maple Reach	<u>—</u>	<u>—</u>	<u>13,952,583</u>	<u>2.40</u>
Total	<u>567,304,296</u>	<u>100.00</u>	<u>581,256,879</u>	<u>100.00</u>

## REASONS FOR THE SUBSCRIPTION AND SETTLEMENT AGREEMENT

The Group is principally engaged in (i) the sale, research and development of biomass fuel produced by biomass materials such as timber processing and forestry waste; and (ii) forestry management.

After considering the existing cashflow and gearing position of the Group, the Company considers the Subscription would enable the Group to reduce the amount of the Redemption Premium payable to Maple Reach while limiting the cash outflow in the reduction of such debts. The Directors further consider that the terms and conditions of the Subscription and Settlement Agreement, including the Subscription Price, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole are concerned.

## CAPITAL RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The following capital raising activities have been carried out by the Company in the 12 months immediately prior to the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
22 April 2015	Placing of 34,792,000 new Shares	HK\$52.54 million	Intended to be used as to (i) approximately HK\$21 million for investment in biomass fuel project(s); (ii) approximately HK\$26 million for repayment of liabilities; and (iii) HK\$6 million for general working capital	Used as intended
16 July 2014	Placing of 47,504,000 new Shares	HK\$77.5 million	Intended to be used as to (i) approximately HK\$31 million for investment in biomass fuel project(s); (ii) approximately HK\$39 million for repayment of liabilities; and (iii) HK\$8 million for general working capital	Used as intended

## GENERAL

**As completion of the Subscription is subject to the fulfilment of certain conditions precedents under the Subscription and Settlement Agreement and may or may not proceed, Shareholders and prospective investors are advised to exercise caution when dealing in securities of the Company.**

## DEFINITIONS

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China Agroforestry Low-Carbon Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting held on 8 July 2015
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Last Trading Day”	15 July 2015, being the last trading day of the Shares before the date of this announcement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maple Reach”	Maple Reach Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of CCB International (Holdings) Limited
“Pledged Notes”	the pledged notes in the amount of HK\$190,000,000 issued by the Company for the subscription by Maple Reach pursuant to the Subscription Agreement
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Redemption Premium”	the amount of HK\$26,610,000 to be paid to Maple Reach upon the exercise of the right to such cash compensation by Maple Reach pursuant to the terms of the Subscription Agreement
“Released Parties”	the Company, all members of the Group and their directors, officers, employees and advisers
“Remaining Balance”	HK\$22,326,924.34 of the Redemption Premium which remains outstanding as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Subdivision”	the proposed subdivision of every one (1) issued and unissued Share of par value of HK\$0.01 each into five (5) Subdivided Shares of par value of HK\$0.002 each
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of par value of HK\$0.002 each in the share capital of the Company upon completion of the Share Subdivision
“Subscription”	the conditional subscription by Maple Reach of the Subscription Shares pursuant to the Subscription and Settlement Agreement
“Subscription Agreement”	the subscription agreement dated 15 November 2012 entered into among the Company, Well Bright Group Limited, Maple Reach and China Construction Bank (Asia) Corporation Limited (as amended and supplemented by the Supplemental Deed), for the subscription of the Pledged Notes
“Subscription and Settlement Agreement”	the subscription and settlement agreement entered into between the Company and Maple Reach on 15 July 2015 in relation to the Subscription
“Subscription Price”	the subscription price of HK\$1.60 per Share or HK\$0.32 per Subdivided Share
“Subscription Shares”	the 13,952,583 new Shares or 69,762,915 new Subdivided Shares upon completion of the Share Subdivision to be allotted and issued to Maple Reach pursuant to the Subscription and Settlement Agreement



“Supplemental Deed”	the supplemental deed to the Subscription Agreement dated 16 May 2013 entered into among the Company, Well Bright Group Limited, Maple Reach and China Construction Bank (Asia) Corporation Limited
“Warrant(s)”	the aggregate of 25,000,000 unlisted warrants issued by the Company to Maple Reach, which could be exercised should Maple Reach elect to accept Shares instead of cash payment for the Redemption Premium
“%”	per cent

By order of the Board  
**China Agroforestry Low-Carbon Holdings Limited**  
**Lei Zuliang**  
*Chairman*

Hong Kong, 15 July 2015

*As at the date of this announcement, the executive Directors are Mr. Lei Zuliang and Mr. Long Weihua and Mr. Wang Yue; the non-executive Directors are Professor Liu Zhikun and Mr. Zhou Xianyan; and the independent non-executive Directors are Ms. Tian Guangmei, Mr. Liang Guoxin and Mr. Liu Zhaoxiang.*