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 2015

FINANCIAL HIGHLIGHTS

- Turnover for the financial year ended 31 December 2015 amounted to approximately Renminbi ("**RMB**") 10.1 million (2014: RMB26.8 million), representing a decrease of approximately 62.2% as compared with corresponding period in 2014.
- Segment revenue from the forestry business, biomass fuel business and money lending business for the financial year ended 31 December 2015 were approximately RMB0.6 million (2014: RMB12.0 million), RMB8.4 million (2014: RMB14.8 million) and RMB1.1 million (2014: Nil) respectively.
- Segment results from the forestry business, biomass fuel business and money lending business for the financial year ended 31 December 2015 were loss of approximately RMB7.7 million (2014: profit of RMB6.6 million), loss of approximately RMB22.4 million (2014: loss of RMB3.4 million) and profit of approximately RMB1.0 million (2014: Nil).
- Loss attributable to the owners of the Company for the financial year ended 31 December 2015 amounted to approximately RMB59.9 million (2014: RMB90.3 million), representing a decrease in loss of approximately 33.7% as compared with corresponding period in 2014.
- Total comprehensive expenses attributable to the owners of the Company for the financial year ended 31 December 2015 amounted to approximately RMB63.7 million (2014: RMB91.5 million), representing a decrease of approximately 30.4% as compared with corresponding period in 2014.
- The gearing ratio for the financial year ended 31 December 2015 was approximately 41.7% (2014: 54.3%), representing a decrease of 23.2% as compared with corresponding period in 2014.
- Basic loss per share for the financial year ended 31 December 2015 amounted to RMB2.15 cents (2014: RMB3.90 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 2015 (2014: nil).

FINANCIAL RESULTS

The Board of China Agroforestry Low-Carbon Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** ***RMB'000***	2014 *RMB'000*
Continuing Operations			
Revenue	*3*	**10,132**	26,837
Cost of sales		**(13,444)**	(22,648)
Gross (loss) profit		**(3,312)**	4,189
Investment and other income	*5*	**91**	45
Other gains and losses	*6*	**(15,173)**	(12,239)
Selling and distribution costs		**(897)**	(120)
Administrative expenses		**(29,802)**	(41,997)
Finance costs	*7*	**(12,680)**	(35,079)
Loss before tax		**(61,773)**	(85,201)
Income tax expense	*8*	**(11)**	(124)
Loss for the year from continuing operations		**(61,784)**	(85,325)
Discontinued Operations			
Loss for the year from discontinued operations	*9*	**–**	(5,232)
Loss for the year	*10*	**(61,784)**	(90,557)
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		**(3,805)**	(2,350)
Reclassification adjustments relating to foreign operations disposed of during the year		**–**	1,182
Other comprehensive expense for the year		**(3,805)**	(1,168)
Total comprehensive expenses for the year		**(65,589)**	(91,725)

	Notes	**2015**	2014
		RMB'000	*RMB'000*
Loss for the year from continuing operations attributable to:			
Owners of the Company		**(59,854)**	(85,090)
Non-controlling interests		**(1,930)**	(235)
		(61,784)	(85,325)
Loss for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(59,854)**	(90,322)
Non-controlling interests		**(1,930)**	(235)
		(61,784)	(90,557)
Total comprehensive expense attributable to:			
Owners of the Company		**(63,659)**	(91,490)
Non-controlling interests		**(1,930)**	(235)
		(65,589)	(91,725)

	Notes	**2015**	2014 (restated)
Loss per share:	*12*		
From continuing and discontinued operations			
Basic		**RMB(2.15) cents**	RMB(3.90) cents
Diluted		**N/A**	N/A
From continuing operations			
Basic		**RMB(2.15) cents**	RMB(3.67) cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**15,235**	21,965
Prepaid lease payments		**9,117**	9,298
Plantation forest assets		**220,977**	227,408
Deposit paid for acquisition of subsidiaries		**–**	3,000
Deposit paid for acquisition of property, plant and equipment		**–**	3,005
Loans receivable		**35,224**	–
		280,553	264,676
Current assets			
Inventories		**1,529**	3,104
Trade and other receivables	*13*	**8,463**	21,023
Loans receivable		**3,426**	3,952
Deposits and prepayments		**5,198**	21,718
Prepaid lease payments		**237**	287
Bank balances and cash		**40,884**	17,050
		59,737	67,134
Current liabilities			
Trade and other payables	*14*	**9,058**	20,868
Current tax payable		**134**	124
Promissory notes payable		**–**	56,322
Corporate bonds payable		**8,502**	–
		17,694	77,314
Net current assets (liabilities)		**42,043**	(10,180)
Total assets less current liabilities		**322,596**	254,496

	Notes	**2015**	2014
		RMB'000	*RMB'000*
Non-current liabilities			
Promissory notes payable		**20,075**	18,067
Corporate bonds payable		**104,002**	84,843
		124,077	102,910
Net assets		**198,519**	151,586
Capital and reserves			
Share capital		**5,115**	4,431
Reserves		**186,773**	135,690
Total equity attributable to owners of the Company		**191,888**	140,121
Non-controlling interests		**6,631**	11,465
Total equity		**198,519**	151,586

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands. The Company's shares were listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 8 October 2009 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 addresses of the registered office and principal place of business are Clifton House, 75 Fort Street, PO Box 190, 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, money lending and investment holding.

The Company's functional currency is Hong Kong dollars ("**HK$**") while that for the major subsidiaries in Mainland China (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.

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

New and revised HKFRSs applied in the current year

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of these amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and financial position for the current and prior years and/or on the disclosures set out in 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.

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

1 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application is permitted.
2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
4 No mandatory effective date yet determined but is available for adoption.

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.

3. REVENUE

An analysis of the Group's revenue is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue from sales of goods	**9,019**	26,837
Interest income from money lending business	**1,113**	–
	10,132	26,837

4. 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 and services 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.

(iii) Money Lending Business — provision of money lending services.

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 2015 and 2014 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 2015

	Continuing Operations				Discontinued Operations			
	Forestry Business *RMB'000*	Biomass Fuel Business *RMB'000*	Money Lending Business *RMB'000*	Sub-total *RMB'000*	OEM Business *RMB'000*	Brand Business *RMB'000*	Sub-total *RMB'000*	Total *RMB'000*
Revenue	607	8,412	1,113	10,132	–	–	–	10,132
Segment profit (loss)	(7,716)	(22,384)	990	(29,110)	–	–	–	(29,110)
Bank interest income								18
Other unallocated income								73
Gain on disposal of subsidiaries								–
Loss on early repayment of promissory notes								(87)
Other unallocated expenses								(19,987)
Finance costs								(12,680)
Loss before tax								(61,773)
Income tax expense								(11)
Loss for the year								(61,784)

For the year ended 31 December 2014

	Continuing Operations				Discontinued Operations			
	Forestry Business *RMB'000*	Biomass Fuel Business *RMB'000*	Money Lending Business *RMB'000*	Sub-total *RMB'000*	OEM Business *RMB'000*	Brand Business *RMB'000*	Sub-total *RMB'000*	Total *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 disposal of subsidiaries								2,467
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)

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, gain on disposal of subsidiaries, bank interest income, 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	**2015**	2014
	RMB'000	*RMB'000*
Forestry Business	**230,365**	248,990
Biomass Fuel Business	**22,657**	47,912
Money Lending Business	**38,650**	3,952
Total segment assets	**291,672**	300,854
Assets relating to the discontinued operations		
— OEM Business	**–**	–
— Brand Business	**–**	–
Unallocated	**48,618**	30,956
Consolidated assets	**340,290**	331,810

Segment liabilities	**2015**	2014
	RMB'000	*RMB'000*
Forestry Business	**3,016**	2,968
Biomass Fuel Business	**3,466**	5,748
Money Lending Business	**18**	–
Total segment liabilities	**6,500**	8,716
Liabilities relating to the discontinued operations		
— OEM Business	**–**	–
— Brand Business	**–**	–
Unallocated	**135,271**	171,508
Consolidated liabilities	**141,771**	180,224

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

— all assets are allocated to operating segments other than 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 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 2015

	Continuing Operations				Discontinued Operations				
	Forestry Business *RMB'000*	Biomass Fuel Business *RMB'000*	Money Lending Business *RMB'000*	Sub-total *RMB'000*	OEM Business *RMB'000*	Brand Business *RMB'000*	Sub-total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss/profit or segment assets									
Additions to non-current assets	17	2,646	–	2,663	–	–	–	–	2,663
Depreciation of property, plant and equipment	72	2,518	–	2,590	–	–	–	297	2,887
Amortisation of prepaid lease payments	223	8	–	231	–	–	–	–	231
Loss on disposal of property, plant and equipment	5	10	–	15	–	–	–	–	15
Gain on change in fair value less costs to sell of plantation forest assets	6,084	–	–	6,084	–	–	–	–	6,084
Impairment loss recognised in respect of									
— property, plant and equipment	–	6,613	–	6,613	–	–	–	–	6,613
— trade receivables	–	335	–	335	–	–	–	–	335
— other receivables	–	500	–	500	–	–	–	–	500
— deposit on acquisition of machinery	–	596	–	596	–	–	–	–	596

For the year ended 31 December 2014

	Continuing Operations				Discontinued Operations				
	Forestry Business *RMB'000*	Biomass Fuel Business *RMB'000*	Money Lending Business *RMB'000*	Sub-total *RMB'000*	OEM Business *RMB'000*	Brand Business *RMB'000*	Sub-total *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss/profit or segment assets									
Additions to non-current assets	45	10,123	–	10,168	–	–	–	–	10,168
Depreciation of property, plant and equipment	65	674	–	739	129	75	204	293	1,236
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									
— property, plant and equipment	–	–	–	–	–	–	–	–	–
— trade receivables	–	–	–	–	–	–	–	–	–
— other receivables	–	–	–	–	–	–	–	–	–
— deposit paid for acquisition of property, plant and equipment	–	–	–	–	–	–	–	–	–

Geographical information

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

	2015	2014
	RMB'000	*RMB'000*
PRC	**9,019**	26,837
Hong Kong	**1,113**	–
	10,132	26,837

Information about the Group's non-current assets based on the geographical location of the assets is not presented as the Group's non-current assets (excluding loans receivable) are substantially located in the PRC.

Information about major customers

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

	Revenue generated from	**2015**	2014
		RMB'000	*RMB'000*
Customer A	Forestry Business	**N/A**[1]	12,024
Customer B	Biomass Fuel Business	**2,061**	N/A[2]
Customer C	Biomass Fuel Business	**1,958**	7,441
Customer D	Biomass Fuel Business	**1,339**	N/A[2]
Customer E	Biomass Fuel Business	**N/A**[1]	5,296

1 The revenue from each of the customers for the current year did not contribute over 10% of the total revenue for this year.

2 The revenue from each of the customers for the corresponding prior year did not contribute over 10% of the total revenue for that year.

5. INVESTMENT AND OTHER INCOME

	Continuing operations		**Discontinued operations**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Interest income	**18**	38	**–**	1	**18**	39
Sundry income	**73**	7	**–**	–	**73**	7
	91	45	**–**	1	**91**	46

6. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Exchange (losses) gains, net	**(943)**	(614)	**–**	36	**(943)**	(578)
(Loss) gain on change in fair value less costs to sell of plantation forest assets	**(6,084)**	7,164	**–**	–	**(6,084)**	7,164
Loss on early repayment of promissory notes	**(87)**	(18,789)	**–**	–	**(87)**	(18,789)
Loss on disposal of property, plant and equipment	**(15)**	–	**–**	–	**(15)**	–
Impairment losses recognised in respect of						
— property, plant and equipment	**(6,613)**	–	**–**	–	**(6,613)**	–
— trade receivables	**(335)**	–	**–**	–	**(335)**	–
— other receivables	**(500)**	–	**–**	–	**(500)**	–
— deposit paid on acquisition of machinery	**(596)**	–	**–**	–	**(596)**	–
	(15,173)	(12,239)	**–**	36	**(15,173)**	(12,203)

7. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Interests on:						
— promissory notes	**3,983**	31,388	**–**	–	**3,983**	31,388
— corporate bonds	**8,502**	3,691	**–**	–	**8,502**	3,691
— borrowings from a shareholder	**195**	–	**–**	–	**195**	–
	12,680	35,079	**–**	–	**12,680**	35,079

8. INCOME TAX EXPENSE

	Continuing operations		Discontinued operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Hong Kong Profits Tax	**11**	–	**–**	–	**11**	–
PRC Enterprise Income Tax	**–**	124	**–**	–	**–**	124
	11	124	**–**	–	**11**	124

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits for the year.

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 in the Cayman Islands and the BVI.

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

9. 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 year from the discontinued operations is as follows:

	2015	2014
	RMB'000	*RMB'000*
Loss for the year from discontinued businesses *(Note below)*	–	(7,699)
Gain on disposal of the Disposed Group	–	2,467
Loss for the year from discontinued operations	–	(5,232)

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

	OEM Business		**Brand Business**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	–	–	–	–	–	–
Cost of sales	–	–	–	–	–	–
Gross profit	–	–	–	–	–	–
Investment and other income *(Note 5)*	–	1	–	–	–	1
Other gains and losses *(Note 6)*	–	36	–	–	–	36
Administrative expenses	–	(5,968)	–	(1,768)	–	(7,736)
Loss before tax	–	(5,931)	–	(1,768)	–	(7,699)
Income tax expense *(Note 8)*	–	–	–	–	–	–
Loss for the year attributable to owners of the Company	–	(5,931)	–	(1,768)	–	(7,699)

10. LOSS FOR THE YEAR

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Loss for the year has been arrived at after charging:						
Directors' emoluments	**2,317**	1,686	**–**	34	**2,317**	1,720
Other staff costs	**13,303**	16,998	**–**	7,309	**13,303**	24,307
Total staff costs *(Note below)*	**15,620**	18,684	**–**	7,343	**15,620**	26,027
Auditors' remuneration	**829**	736	**–**	–	**829**	736
Cost of inventories recognised and timber harvested	**13,189**	22,347	**–**	–	**13,189**	22,347
Depreciation of property, plant and equipment	**2,887**	1,032	**–**	204	**2,887**	1,236
Amortisation of prepaid lease payments	**231**	228	**–**	22	**231**	250
Impairment loss on inventories	**255**	301	**–**	–	**255**	301
Loss on disposal of property, plant and equipment	**15**	–	**–**	–	**15**	–
Operating lease rentals in respect of rented premises	**3,385**	2,839	**–**	116	**3,385**	2,955

Note: Included in total staff costs are share-based payment expenses amounted to RMB5,356,000 (2014: RMB12,877,000).

11. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 December 2015 (2014: Nil) nor had any dividend been proposed since the end of the reporting period (2014: Nil).

12. LOSS PER SHARE

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

	Continuing and Discontinued Operations		Continuing Operations	
	2015	2014	**2015**	2014
	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	**(59,854)**	(90,322)	**(59,854)**	(85,090)
Effect of dilutive potential ordinary shares:				
— Loss on early repayment of promissory notes	**(2,086)**	(3,398)	**(2,086)**	(3,398)
— Interest expense on promissory notes	**188**	809	**188**	809
Loss for the purpose of diluted earnings/loss per share	**N/A**	N/A	**N/A**	N/A

	Continuing and Discontinued Operations		Continuing Operations	
	2015	2014	**2015**	2014
	'000	*'000*	***'000***	*'000*
		(restated)		(restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,780,679**	2,318,400	**2,780,679**	2,318,400
Effect of dilutive potential ordinary shares:				
— Share options	**–**	26,355	**–**	26,355
— Warrants	**48,230**	176,750	**48,230**	176,750
Weighted average number of ordinary shares for the purposes of diluted earnings/loss per share	**2,828,909**	2,521,505	**2,828,909**	2,521,505

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 the conversion of the convertible bonds are regarded anti-dilutive.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for both of the years presented above has been adjusted for the subdivision of the Company's shares on the basis of every one share held into five subdivided shares made during the current year. The weighted average number of shares for the year ended 31 December 2014 has been restated accordingly.

13. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**5,222**	12,481
Less: allowance for doubtful debts	**(335)**	–
	4,887	12,481
Other receivables	**3,576**	8,542
	8,463	21,023

The Group generally allows an average credit period of 90 days (2014: 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:

	2015	2014
	RMB'000	*RMB'000*
0–90 days	**3,129**	12,438
91–180 days	**1,628**	43
181–365 days	**130**	–
Total	**4,887**	12,481

14. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**983**	1,637
Other payables	**5,759**	6,593
Redemption premium payable	**–**	10,976
Accrued charges	**2,316**	1,662
	9,058	20,868

The average credit period on purchase of goods ranges within 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:

	2015	2014
	RMB'000	*RMB'000*
0–30 days	**332**	1,584
31–90 days	**409**	53
Over 90 days	**242**	–
Total	**983**	1,637

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operational Review

After the completion of the acquisition of China Timbers Limited ("**China Timbers**") and its subsidiaries (collectively referred to as "**China Timbers Group**") in late May 2013 and the disposal of the entire issued share capital of Newshine International Limited ("**Newshine**") and its subsidiaries on 30 June 2014, the Group has ceased its operation of manufacturing and wholesaling of apparels, and focused on its businesses of (a) forestry management; (b) sale, research and development of biomass fuel produced by biomass materials such as timber processing and forestry waste; and (c) money lending.

Continuing Operations

Forestry management business

As at 31 December 2015, 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 Group, which were acquired by the Group on 28 May 2013 and became part of the Group. The Group harvested timber logs of approximately 400 cubic metres (2014: 15,000 cubic metres) in the Sichuan Forest during the year ended 31 December 2015. As at 31 December 2015, the Sichuan Forest is estimated to comprise of approximately 1,389 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, no revenue has been contributed from the Yunnan Forest to the Group for the year ended 31 December 2015. As at 31 December 2015, the Yunnan Forest is estimated to comprise of approximately 142 hectares of pine trees and 93 hectares of oak trees with approximately 112 hectares of tree plantations with age 40 years or older.

For the year of 2015, the forestry management business of the Group achieved a revenue of RMB607,000, which accounted for 6% of the total revenue, representing a decrease of 95% as compared to the year of 2014. Such decrease was due to a drop in the number of logs harvest in the Sichuan Forest. The drop was mainly due to the relevant PRC authority's delay in granting the relevant annual logging permit for the Group to harvest the Sichuan Forest. Such permit was only granted to the Group in late November 2015, whereas the previous annual logging permit was granted in around July 2014, thus leaving the Group with much less time to harvest the logs in the Sichuan Forest in the financial year ended 31 December 2015 than in the financial year ended 31 December 2014.

Biomass fuel business

Pursuant to a capital injection agreement dated 21 October 2014 and a supplemental agreement dated 15 May 2015, the Group agreed to inject a total amount of RMB10,155,000 by way of capital contribution to Xinyu Bio Energy (Anhui) Company Limited ("**Anhui Xinyu**") in exchange for 52% of its equity interests. As at the date of this Announcement, RMB10,155,000 has been fully paid by the Group as capital contribution to Anhui Xinyu. Anhui Xinyu is principally engaged in the manufacture and sale of biomass fuel products.

During the year ended 31 December 2015, the Group produced approximately 11,000 tons of biomass fuel (year ended 31 December 2014: approximately 17,000 tons). In 2015, the biomass fuel business of the Group achieved a revenue of approximately RMB8.4 million (2014: RMB14.8 million), which accounted for 83% of the total revenue.

Money Lending Business

The Company's wholly-owned subsidiary, namely, Forever Biosource (Credit) Limited, is engaged in money lending business and recorded a gain of approximately RMB1.1 million (2014: Nil) as interest income during the financial year ended 31 December 2015.

Fundraising Activities

During the year ended 31 December 2015, in order to support the development of the Group's forestry management business and the biomass fuel business, the Group has engaged in certain fundraising activities, details of which are set out as follows:

Issue of corporate bonds

During the year ended 31 December 2015, the Company entered into placing agreements with AMTD Asset Management Limited and SinoPac Securities (Asia) Limited on 15 July 2015 and 8 December 2015 respectively for the issue of corporate bonds, details of which are set out in the announcements of the Company dated 15 July 2015, 15 October 2015 and 11 December 2015 respectively. In this connection, the Company issued the corporate bonds in the aggregate principal amount of HK$57,600,000 for cash consideration of HK$57,600,000 (before expense), bearing interest rates ranged from 0% to 8% per annum and maturity dates ranging from 3 months to 7 years from the date of issue. During the year ended 31 December 2015, the Company repaid part of the corporate bonds with the principal amount of HK$31,000,000 together with interest therein for a consideration of HK$32,756,000. At the end of the reporting period, the corporate bonds payable with the principal amount of HK$140,700,000 (2014: HK$114,100,000) remained outstanding.

The net proceeds from the issue of corporate bonds, after deducting the interests and other related expenses payable by the Company, were approximately HK$52,720,000, 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 22 April 2015, the Company entered into a placing agreement with Glory Sky Global Markets Limited (the "**Placing Agent**") whereby the Company agreed to place, through the Placing Agent, on a best effort basis, 232,776,295 new shares (the "**Shares**", each being a share of the Company) to not less than six placees at a price of HK$0.306 per placing share under the general mandate. The placing shares represent approximately 9% of the then issued share capital of the Company and 8.25% of the then enlarged issued share capital of the Company.

An aggregate of 173,960,000 placing Shares of the Company were placed on 14 May 2015. The net proceeds from the placing, after deducting the placing commission and other related expenses payable by the Company, were approximately HK$52.54 million. The actual use of proceeds 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) approximately HK$6 million for general working capital, such as staff salaries and occupancy costs.

MAJOR NON-CASH TRANSACTIONS

As set out in the Company's announcement dated 15 July 2015, on 15 July 2015, the Company and Maple Reach Limited entered into a subscription and settlement agreement whereby the parties agreed to a full and final settlement of a remaining balance of the redemption premium of approximately HK$22,327,000 in consideration of the allotment and issue by the Company to Maple Reach Limited of 69,762,915 new shares at the subscription price of HK$0.32004. Maple Reach further agreed to release and discharge the Company immediately after completion of the Subscription and Settlement Agreement from all claims, damages, liabilities, causes of action and demands whatsoever which it had or may consider it had against the Company in relation to the redemption premium payable pursuant to the Subscription Agreement and its Supplemental Deed as defined under the Company's announcement dated 15 July 2015.

Financial Review

Turnover

During the financial year ended 31 December 2015, the Company recorded a turnover of approximately RMB10.1 million, representing an approximately 62.2% decrease as compared to approximately RMB26.8 million for 2014. Such drop was mainly due to the reduction of both domestic and overseas demand for timber and the PRC government's annual quota on forest logging.

Turnover from the Company's forestry management business for the year ended 31 December 2015 was approximately RMB0.6 million (2014: RMB12.0 million), representing an approximately 95% decrease as compared to the year ended 31 December 2014. However, such decrease was due to the decrease in the number of logging in Sichuan Forest. The drop was mainly due to the relevant PRC authority's delay in granting the relevant annual logging permit for the Group to harvest the Sichuan Forest. Such permit was only granted to the Group in late November 2015, whereas the previous annual logging permit was granted in around

July 2014, thus leaving the Group with much less time to harvest the logs in the Sichuan Forest in the financial year ended 31 December 2015 than in the financial year ended 31 December 2014. The revenue for this business segment is attributable solely to the sale of the forest stock harvested from the Sichuan Forest during the financial year ended 31 December 2015. 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 and the new forest which has been recently acquired by the Group in January 2016 subject to the relevant logging permit from the relevant PRC authority.

Turnover from the Company's biomass fuel business for the year ended 31 December 2015 was approximately RMB8.4 million (2014: RMB14.8 million), representing an approximately 43.2% decrease as compared to the year ended 31 December 2014. 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.

The Group also received interest income of approximately RMB1.1 million (2014: nil) from the money lending business engaged by its wholly owned subsidiary during the financial year ended 31 December 2015.

Gross Profit/Loss

The Group recorded a gross loss of approximately RMB3.3 million for the year ended 31 December 2015 (2014: Gross profit of approximately RMB4.2 million), representing a decrease of approximately 179.06% as compared to the year ended 31 December 2014. Such decrease was mainly due to the decrease in revenue of the forestry management business and biomass fuel business. Concerning the decrease in revenue of the forestry management business, the PRC government strictly implemented an annual quota system for wood logging and accordingly, such limited quota is competed vigorously among the numerous forestry operators. Without the approved logging permits, the Group will not be able to start operations and hence generating revenue in the forestry segment. During the year of 2015, the Group only received the relevant annual logging permit for the Sichuan Forest from the relevant PRC authority in late November 2015. The previous annual logging permit for the Sichuan Forest was granted in around July 2014, thus leaving the Group with much less time to harvest the logs in the Sichuan Forest in the financial year ended 31 December 2015 than in the financial year ended 31 December 2014. In addition, the decrease in revenue from the biomass fuel business was mainly due to low utilization rate of the production facilities and the increase in the price of raw materials resulting in the increase of unit production costs.

Loss/gain on change in fair value less costs to sell of plantation forest assets

During the year ended 31 December 2015, the Group recognised a loss on change in fair value of plantation forest assets of approximately RMB6.1 million (2014: Gain on change of approximately RMB7.2 million).

Selling and Distribution Costs

The selling and distribution costs of the Group increased from RMB0.12 million for the year ended 31 December 2014 to approximately RMB0.9 million for the year ended 31 December 2015. The selling and distribution costs were mainly attributable to the transportation costs incurred by the biomass fuel business.

Administrative Expenses

The administrative expenses of the Group decreased by approximately 29% from approximately RMB42 million for the year ended 31 December 2014 to approximately RMB29.8 million for the year ended 31 December 2015. The decrease in administrative expenses was mainly attributable to the reduction of consultation fees, and administrative costs associated with head office expenses and the forestry management and biomass fuel businesses.

Impairment loss recognised in respect of trade receivables

Impairment loss approximately RMB0.335 million was recognised in respect of trade receivables for the year ended 31 December 2015 (2014: Nil).

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 on 8 January 2013 but Note A was fully repaid by the Company as at 31 December 2015; (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; and (iv) the corporate bonds issued during the year with the principal amount of HK$57.6 million and at interest rates ranged from 0% to 8% per annum.

Income Tax Expense

For the year ended 31 December 2015, the income tax expense of the Group was approximately RMB0.01 million (2014: RMB0.12 million), which was attributable to the Hong Kong Profits Tax imposed on profits of a Hong Kong subsidiary.

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

As a result of the above changes, the Company has recorded a loss of approximately RMB61.8 million, representing a decrease of approximately 31.8% as compared to a loss of approximately RMB90.6 million for the year ended 31 December 2014. The total comprehensive expenses attributable to owners of the Company was approximately RMB63.7 million for the year ended 31 December 2015, which represents a decrease of approximately 30.4% compared to approximately RMB91.5 million for the year ended 31 December 2014.

Basic Loss per Share

Basic loss per share for the financial year ended 31 December 2015 amounted to RMB2.15 cents (2014: RMB3.90 cents), representing a decrease of approximately 44.9%.

LOANS RECEIVABLE

During the financial year ended 31 December 2015, a subsidiary of the Company entered into agreements with certain independent third parties, pursuant to which loans in the aggregate principal amount of HK$45,750,000 (equivalent to RMB38,328,000 (2014: Nil)) at the interest rate 6% per annum and with the maturity dates from 1 to 2 years from the loan drawdown date were made by the said subsidiary to such parties. Certain of the loans receivable with the principal amount of HK$37,000,000 are secured by machinery held by one of the borrowers.

Employees and Remuneration Policies

As at 31 December 2015, the Group employed a total of 125 employees (150 as at 31 December 2014). Total staff costs for the year under review, including the Directors' remuneration and termination benefits, amounted to approximately RMB15.6 million (2014: approximately RMB26 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, fundraising activities and bank borrowings. As at 31 December 2015, the Group had total assets of approximately RMB340.3 million (2014: RMB331.8 million) and net assets of approximately RMB198.5 million (2014: RMB151.6 million). The Group's cash and bank balances as at 31 December 2015 amounted to approximately RMB40.9 million (2014: RMB17.1 million). As at 31 December 2015, there were no unutilised banking facilities (2014: 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 on Assets

During the year ended December 2015, the Company has released its entire equity interest of all subsidiaries under Rongxuan and China Timbers to Maple Reach Limited ("**Maple Reach**") as security for the pledge notes issued to Maple Reach.

Commitments

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

	2015	2014
	RMB'000	*RMB'000*
Contracted, but not provided for:		
— Acquisition of subsidiaries	**–**	115,331
— Property, plant and machinery	**1,391**	2,796
	1,391	118,127

The Group leases certain of its office and factory premises under operating lease arrangements with leases negotiated for an average term of one to 20 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:

	2015	2014
	RMB'000	*RMB'000*
Within one year	**3,021**	3,276
In the second to fifth year inclusive	**2,130**	3,169
More than five years	**506**	428
	5,657	6,873

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: nil).

Foreign Exchange Exposure and Related Hedges

The Group's transactions are mainly denominated in Hong Kong dollars and RMB, being the functional currencies of relevant group entities. The majority of the Group's cash and bank balances are also denominated in these two currencies. During the financial year ended 31 December 2015, 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 41.7% as at 31 December 2015 (31 December 2014: 54.3%).

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 2015, the Company repaid all outstanding part of the Note A with the principal amount of HK$59,024,000 for an aggregate cash consideration of HK$67,256,000, comprising cash paid by the Company amounted to HK$59,024,000 and Redemption Premium payable to noteholder amounted to HK$8,232,000. As at 31 December 2015, the Note A was fully repaid by the Company and the Warrant B as defined below convertible into 104,030,000 new shares was lapsed.

During the year ended 31 December 2015, the Company redeemed part of the Note B with the principal amount of HK$1,000,000 for cash consideration of HK$1,000,000. At 31 December 2015, the Note B with the principal amount of HK$27,503,000 (2014: HK$28,503,000) remained outstanding.

Capital Structure

The capital structure of the Group consisted of net debt, which includes promissory notes payable (as detailed above) and corporate bonds payable, and equity attributable to owners of the Company, comprising issued share capital and reserves. Pursuant to the resolutions passed at the Company's extraordinary general meeting held on 8 July 2015, the Company effected a share capital subdivision that every one issued and unissued shares of HK$0.01 each in the Company were subdivided into five subdivided share of HK 0.002 each. As at 31 December 2015, the total number of the ordinary shares of the Company in issue was 3,016,284,395 shares (2014: 2,589,001,480 shares). The total equity attributable to the owners of the Company as at 31 December 2015 was approximately RMB191.3 million (2014: RMB140.1 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 934,250,000 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$0.21288 per share. The revision of the terms of the Note A was effective from 5 July 2013.

Number of shares under the Warrant B	**Exercisable period**
31,250,000	8 July 2013 to 31 January 2015
31,250,000	8 January 2014 to 31 January 2015
31,250,000	8 July 2014 to 31 January 2015
31,250,000	8 January 2015 to 31 January 2015
125,000,000	

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 20,970,000 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 which was secured by the pledge of 307,750,000 shares (2013: 527,750,000 shares) of the Company owned by Well Bright. As at that date, the Warrant B convertible into 104,030,000 (2013: 125,000,000) new shares of the Company remained outstanding. During the year ended 31 December 2015, the Company repaid the remaining part of the Note A with the principal amount of HK$59,024,000 for an aggregate cash consideration of HK$67,256,000, comprising cash paid by the Company amounted to HK$59,024,000 and Redemption Premium payable to noteholder amounted to HK$8,232,000. At 31 December 2015, the Note A was fully repaid by the Company, and the Warrant B convertible into 104,030,000 new shares was lapsed.

Warrants issued on 28 March 2013

On 28 March 2013, the Company issued an aggregate of 110,000,000 warrants at the issue price of HK$0.002 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$0.198 per share during the period of three years commencing from the date of issue of the warrants. On 24 November 2015, the Warrant A has been converted into 110,000,000 new shares of the Company.

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.

During the year ended 31 December 2015, the Company redeemed part of the Note B with the principal amount of HK$1,000,000 at cash consideration of HK$1,000,000. At 31 December 2015, the Note B with the principal amount of HK$27,503,000 (2014: HK$28,503,000) remained outstanding. Subsequent to the end of 31 December 2015, no part of the Note B was redeemed.

Significant Investment Held and Material Acquisitions and Disposals

Acquisition of Anhui Xinyu

Anhui Xinyu was incorporated in the PRC and, through its subsidiaries, is principally engaged in production and sale of biomass fuel products in the PRC. During the year ended 31 December 2015, Anhui Xinyu implemented a reduction of its registered capital of RMB19,500,000, under which the registered capital was reduced from RMB39,000,000 to RMB19,500,000. The repayment of the registered capital of RMB19,500,000 was satisfied by (i) the disposal of machinery by Anhui Xinyu for a consideration of RMB2,355,000 to an independent third party and (ii) set off against the amount of RMB17,145,000 due to the subsidiary of the Company. As a result, the percentage of the registered capital contributed by the Group was reduced to 52.07% with the remaining of 47.93% contributed by an independent third party.

Save as disclosed above, there were no significant investment held or material acquisitions and disposals of subsidiaries for the year ended 31 December 2015.

Future Plans for Material Investments or Capital Assets

In view of the fact that biomass fuel was categorized by the PRC government as clean energy, the Group will continue to expand its biomass fuel business, particularly in 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 our customers; providing energy supply technology and services, and sharing the reduction of energy costs with our customers.

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 cooperate with enterprises which produce biomass fuels in the PRC to broaden the upstream supply sources and actively expand into the downstream market.

As disclosed in the Company's announcement dated 21 January 2016, on 21 January 2016, the Company and a third party vendor entered into an acquisition agreement, pursuant to which, among other things, the Company has conditionally agreed to acquire from the vendor the sale shares of 100% equity interest in Exceed Target Investment Group Limited (the "**Exceed Target**") at the consideration of HK$65,000,000, Exceed Target is an investment holding company incorporated in the BVI with limited liability. Through its wholly owned subsidiary, Exceed Target engaged in the operation and management of the forests in Jiange County, Sichuan Province, the PRC (the "**Forests**") and possesses the Forests and the right to be engaged in the operations and management of the Forests. The Directors consider that the acquisition will allow the Company to expand forest management business and invest in the low carbon industry by engaging in research and development of biomass fuel produced by wood waste. The Acquisition is in line with the Group's growth strategies and shall benefit the Group by strengthening its core business and diversifying its revenue sources.

Save as disclosed above, the Group had no other future plans for material investments or capital assets as at 31 December 2015.

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 2015:

(a) On 6 January 2016, a subsidiary of the Company entered into two years loan agreements with certain third parties, pursuant to which loans totalled HK$23,500,000 were made by the subsidiary to such parties. These loans are secured by certain assets held by one of the borrowers, carry interest rate at 6% per annum. Such loans has been wholly repaid by the third parties borrowers in January 2016.

(b) On 15 January 2016, the Company entered into the subscription agreements with certain independent subscribers, pursuant to which the subscribers conditionally agreed to subscribe, and the Company conditionally agreed to issue the convertible bonds in the aggregate principal amount of HK$9,000,000 to the subscribers. The convertible bonds, which carry interest rate at 5% per annum and are mature after one year from the date of issue of the convertible bonds, are convertible into new Shares of the Company at the initial conversion price of HK$0.175 per Share commencing from the date immediately after 3 months from their issue date. Completion of the issue of the convertible bonds took place in January 2016.

(c) On 21 January 2016, the Company entered into an acquisition agreement with a third party pursuant to which the Company has conditionally agreed to acquire 100% equity interest in Exceed Target for a consideration of HK$65,000,000. The Exceed Target, through its indirect subsidiary, is principally engaged in the operation and management of the Forests. Completion of the acquisition of Exceed Target took place on 26 February 2016 and the consideration for acquisition was satisfied by the issue of 328,282,828 new shares of the Company at the issue price of HK$0.198 per share.

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.

As set out in the Company's announcement dated 27 November 2015, the Company has been actively seeking diversified business opportunities so as to achieve steady growth of the Group. The Company has announced that the Group intends to negotiate with 深圳恒富得萊斯智能房屋有限公司 and its relevant shareholders, which are independent third parties, regarding any potential cooperation in order to explore potential business opportunities and to enable the Company to tap into the multi-purpose container related industry ("**Potential New Business**") in the People's Republic of China. The Company believes that there is a great potential market and investment opportunities for the development of the Potential New Business (if materialises) of the Group. The Board considers that the Potential New Business (if materialises) will help diversify the business of the Company and broaden its income base, and is in the interests of the Company and its shareholders as a whole. Notwithstanding the Group's intention to explore the Potential New Business, the forestry management business and biomass fuel business will continue to be the core businesses of the Group.

In addition, the Group would continue to develop its money lending business, The Group is optimistic in the prospect of its money lending business in view of the demand for loan financing from potential borrowers under the current challenging business environment. With low gearing and solid financial position, our management believes that a cautious approach in the money lending field will enable the Group to manage risk and generate interest income.

ANNUAL DIVIDEND

The Board does not recommend the payment of an annual dividend for the financial year ended 31 December 2015 (2014: nil) and there is no closure of the registers of members accordingly.

Grant of Share Options

The Company announced that on 30 July 2015, an aggregate of 276,296,145 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 276,296,145 ordinary shares of the Company (the "**Shares**") of HK$0.002 each in the share capital of the Company under the share option scheme of the Company adopted on 15 September 2009.

Please see the Company's announcement dated 30 July 2015 for details.

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

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2015 as set out the preliminary announcement have been agreed by the Group's auditor, CCTH, to the amounts set out in the Group's audited consolidated financial statements 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.

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 2015, 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 2015.

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 2015 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2015. 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 2015.

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 2015.

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 2015 annual report of the Company will be despatched to shareholders of the Company around the end of April of 2016 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 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lei Zuliang, Mr. Wang Yue, Professor Fei Phillip 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.