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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)

**INSIDE INFORMATION
MEMORANDUM OF UNDERSTANDING IN RELATION TO THE
POSSIBLE ACQUISITION OF ASSETS**

The Board is pleased to announce that on 31 August 2018 (after trading hours on the Stock Exchange, the Company entered into the MOU with the Potential Vendor in relation to the Possible Acquisition.

The MOU is non-legally binding save and except for the provisions relating to, amongst others, exclusivity, confidentiality, fees and expenses and the governing law of the MOU.

The Board wishes to emphasize that the Possible Acquisition may or may not proceed and the MOU may or may not lead to any Formal Agreement. As such, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement as and when appropriate pursuant to the requirements under the Listing Rules.

THE MOU

The Board is pleased to announce that on 31 August 2018 (after trading hours on the Stock Exchange), the Company entered into the MOU with the Potential Vendor in relation to the Possible Acquisition. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Potential Vendor is an indirect wholly owned subsidiary of a PRC entity in which Mr. Lei Zuliang, the executive Director of our Company, has approximately 26.5% equity interest. Save as disclosed, the Potential Vendor is a third party independent of and not connected with the Company and its connected person (as defined under the Listing Rules).

MAJOR TERMS OF THE MOU

The major terms of the MOU are summarized as follows:

- Date** : 31 August 2018
- Parties** : (a) The Company (as potential purchaser); and
(b) The Potential Vendor (as potential vendor)
- Target Assets intended to be acquired** : Subject to the satisfaction of the Conditions Precedent (as defined below) to be set out in the Formal Agreement, the Potential Vendor shall sell and the Company shall purchase the Target Assets owned by the Potential Vendor.

The major information of the Target Assets is as follow:

Land identification number:	H404-0085
Land Area:	6,229.44 m ²
Land Location:	Qingshuihe Street, Luohu District, Shenzhen, the PRC
Date of Expiry of Land Use Right:	17 December 2047
Land usage:	Commercial

- Consideration** : The consideration of the Possible Acquisition shall be further negotiated between the Company and the Potential Vendor and be determined upon the signing of the Formal Agreement by the Potential Vendor and the Company.

It is intended for the consideration to be settled in cash and/or promissory note(s) to be issued by the Company.

- Conditions precedent** : Pursuant to the MOU, the completion of the Possible Acquisition shall be subject to, but not limited to, the following conditions precedent (the “**Conditions Precedent**”):
- (i) The Company being satisfied with the results of the due diligence review of, amongst others, the legal status of the Target Asset;
 - (ii) Each of the Company and the Potential Vendor has obtained all necessary approvals, including, if necessary, the shareholders’ approval, the relevant approval of the governmental or regulatory departments, bodies or organization, or any other third party (such as bank);

- (iii) The receipt of evidential proof by the Company from the Potential Vendor concerning the Potential Vendor's direct ownership of all beneficial interest of the Target Assets, which is free from all encumbrance;
- (iv) The receipt of a due diligence report from PRC lawyers appointed by the Company concerning, without limitation to, the legal status, litigation (if any) and land use rights certificate of the Target Assets; and
- (v) The representation and warranties of the Potential Vendor in the Formal Agreement being on the date of the Agreement and on the date of completion of the Possible Acquisition remain true, accurate and not misleading in all aspects.

- Exclusivity** : The Potential Vendor shall not within six months from the date of the MOU (or such later date as the parties to the MOU shall agree) negotiate with any party (other than the Company) for the Possible Acquisition.
- Due diligence** : Upon signing the MOU and upon the request of the Company (and its advisers), the Potential Vendor shall allow the Company (and its advisers) reasonable opportunities to access and review the documents of the Target Assets.
- Formal agreement** : The Company and the Potential Vendor shall proceed to negotiate a legally-binding Formal Agreement on or before the date falling within six months from the date of the MOU (or such other date as the parties to the MOU shall agree), failing which the MOU shall lapse.
- Binding effect** : Save and except for the provisions relating to the exclusivity, confidentiality, fee and expenses, and governing laws of the MOU, the MOU does not have any legal binding effect and the MOU does not constitute any legally-binding commitment in respect of the Possible Acquisition.

REASONS FOR THE POSSIBLE ACQUISITION

The Group has been seeking and exploring business and investment opportunities to strengthen its core business and diversify its revenue sources. The Board is of the view that there is business potential in the Possible Acquisition, which could diversify and improve the prospects of the Group.

The Board wishes to emphasize that the Possible Acquisition may or may not proceed and the MOU may or may not lead to any Formal Agreement. As such, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement as and when appropriate pursuant to the requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless that context otherwise requires.

“Board”	the board of Directors
“Company”	China Agroforestry Low-Carbon Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1069)
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the Memorandum of Understanding dated 31 August 2018 and entered into between the Company and the Potential Vendor in relation to the Possible Acquisition
“Potential Vendor”	a PRC entity
“Possible Acquisition”	the possible acquisition by the Company of the Target Assets from the Potential Vendor
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Shareholders”	Holders of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Assets”

The non-current assets owned by the Potential Vendor, including the fixed assets (including all of its legal and beneficial interest which shall be free from all encumbrance) as described in this announcement

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

Shenzhen, the PRC, 31 August 2018

As at the date of this announcement, the executive Directors are Mr. Lei Zuliang, Mr. Wang Yue, and Professor Fei Phillip. The non-executive Director is Professor Liu Zhikun. The independent non-executive Directors are Ms. Tian Guangmei, Mr. Liang Guoxin and Mr. Liu Zhaoxiang.