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 2018

FINANCIAL HIGHLIGHTS

- Revenue from continuing operations for the financial year ended 31 December 2018 amounted to approximately Renminbi ("**RMB**") 51.4 million (2017: RMB85.6 million), representing a decrease of approximately 40% as compared with corresponding period in 2017.
- Segment revenue from the container house business, forestry business and money lending business for the financial year ended 31 December 2018 were approximately RMB25.1 million (2017: RMB56 million), RMB20.5 million (2017: RMB24 million) and RMB5.7 million (2017: RMB5.6 million) respectively.
- Segment results from the container house business, forestry business and money lending business for the financial year ended 31 December 2018 were loss of approximately RMB48.4 million (2017: loss of RMB29 million), profit of approximately RMB6.3 million (2017: profit of RMB53.7 million) and profit of approximately RMB2.3 million (2017: RMB4.5 million) respectively.
- Loss attributable to the owners of the Company for the financial year ended 31 December 2018 amounted to approximately RMB65.3 million (2017: RMB7.7 million), representing an increase in loss of approximately 748% as compared with corresponding period in 2017.

- Total comprehensive expense attributable to the owners of the Company for the financial year ended 31 December 2018 amounted to approximately RMB78 million (2017: total comprehensive income RMB6 million), representing a decrease of approximately 1,400% as compared with corresponding period in 2017.

- The gearing ratio for the financial year ended 31 December 2018 was approximately 32.5% (2017: 54.7%), representing a decrease of 40.1% as compared with corresponding period in 2017.

- Basic loss per share for the financial year ended 31 December 2018 amounted to RMB0.89 cents (2017: RMB0.18 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 2018 (2017: 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 2018, together with the comparative figures for the year ended 31 December 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** *RMB'000*	2017 *RMB'000*
Continuing Operations			
Revenue	*3*	**51,359**	85,572
Cost of sales and services		**(23,231)**	(17,588)
Gross profit		**28,128**	67,984
Investment and other income	*5*	**2,466**	3,137
Other gains and losses	*6*	**(39,098)**	8,244
Selling and distribution expenses		**(122)**	–
Administrative expenses		**(40,098)**	(70,238)
Finance costs	*7*	**(28,389)**	(27,924)
Loss before tax		**(77,113)**	(18,797)
Income tax credit	*8*	**11,862**	4,829
Loss for the year from continuing operations	*9*	**(65,251)**	(13,968)
Discontinued Operations			
Net gain for the year from discontinued operations	*10*	**–**	6,229
Loss for the year		**(65,251)**	(7,739)
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(12,471)**	13,121
Reclassification adjustments relating to foreign operations disposed during the year		**(29)**	739
Other comprehensive (expense) income for the year		**(12,500)**	13,860
Total comprehensive (expense) income for the year		**(77,751)**	6,121

	Notes	**2018**	2017
		RMB'000	*RMB'000*
Loss for the year from continuing operations attributable to owners of the Company		**(65,251)**	(13,968)
Loss for the year from continuing and discontinued operations attributable to owners of the Company		**(65,251)**	(7,739)
Total comprehensive (expense)/income for the year attributable to owners of the Company		**(77,751)**	6,121

	Notes	**2018**	2017
		RMB cent	*RMB cent* (restated)
Loss per share:	*12*		
From continuing and discontinued operations			
Basic		**(0.89)**	(0.18)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(0.89)**	(0.33)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**1,017**	83,152
Prepaid land lease payments		**48,291**	27,868
Plantation forest assets		**574,400**	470,700
Loans receivable		**89,952**	35,260
Goodwill		**–**	–
Other intangible assets		**–**	47,203
Deferred tax assets		**250**	–
		713,910	664,183
Current assets			
Inventories		**1,096**	–
Trade and other receivables	*13*	**126,889**	124,096
Loans receivable		**34,083**	36,609
Deposits and prepayments		**4,459**	4,212
Prepaid land lease payments		**1,463**	821
Derivative financial instruments		**–**	–
Income tax recoverable		**175**	–
Bank balances and cash		**7,387**	22,323
		175,552	188,061
Current liabilities			
Trade and other payables	*14*	**21,176**	73,323
Promissory notes payable		**21,872**	22,560
Corporate bonds payable		**47,670**	–
Convertible bonds payable		**–**	–
Contingent consideration payable		**–**	–
Current tax payable		**–**	3,720
		90,718	99,603
Net current assets		**84,834**	88,458
Total assets less current liabilities		**798,744**	752,641

	Notes	2018 RMB'000	2017 RMB'000
Non-current liabilities			
Promissory notes payable		**23,783**	145,872
Corporate bonds payable		**174,341**	208,574
Deferred tax liabilities		**–**	11,801
		198,124	366,247
Net assets		**600,620**	386,394
Capital and reserves			
Share capital		**19,016**	7,501
Reserves		**581,604**	378,893
Total equity		**600,620**	386,394

NOTES:

1. GENERAL INFORMATION

China Agroforestry Low-Carbon Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

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 it 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 new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"):

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The application of all the new and revised 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.

3. REVENUE

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

	Continuing Operations		Discontinued Operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from sales of goods	**20,509**	24,046	**–**	105	**20,509**	24,151
Sales and installation of container houses	**7,766**	–	**–**	–	**7,766**	–
Income from provision of services	**10,627**	55,416	**–**	–	**10,627**	55,416
Rental income from container houses	**6,738**	570	**–**	–	**6,738**	570
Interest income from money lending business	**5,719**	5,540	**–**	–	**5,719**	5,540
	51,359	85,572	**–**	105	**51,359**	85,677

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.

The Group's reportable, operating and discontinued segments are analysed as follows:

Continuing operations :

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

(ii) Container Houses Business — provision of services in relation to management, leasing, sale and installation of container houses and related business.

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

Discontinued operations:

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

Information regarding the above segments for the years ended 31 December 2018 and 2017 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 2018

	Continuing Operations				Discontinued Operations	
	Forestry Business	Container Houses Business	Money Lending Business	Sub-total	Biomass Fuel Business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	**20,509**	**25,131**	**5,719**	**51,359**	**–**	**51,359**
Segment profit (loss)	**6,321***	**(48,421)#**	**2,301**	**(39,799)**	**–**	**(39,799)**
Bank interest income						**17**
Other unallocated income						**2,449**
Gain on disposal of subsidiaries						**16,192**
Gain on change in fair value of contingent consideration payable						**–**
Loss on early redemption on promissory notes						**(14,501)**
Loss on change in fair value of derivative financial instruments						**–**
Other unallocated expenses						**(13,082)**
Finance costs						**(28,389)**
Loss before tax						**(77,113)**
Income tax credit						**11,862**
Loss for the year						**(65,251)**

For the year ended 31 December 2017

	Continuing Operations				Discontinued Operations	
	Forestry Business *RMB'000*	Container Houses Business *RMB'000*	Money Lending Business *RMB'000*	Sub-total *RMB'000*	Biomass Fuel Business *RMB'000*	Total *RMB'000*
Segment revenue	24,046	55,986	5,540	85,572	105	85,677
Segment profit (loss)	53,716*	(29,280)#	4,517	28,953	(1,947)	27,006
Bank interest income						32
Other unallocated income						3,323
Gain on disposal of subsidiaries						7,957
Gain on change in fair value of contingent consideration payable						30,253
Loss on early redemption on promissory notes						(13,728)
Loss on change in fair value of derivative financial instruments						(199)
Other unallocated expenses						(39,288)
Finance costs						(27,924)
Loss before tax						(12,568)
Income tax credit						4,829
Loss for the year						(7,739)

		2018 *RMB'000*	2017 *RMB'000*
*	Segment profit of Forestry Business before change in fair value less costs to sell of plantation forest assets	**12,226**	10,085
	Net (loss) gain on change in fair value less costs to sell of plantation forest assets	**(5,905)**	43,631
	Segment profit of Forestry Business	**6,321**	53,716
#	Segment (loss) profit of Container Houses Business before amortisation and impairment	**(1,218)**	48,938
	Amortisation of other intangible assets	**(12,876)**	(26,810)
	Impairment on goodwill and other intangible assets	**(34,327)**	(51,408)
	Segment loss of Container Houses Business	**(48,421)**	(29,280)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2017: Nil).

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, bank interest and sundry income, gain on disposal of subsidiaries, gain on change in fair value of contingent consideration payable, loss on change in fair value of derivative financial instruments, 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	**2018**	2017
	RMB'000	*RMB'000*
Forestry Business	**645,658**	540,834
Container Houses Business	**14,577**	178,256
Money Lending Business	**124,510**	71,877
Total segment assets	**784,745**	790,967
Unallocated assets	**104,717**	61,277
Consolidated assets	**889,462**	852,244

Segment liabilities	**2018**	2017
	RMB'000	*RMB'000*
Forestry Business	**3,302**	3,083
Container Houses Business	**5,015**	1,026
Money Lending Business	**87**	52,664
Total segment liabilities	**8,404**	56,773
Unallocated liabilities	**280,438**	409,077
Consolidated liabilities	**288,842**	465,850

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, other receivables and deposits and prepayments, and derivative financial instruments. 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, convertible bonds payable, contingent consideration payable, current tax payable, deferred tax liabilities 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 2018

	Continuing Operations				Discontinued Operations		
	Forestry Business *RMB'000*	Container Houses Business *RMB'000*	Money Lending Business *RMB'000*	Sub-total *RMB'000*	Biomass Fuel Business *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 *(Note)*	115,454	975	–	116,429	–	6	116,435
Depreciation of property, plant and equipment	3	6,639	2	6,644	–	1	6,645
Amortisation of prepaid land lease payments	1,035	–	–	1,035	–	–	1,035
Amortisation of other intangible assets	–	12,876	–	12,876	–	–	12,876
Loss on disposal of property, plant and equipment	–	43	–	43	–	–	43
Net loss on change in fair value less costs to sell of plantation forest assets	5,905	–	–	5,905	–	–	5,905
Impairment losses recognised in respect of							
— inventories	–	–	–	–	–	–	–
— goodwill	–	–	–	–	–	–	–
— other intangible assets	–	34,327	–	34,327	–	–	34,327
— loan receivables	–	–	1,514	1,514	–	–	1,514

For the year ended 31 December 2017

	Continuing Operations				Discontinued Operations		
	Forestry Business *RMB'000*	Container Houses Business *RMB'000*	Money Lending Business *RMB'000*	Sub-total *RMB'000*	Biomass Fuel Business *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 *(Note)*	117,114	83,818	7	200,939	–	4	200,943
Depreciation of property, plant and equipment	16	822	–	838	533	–	1,371
Amortisation of prepaid land lease payments	684	–	–	684	–	–	684
Amortisation of other intangible assets	–	26,810	–	26,810	–	–	26,810
Loss on disposal of property, plant and equipment	–	–	–	–	294	–	294
Net gain on change in fair value less costs to sell of plantation forest assets	43,631	–	–	43,631	–	–	43,631
Impairment losses recognised in respect of							
— inventories	–	–	–	–	33	–	33
— goodwill	–	357	–	357	–	–	357
— other intangible assets	–	51,051	–	51,051	–	–	51,051
— loan receivables	–	–	–	–	–	–	–

Note: The additions to non-current assets exclude the financial assets.

Geographical information

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

	Continuing operations		**Discontinuing operations**		**Total**	
	2018 ***RMB'000***	2017 *RMB'000*	**2018** ***RMB'000***	2017 *RMB'000*	**2018** ***RMB'000***	2017 *RMB'000*
PRC	**45,640**	80,032	**–**	105	**45,640**	80,137
Hong Kong	**5,719**	5,540	**–**	–	**5,719**	5,540
	51,359	85,572	**–**	105	**51,359**	85,677

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	2018 RMB'000	2017 RMB'000
Customer A	Forestry Business	**20,509**	24,046
Customer B	Container Houses Business	**9,682**	N/A

The revenue from the Customer B for the prior year ended 31 December 2017 did not contribute over 10% of the total group's revenue for that year.

5. INVESTMENT AND OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Bank interest income	**17**	14	**–**	18	**17**	32
Sundry income	**2,449**	3,123	**–**	200	**2,449**	3,323
	2,466	3,137	**–**	218	**2,466**	3,355

6. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Gain on change in fair value of contingent consideration payable	**–**	30,253	**–**	–	**–**	30,253
Gain on disposal of subsidiaries	**16,192**	–	**–**	–	**16,192**	–
Net (loss) gain on change in fair value less costs to sell of plantation forest assets	**(5,905)**	43,631	**–**	–	**(5,905)**	43,631
Loss on change in fair value of derivative financial instruments	**–**	(199)	**–**	–	**–**	(199)
Loss on early repayment of promissory notes	**(14,501)**	(13,728)	**–**	–	**(14,501)**	(13,728)
Loss on disposal of property, plant and equipment	**(43)**	–	**–**	(294)	**(43)**	(294)
Impairment losses recognised in respect of:						
— goodwill	**–**	(357)	**–**	–	**–**	(357)
— other intangible assets	**(34,327)**	(51,051)	**–**	–	**(34,327)**	(51,051)
— loan receivables	**(1,514)**	**–**	**–**	**–**	**(1,514)**	**–**
— inventories	**–**	–	**–**	(33)	**–**	(33)
Exchange gains (losses), net	**1,000**	(305)	**–**	559	**1,000**	254
Other gains (losses), net	**(39,098)**	8,244	**–**	232	**(39,098)**	8,476

7. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Interest on:						
— promissory notes payable	**12,119**	12,749	**–**	–	**12,119**	12,749
— corporate bonds payable	**16,270**	14,177	**–**	–	**16,270**	14,177
— convertible bonds payable	**–**	998	**–**	–	**–**	998
	28,389	27,924	**–**	–	**28,389**	27,924

8. INCOME TAX CREDIT

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Income tax charge (credit)						
Hong Kong Profits Tax	**237**	547	**–**	–	**237**	547
PRC Enterprise Income Tax	**(48)**	14,089	**–**	–	**(48)**	14,089
Current tax charge, net	**189**	14,636	**–**	–	**189**	14,636
Deferred tax credit	**(12,051)**	(19,465)	**–**	–	**(12,051)**	(19,465)
Income tax credit	**(11,862)**	(4,829)	**–**	–	**(11,862)**	(4,829)

Hong Kong Profits Tax is calculated at 16.5% (2017: 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 Law, 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. LOSS FOR THE YEAR

	Continuing Operations		Discontinued Operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Loss for the year has been arrived at after charging:						
Directors' emoluments *(Note below)*	**1,646**	1,831	**–**	–	**1,646**	1,831
Other staff costs	**7,527**	5,402	**–**	1,280	**7,527**	6,682
Total staff costs	**9,173**	7,233	**–**	1,280	**9,173**	8,513
Auditors' remuneration						
— audit services	**960**	1,034	**–**	–	**960**	1,034
— non-audit services	**558**	424	**–**	–	**558**	424
Cost of inventories recognised and timber harvested	**12,783**	12,151	**–**	77	**12,783**	12,228
Depreciation of property, plant and equipment	**6,645**	838	**–**	533	**6,645**	1,371
Amortisation of prepaid land lease payments	**1,035**	684	**–**	–	**1,035**	684
Amortisation of other intangible assets	**12,876**	26,810	**–**	–	**12,876**	26,810
Impairment loss on inventories	**–**	–	**–**	33	**–**	33
Share-based payment expenses *(Note below)*	**–**	5,476	**–**	–	**–**	5,476
Operating lease rentals in respect of:						
— land and building	**4,006**	5,470	**–**	61	**4,006**	5,531
— motor vehicles	**506**	–	**–**	–	**506**	–

Note:

No share-based payment expenses were incurred by the Group in respect of the year ended 31 December 2018. Included in the share-based payment expenses totalled RMB5,476,000 for the year ended 31 December 2017 are the amount of RMB198,000 attributable to the directors of the Company and are also included in the directors' emoluments, with the remaining amount of RMB5,278,000 attributable to parties other than the staff of the Group.

10. DISCONTINUED OPERATIONS

On 27 December 2017, the Company entered into an agreement with a third party, pursuant to which the Company has agreed to dispose of the entire issued share capital of Rongxuan Forestry Investment Holdings Limited ("**Rongxuan**") at a consideration of RMB1,800,000. The disposal of Rongxuan was completed on 29 December 2017. Upon the completion of the disposal, the Group ceased its operations of manufacture and sale of biomass fuel products. An analysis of the gain/loss for the year from the discontinued operations is as follows:

	2017 *RMB'000*
Loss for the period from discontinued business *(Note below)*	(1,728)
Gain on disposal of subsidiaries undertaking Biomass Fuel Business	7,957
Net gain for the year from discontinued operations	6,229

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

	1 January 2017 to 28 December 2017 *RMB'000*
Revenue *(Note 3)*	105
Cost of sales	(77)
Gross profit	28
Investment and other income *(Note 5)*	218
Other gains or losses *(Note 6)*	232
Selling and distribution expenses	(2)
Administrative expenses	(2,204)
Loss before tax	(1,728)
Income tax expense *(Note 8)*	–
Loss for the year attributable to owners of the Company *(Note 9)*	(1,728)

The cash flows from the discontinued operations are analysed as follows:

	1 January 2017 to 28 December 2017 *RMB'000*
Net cash outflow from operating activities	(786)
Net cash inflow from investing activities	28
Net cash inflow from financing activities	82
Net cash outflow	(676)

11. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 December 2018 (2017: Nil) nor had any dividend been proposed since the end of the reporting period (2017: 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**	
	2018	2017	**2018**	2017
	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	**(65,251)**	(7,739)	**(65,251)**	(13,968)
Effect of dilutive potential ordinary shares:				
— Interest expense on convertible bonds	**-**	998	**-**	998
— Loss on change in fair value of derivative financial instruments	**-**	199	**-**	199
Loss for the purpose of diluted loss per share	**N/A**	N/A	**N/A**	N/A

	Continuing and Discontinued Operations		**Continuing Operations**	
	2018	2017	**2018**	2017
	RMB'000	*RMB'000* (restated)	***RMB'000***	*RMB'000* (restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**7,316,748**	4,259,409	**7,316,748**	4,259,409
Effect of dilutive potential ordinary shares:				
— Convertible bonds	**-**	19,031	**-**	19,031
Weighted average number of ordinary shares for the purposes of diluted loss per share	**7,316,748**	4,278,440	**7,316,748**	4,278,440

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for 2018 and 2017.

The weighted average number of ordinary shares for the year ended 31 December 2017 shown above has been adjusted to take account of the effect arising from the rights issue of shares of the Company made during the current year. Comparative information of the loss per share for the year ended 31 December 2017 has been restated accordingly.

As the Group sustained a loss for both of the years presented, diluted loss per share for these years are not presented as the effects of conversion of the convertible bonds are regarded anti-dilutive.

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**30,436**	36,077
Other receivables	**96,453**	88,019
	126,889	124,096

The Group generally allows an average credit period of 90 days (2017: 90 days) to its trade customers, where partial 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 invoice dates:

	2018	2017
	RMB'000	*RMB'000*
0–90 days	**26,938**	28,182
91–180 days	**3,251**	3,082
181–365 days	**247**	4,523
more than 365 days	**–**	290
Total	**30,436**	36,077

14. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade payables *(Note ii)*	**3,443**	–
Consideration payable for acquisition of subsidiary	**7,350**	7,350
Other payables	**7,423**	6,349
Deposits received	**1,039**	–
Amounts due to former subsidiaries *(Note iii)*	**–**	57,604
Accrued charges	**1,921**	2,020
	21,176	73,323

Notes:

(i) The average credit period on purchase of goods is within 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

(ii) The following is an aged analysis of trade payables presented based on invoice dates:

	2018	2017
	RMB'000	*RMB'000*
0–30 days	**342**	–
31–90 days	**1,472**	–
Over 90 days	**1,629**	–
Total	**3,443**	–

(iii) The amounts represent payables to certain subsidiaries of Rongxuan, which was disposed of by the Group during the year ended 31 December 2017 (Note 10). Such amounts are unsecured, interest free and was fully settled during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

The Group is principally engaged in the businesses of (a) forestry management; (b) money lending and (c) provision of management and related services for the leases of container houses.

Continuing Operations

Forestry Management Business

As at 31 December 2018, the long-lease forest lands in the PRC owned by the Group were approximately 21,045 Chinese Mu (equivalent to approximately of 1,403 hectares), 9,623 Chinese Mu (equivalent to approximately of 642 hectares), 13,219 Chinese Mu (equivalent to approximately of 881 hectares), 30,653 Chinese Mu (equivalent to approximately 2,044 hectares) and 42,814 Chinese Mu (equivalent to approximately of 2,854 hectares), in Muma Town of Jiange County of Sichuan Province (the "**Hengchang Forest**"); Zhengxing Town of Jiange County of Sichuan Province (the "**Kunlin Forest**"); Yixing Town of Jiange County of Sichuan Province (the "**Senbo Forest**"); Longyuanzhen Houshixiang and Dianzixiang town of Jiange County of Sichuan Province (the "**Ruixiang Forest**"); and Kaifeng Town, Yingshui village, Guangping village, Zheba village of Jiange County of Sichuan Province (The "**Wantai Forest**" together with the Hengchang Forest, Kunlin Forest, Ruixiang Forest and Senbo Forest, the "**Forest**"), respectively.

The **Hengchang Forest** is held by China Timbers Limited ("**China Timbers**", together with its subsidiaries "**China Timbers Group**"), through its wholly-owned subsidiaries. China Timbers was acquired by the Group on 28 May 2013. The Group harvested timber logs of approximately 2,837 cubic metres (2017: 10,700 cubic metres) in the Hengchang Forest during the year ended 31 December 2018. As at 31 December 2018, the Hengchang Forest was estimated to comprise of approximately 1,389 hectares of cypress.

The **Kunlin Forest** is held by China Timbers through its wholly-owned subsidiaries. The **Kunlin Forest** had a total leasehold land base of approximately 9,623 Chinese Mu (equivalent to approximately 642 hectares). All of the forestry ownership certificates for the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Kunlin Forest. During the year under review, approval of the logging permit in respect of the Kunlin Forest was not obtained by the Group and no timber logs were harvested. As at 31 December 2018, the Kunlin Forest is estimated to comprise of approximately 642 hectares of cypress.

The **Senbo Forest** is held by Huxiang International Holdings Limited ("**Huxiang**" together with its subsidiaries "**Huxiang Group**"), through its wholly-owned subsidiaries. Huxiang was acquired by the Group on 11 October 2016. The **Senbo Forest** had a total leasehold land base of approximately 13,219 Chinese Mu (equivalent to approximately 881 hectares). All of the forestry ownership certificates for the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Senbo Forest. During the year under review, timber logs of approximately 2,113 cubic metres (2017: Nil) in respect of Senbo Forest was harvested and the fair value of the timber logs harvested amounted to approximately RMB1,415,000 (2017: Nil), which was estimated by reference to their fair value less costs to sell, was transferred to cost of inventories sold. As at 31 December 2018, the Senbo Forest is estimated to comprise of approximately 881 hectares of cypress with approximately 171 hectares of tree plantations aged 40 years or older.

The **Ruixiang Forest** is held by Garden Glaze Limited ("**Garden Glaze**" together with its subsidiaries "**Garden Glaze Group**"), through its wholly-owned subsidiaries. Garden Glaze was acquired by the Group on 6 June 2017. The Ruixiang Forest had a total leasehold land base of approximately 30,653 Chinese Mu (equivalent to approximately of 2,044 hectares). All of the forestry ownership certificates of the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Ruixiang Forest. During the year under review, timber logs of approximately 3,125 cubic metres (2017: Nil) in respect of Ruixiang Forest was harvested and the fair value of the timber logs harvested amounted to approximately RMB2,239,000 (2017: Nil), which was estimated by reference to their fair value less costs to sell, was transferred to cost of inventories sold. As at 31 December 2018, the Ruixiang Forest is estimated to comprise approximately 2,044 hectares of cypress with approximately 9 hectares of tree plantations with aged 40 years or older.

On 24 August 2018, the Group acquired the entire equity interest in Today Bridge Limited ("**Today Bridge**") and its subsidiaries (collectively referred to as the "**Today Bridge Group**") which principally holds plantation forest assets in Kaifeng Town, Yingshui village, Guangping village, Zheba village, Jiange County of the Sichuan Province in the PRC ("**Wantai Forest**"). The Wantai Forest had a total leasehold land base of approximately 42,814 Chinese Mu (equivalent to approximately of 2,854 hectares). All of the forestry ownership certificates of the plantation forest assets were obtained. The Group conducted various activities for assessing the species mix and forest volume of the Wantai Forest. During the year under review, approval of the logging permit in respect of the Wantai Forest was not obtained by the Group and no timber logs in respect of the Wantai Forest were harvested. As at 31 December 2018, the Wantai Forest is estimated to comprise approximately 2,854 hectares of cypress.

For the year of 2018, the forestry management business of the Group achieved a revenue of RMB20.5 million (2017: RMB24 million), which accounted for 39.9% 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 RMB5.7 million (2017: RMB5.6 million) as interest income during the financial year ended 31 December 2018.

Container House Business

Generally, the manufacturing and maintenance of the container houses, along with its accessories, including furniture, interior decoration, and other facilities, needs substantial amount of wood materials. As the Group is also involved in the forest land business in the foreseeable future, it has the capability to provide sufficient raw materials to satisfy the demand of wood materials in container house business.

During the year under review, the Board noted that there were changes in economic and regulatory environments of container house business in the PRC. To better allocate resources for the Group and to realize the Group's investment in its container house business, as set out in the announcements of the Company dated 7 December 2018 and 14 December 2018, on 14 December 2018, the Group disposed Exceed Target Investment Group Limited and its subsidiaries, including the then operating subsidiary Xiangyin Chong Sheng Chi Yip Limited* (湘陰中箱置業有限公司), which engaged in container house business.

The Group currently conducts container house business through Shenzhen Heng Fu Delaisi Intelligent Housing Limited* (深圳恒富得萊斯智能房屋有限公司) and the relevant PRC subsidiaries.

During the year ended 31 December 2018, the Group achieved a revenue of RMB25.1 million (2017: RMB56 million), which accounted for 48.9% of the total revenue.

FUND RAISING ACTIVITIES

During the year ended 31 December 2018, in order to support the acquisition of the new business and the development of the Group's forestry management business and the container house business, the Group has engaged in certain fund raising activities, details of which are set out as follows:

Rights issue

References are made to the announcements of the Company dated 25 January 2018 (the "**25 January 2018 Announcement**") and 2 August 2018, the circular of the Company dated 8 May 2018 and the prospectus of the Company dated 12 July 2018 respectively. On 25 January 2018, the Underwriters (as defined in the 25 January 2018 Announcement) and the Company entered into an underwriting agreement (as supplemented by a supplemental underwriting agreement dated 19 March 2018, the "**Underwriting Agreement**"), pursuant to which, the Underwriters have conditionally agreed to underwrite all the Underwritten Shares (as defined in the 25 January 2018 Announcement) subject to the terms and conditions set out in the Underwriting Agreement. On 25 January 2018, the Board proposed to raise approximately

HK$344 million, before expenses, by way of the Rights Issue of 6,614,532,249 Rights Shares (as defined in the 25 January 2018 Announcement) to the Qualifying Shareholders (as defined in the 25 January 2018 Announcement) (assuming no exercise of the outstanding Share Options and no issue of new Shares or repurchase of Shares by the Company from the Latest Practicable Date (as defined in the 25 January 2018 Announcement) up to the Record Date (as defined in the 25 January 2018 Announcement)) at a subscription price of HK$0.052 per Rights Share (as defined in the 25 January 2018 Announcement) on the basis of three (3) Rights Shares for every two (2) existing Shares held on the Record Date. The Rights Issue was approved by the independent Shareholders at the extraordinary general meeting of the Company on 28 June 2018.

As disclosed in the prospectus of the Company dated 12 July 2018, the net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK$334 million. The Company intends to apply net proceeds of approximately HK$334 million as to (i) approximately HK$50 million for the research and development, design and construction of light steel villas and assembled mobile houses; (ii) approximately HK$211 million for the proposed acquisition of forest lands in the PRC; and (iii) approximately HK$73 million for the settlement of promissory notes and corporate bonds.

As at the date of this announcement, the net proceeds from the Rights Issue of (i) approximately HK$131.9 million were applied for the acquisition of entire equity interest in Today Bridge (which held Wantai Forest through its wholly-owned subsidiaries); and (ii) approximately HK$134.8 million were applied for the settlement of promissory notes.

Issue of promissory note

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

On 28 May 2013, the Company issued the Note A with the principal amount of HK$144,000,000 as part of the consideration for the acquisition of certain subsidiaries. The Note A, 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 on 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 A 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 A 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 A with the principal amount of HK$90,497,000 for cash consideration of HK$90,497,000. At 31 December 2014, the Note A 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 A with the principal amount of HK$1,000,000 at cash consideration of HK$1,000,000. During the year ended 31 December 2017, no part of the Note A was redeemed.

Reference is made to the announcement of the Company dated 23 May 2018, the Company and the corresponding Note A holders mutually agreed to extend the maturity date of Note A with the said outstanding principal amount and the said corresponding outstanding interest to 28 August 2018.

Reference is also made to the Company's announcement dated 28 August 2018, all outstanding principal amount of the Note A, being HK$27,503,000 and the corresponding outstanding interest, being HK$892,139.13 have been fully repaid by the Company on 28 August 2018.

*Promissory note issued on 6 June 2017 (the "**Note D**")*

On 31 May 2017, the Company and the vendors, six independent third parties entered into an acquisition agreement, pursuant to which, among other things, the Company has conditionally agreed to acquire the entire issued share capital in Garden Glaze, at total consideration of HK$170,000,000, to be satisfied by the issue of the Promissory Note (being the "**Note D**") to the vendors. Garden Glaze is an investment holding company incorporated in the BVI with limited liability. Through its wholly-owned subsidiaries, Garden Glaze indirectly wholly holds the entire equity interest in Jiangxian Ruixiang Linye Company Limited, which is principally engaged in the plantation, harvesting and selling of timber in the forests, and possesses the Ruixiang Forest and the right to be engaged in the operations and management of the Ruixiang Forest. The Note D bears an interest at 5% per annum for two years and is payable on the maturity date of 5 June 2019. During the year ended 31 December 2017, the Company redeemed part of the Note D with the principal amount of HK$86,200,000 for cash consideration of HK$86,200,000. During the year ended 31 December 2018, the Company redeemed part of the Note D with the principal amount of HK$60,000,000 for cash consideration of HK$60,000,000. At 31 December 2018, the Note D with the principal amount of HK$23,800,000 remained outstanding.

*Promissory note issued on 21 November 2017 (the "**Note E**")*

On 2 March 2017, YuePengDa Forestry (Shenzhen) Limited*, an indirect wholly-owned subsidiary of the Company, and Shenzhen Chong Sheng Chi Yip Limited* (the "**Shenzhen Chong Sheng**") entered into an acquisition agreement, pursuant to which, among other things, the Group has conditionally agreed to acquire the entire issued share capital in Xiangyin Chong Sheng, at total consideration of RMB100,000,000, to be satisfied by (i) RMB5 million in cash; and (ii) RMB95 million by the issue of the Promissory Note (being the "**Note E**") to Shenzhen Chong Sheng. Xiangyin Chong Sheng principally engaged in the business of design, manufacture and distribution of container houses. The Note E bears an interest at 3.5% per annum for two years and is payable on the maturity date of 20 November 2019. During the year ended 31 December 2018, all outstanding principal amount of the Note E, being RMB95,000,000, has been fully repaid by the Company, and the corresponding outstanding interest was agreed to be waived by both parties.

*Promissory note issued on 15 August 2018 (the "**Note F**")*

On 15 August 2018, the Company issued the Note F with the principal amount of HK$34,100,000 as part of the consideration for acquisition of the entire interest in Today Bridge and its subsidiaries. The Note F is unsecured, carries interest at 5% per annum and is payable on the maturity date of 14 August 2020. The Company is also entitled to redeem the whole or part of the Note F at any time after the issue date to one day before the maturity date by 7 business days advance notice.

At the end of the reporting period, the Note F with the principal amount of HK$34,100,000 (2017: Nil) remained outstanding.

UPDATE OF THE PROFIT GUARANTEE IN RELATION TO THE ACQUISITION OF HENGFUDELAISI

References are made to the announcements of the Company dated 22 April 2016, 21 June 2016 and 15 July 2016, and the circular of the Company dated 27 June 2016 concerning the acquisition of Shenzhen Heng Fu Delaisi Intelligent Housing Limited* (深圳恒富得萊斯智能房屋有限公司) ("**Hengfudelaisi**"). The Directors considered that the acquisition could provide an opportunity for the Group to diversify its business into the container house business so as to further enhance its revenue sources as well as to bring positive return to the Shareholders. The acquisition required minimal amount of initial cash outlay given substantial amount of the consideration is to be satisfied by the allotment and issue of the consideration shares. In particular, out of the entire consideration of RMB250,000,000, a total sum of RMB210,000,000 would be payable by stage by the Company on a half-yearly basis after Hengfudelaisi has achieved the profit guarantee in a sum which is equal to the amount of the part of the consideration payable; and the vendors have to compensate up to RMB40,000,000 to the Company if the accumulated audited net profit of Hengfudelaisi after taxation during the guaranteed period is less than RMB210,000,000. As such, capital can be preserved for the development of the existing business of the Group.

Reference is made to the Company's interim report 2017, the profit guarantee of RMB24,500,000 for the period from 1 January 2017 to 30 June 2017 was met. The Company has paid the respective vendors RMB7,350,000 by cash and RMB17,150,000 by issuing 62,321,257 shares at the issue price of HK$0.33 per share as partial consideration of the acquisition, in accordance with the terms of the agreement of the acquisition dated 22 April 2016.

Reference is also made to the Company's annual report 2017, the profit guarantee of RMB31,500,000 for the period from 1 July 2017 to 31 December 2017 was not met. As Gorgeous City Investment Limited (the ultimate holding company of Hengfudelaisi) failed to meet 70% of the profit guarantee for the period from 1 July 2017 to 31 December 2017, no consideration or any part thereof was paid to the respective vendors for the period from 1 July 2017 to 31 December 2017 in accordance with the terms of the agreement of the acquisition dated 22 April 2016.

Reference is also made to the Company's announcement dated 17 August 2018, the profit guarantee of RMB38,500,000 for the period from 1 January 2018 to 30 June 2018 was not met. As Gorgeous City Investment Limited failed to meet 70% of the profit guarantee for the period 1 January 2018 to 30 June 2018, no consideration or any part thereof was paid to the respective vendors for the period from 1 January 2018 to 30 June 2018 in accordance with the terms of the agreement of the acquisition dated 22 April 2016.

Reference is also made to the Company's announcement dated 13 March 2019, the profit guarantee of RMB45,500,000 for the period from 1 July 2018 to 31 December 2018 was not met. As Gorgeous City Investment Limited failed to meet 70% of the profit guarantee for the period 1 July 2018 to 31 December 2018, no consideration or any part thereof was paid to the respective vendors for the period from 1 July 2018 to 31 December 2018 in accordance with the terms of the agreement of the acquisition dated 22 April 2016.

FINANCIAL REVIEW

Revenue

During the financial year ended 31 December 2018, the Company recorded revenue from continuing operations of approximately RMB51.4 million, representing a decrease of approximately 40% as compared to approximately RMB85.6 million for 2017. Such decrease was mainly due to a significant decrease of the revenue from the container house business during the year ended 31 December 2018.

Revenue from the Company's forestry business for the year ended 31 December 2018 was approximately RMB20.5 million (2017: RMB24 million), representing an approximately 14.6% decrease as compared to the year ended 31 December 2017. Such decrease was due to the Group harvested timber logs of approximately 8,075 cubic metres (2017: 14,700 cubic metres), representing an approximately 45.1% decrease as compared to the year ended 31 December 2017.

The Group also received interest income of approximately RMB5.7 million (2017: RMB5.6 million) from the money lending business engaged by its wholly-owned subsidiary during the financial year ended 31 December 2018.

After the completion of the acquisition of Hengfudelaisi on 9 September 2016, turnover from the Company's container house business for the year ended 31 December 2018 was approximately RMB25.1 million (2017: RMB56 million), which accounted for 48.9% of the total revenue.

Gross Profit

The Group recorded a gross profit from continuing operations of approximately RMB28.1 million for the year ended 31 December 2018 (2017: Gross profit of approximately RMB68 million). Such change was mainly due to the decrease in revenue of the container house business and forestry business.

During the year of 2018, the Group only received the relevant annual logging permit for the Hengchang Forest, the Senbo Forest and the Ruixiang Forest, but not the Kunlin Forest and the Wantai Forest, from the relevant PRC authority in the year ended 31 December 2018.

Administrative Expenses

The administrative expenses from continuing operations decrease by approximately 42.9% from approximately RMB70.2 million for the year ended 31 December 2017 to approximately RMB40.1 million for the year ended 31 December 2018. The decrease in administrative expenses from continuing operations was mainly attributable to administrative costs associated with the container houses business and the decrease of the cost for issue of corporate bonds during the year.

Impairment loss recognised in respect of trade receivables

No impairment loss was recognised in respect of trade receivables for the year ended 31 December 2018 (2017: Nil).

Finance Costs

The finance costs from continuing operations include mainly interests on (i) The promissory notes (being the Note A as stated above) bearing 8% interest rate per annum with the principal amount of HK$144,000,000 issued on 28 May 2013; (ii) the promissory notes (being the Note D as stated above), bearing 5% interest rate per annum with the principal amount of HK$170,000,000 issued on 6 June 2017; (iii) the promissory notes (being the Note E as stated above), bearing 3.5% interest rate per annum with the principal amount of RMB95,000,000 issued on 21 November 2017; (iv) the corporate bonds with the aggregate principal amounts of HK$253,200,000 bearing interest rates ranged from 4% to 10% per annum; and (v) The promissory notes (being the Note F as stated above) bearing 5% interest rate per annum with the principal amount of HK$34,100,000 issued on 15 August 2018.

Income Tax Credit

For the year ended 31 December 2018, the income tax credit from continuing operations was approximately RMB11.9 million (2017: RMB4.8 million), which was attributable to the Hong Kong Profits Tax and the PRC tax imposed on profits of the subsidiaries less the deferred tax credit.

Loss/Profit 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 RMB65.3 million, representing an increase of approximately 748% as compared to a loss of approximately RMB7.7 million for the year ended 31 December 2017. The total comprehensive loss attributable to owners of the Company was approximately RMB77.8 million for the year ended 31 December 2018, which represents a decrease of approximately 1,400% compared to the total comprehensive income approximately RMB6 million for the year ended 31 December 2017.

Basic Loss per Share

Basic loss per share from continuing operations for the financial year ended 31 December 2018 amounted to RMB0.89 cents (2017: RMB0.18 cents), representing an increase of approximately 394% as compared to that for the previous financial year.

LOANS RECEIVABLE

Certain of the loans receivable with the total principal amount of HK$117,000,000 (2017: HK$56,500,000) are secured by machineries and goods held by other borrowers.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, the Group employed a total of 57 employees (61 as at 31 December 2017). Total staff costs for the year under review, including the Directors' remuneration and termination benefits, amounted to approximately RMB9.2 million (2017: approximately RMB8.5 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 2018, the Group had total assets of approximately RMB889 million (2017: RMB852 million) and net assets of approximately RMB601 million (2017: RMB386 million). The Group's cash and bank balances as at 31 December 2018 amounted to approximately RMB7.4 million (2017: RMB22.3 million). As at 31 December 2018, there were no unutilised banking facilities (2017: nil).

As discussed above, the Group has engaged in certain fund raising activity during the year, including the rights issue of the Company.

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 31 December 2018, no pledges of the Company's entire equity interest in all subsidiaries.

COMMITMENTS

The Group had no capital commitments at the end of the reporting period.

The Group leases certain of its office and motor vehicle under operating lease arrangements with leases negotiated for an average term of three to five years (2017: three to five 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:

	2018	2017
	RMB'000	*RMB'000*
Within one year	**2,273**	3,948
In the second to fifth year inclusive	**835**	7,744
	3,108	11,692

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any material contingent liabilities (2017: 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 2018, 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 32.5% as at 31 December 2018 (31 December 2017: 54.7%).

As at 31 December 2018, promissory notes with the principal amount of HK$57.9 million remained outstanding and the corporate bonds with the principal amount of HK$253.2 million remained outstanding.

CAPITAL STRUCTURE

The share capital of the Group comprises only ordinary shares. As at 31 December 2018, the total number of the ordinary shares of the Company in issue was 11,024,220,415 shares (31 December 2017: 4,409,688,166 shares). The total equity attributable to the owners of the Company was approximately RMB600.6 million (31 December 2017: approximately RMB386.4 million).

SIGNIFICANT INVESTMENT OR ACQUISITION AND DISPOSAL

As disclosed in Company's announcements dated 7 December 2018 and 14 December 2018, on 7 December 2018, the Company as the vendor, entered into a sale and purchase agreement with the respective purchaser (as referred to in the said announcement), pursuant to which the Company has agreed to sell and the independent third party purchaser has agreed to purchase the entire issued share capital of Exceed Target Investment Group Limited ("**Exceed Target**", together with its subsidiaries, "**Disposal Group**") at a total consideration of RMB93,000,000 (equivalent to approximately HK$105,629,400) (the "**Disposal**"). The principal business of Exceed Target's indirect wholly-owned subsidiary, Xiangyin Chong Sheng (which was the operating subsidiary in the PRC of the Disposal Group), was maintenance and leasing of container houses, with principal assets of approximately 9,500 container houses in the PRC. The Board noted that there were changes in economic and regulatory environments of container house business in the PRC. The Board is of the view that the Disposal would be better allocation of resources for the Group to realize the Group's investment in its container house business.

As disclosed in the Company's announcements dated 25 May 2018 and 13 August 2018 (the "**13 August Announcement**"), the Company and independent third party vendors (as referred to in the 13 August Announcement) (each the "**Vendor**" and collectively the "**Vendors**") entered into the Acquisition Agreement (as defined in the 13 August Announcement), pursuant to which, among other things, the Company has conditionally agreed to acquire from the Vendors the entire issued shares of Today Bridge at a consideration of HK$166,000,000 ("**Acquisition of Today Bridge**").

Today Bridge is an investment holding company incorporated in British Virgin Islands with limited liability. Through its direct wholly-owned subsidiary, Today Bridge holds the entire equity interest in Xinglonghe Shiye (Shenzhen) Limited* (興隆和實業(深圳)有限公司) ("**Xinglonghe Shiye**"). The principal asset of Xinglonghe Shiye is its entire equity interest in Jiange Wantai Linye Limited* (劍閣縣萬泰林業有限公司), which is principally engaged in the operation of tree plantations, sale and plantation of Chinese herbs, providing consultation services of seedlings technology.

The Board considered that the business of Xinglonghe Shiye and its subsidiary may provide the Group further support and opportunities to develop and expand its forestry business. The Acquisition of Today Bridge is in line with the Group's growth strategies and shall benefit the Group by strengthening its core business and diversifying its revenue sources.

The completion of the Acquisition of Today Bridge took place on 24 August 2018, and Today Bridge became a wholly-owned subsidiary of the Company and accordingly, the financial information of Today Bridge and its subsidiaries has been consolidated into the accounts of the Group.

Save as disclosed above, there were no significant investment held or material acquisitions and disposals of subsidiaries for the year ended 31 December 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the prospectus of the Company dated 12 July 2018, the Board intends to maintain the Group's principal business as well as to diversify the Group's business to include the design and construction of light steel villas and assembled mobile houses in order to strengthen the Group's income stream and maximise return to its shareholders. The Company intends to establish a research and development facility, a factory, a storage yard and a showroom for the light steel villas and assembled mobile houses in the surrounding area of Shenzhen, the PRC, where the light steel villas and assembled mobile houses will also be manufactured. This will diversify the Group's pre-fabricated housing products, in addition to the existing container houses business, to include light steel villas and assembled mobile houses.

Light steel villas and assembled mobile houses are buildings with their components built off-site in a factory and then assembled quickly on-site. These products are intended to be used as (i) leisure villas and guest houses in tourist spots; (ii) temporary housing for disaster relief; (iii) easy assembled motel-like infrastructures along highways; and (iv) functional facilities such as toilets, offices, guard booths and duty rooms.

Reference is made to the announcement of the Company dated 12 March 2019 (the "**12 March 2019 Announcement**"), the Company, Jiange Henchang Low-Carbon Forestry Development Co., Ltd* (劍閣縣恒昌低碳林業開發有限公司) (as the purchaser) and the independent third party vendor (as referred to in the 12 March 2019 Announcement) have entered into the Acquisition Agreement, pursuant to which, among other things, the purchaser has conditionally agreed to acquire from the vendor and the vendor has conditionally agreed to sell to the purchaser the entire equity interest of Jiange Jianmen Muye Limited* (劍閣縣劍門木業有限責任公司) (the "**Jiange Jianmen**") at the consideration of HK$30.25 million, which will be satisfied by the allotment and issue of the consideration shares (as defined in the 12 March 2019 Announcement) by the Company ("**Proposed Acquisition of Jiange Jianmen**"). The Directors consider that the Jiange Jianmen's business of sales, trading, manufacturing and processing of wood boards and decoration materials, and manufacturing of artificial boards can strengthen the Group's business development capability under the current economic condition. The Directors also consider that the Proposed Acquisition of Jiange Jianmen could provide opportunities for the Group to vertically expand its forestry business. The Board considers that forest management business of the Group and the business of sales, trading, manufacturing and processing of wood boards and decoration materials, and manufacturing of artificial boards of Jiange Jianmen can mutually create synergies as timber logs logged from the Group's existing forest management business can be supplied to the Jiange Jianmen for its business at competitive cost.

Save as disclosed above, the Group had no other future plans for material investments or capital assets as at the date of this announcement.

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 2018:

The following event took place subsequent to the end of the reporting period:

— The Proposed Acquisition of Jiange Jianmen as set out in the 12 March 2019 Announcement.

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 and container house industries.

During the year under review, the Board noted that there were changes in economic and regulatory environments of container house business in the PRC. To better allocate resources for the Group and to realize the Group's investment in its container house business, as set out in the announcements of the Company dated 7 December 2018 and 14 December 2018, on 14 December 2018, the Group disposed Exceed Target Investment Group Limited and its subsidiaries, including the then operating subsidiary Xiangyin Chong Sheng Chi Yip Limited* (湘陰中箱置業有限公司), which engaged in container house business. The Board will continue to assess the economic and regulatory environments and formulate suitable strategies of the Group's current container house business in the PRC.

Maintenance works of the Forest of the Group have been ongoing and the respective logging and transportation permits for the respective Forest are being applied for. Harvesting of forest stock in the respective Forest could be commenced when the respective permits are obtained, with production capacity expected to grow gradually in 2019.

ANNUAL DIVIDEND

The Board does not recommend the payment of an annual dividend for the financial year ended 31 December 2018 (2017: nil) and there is no closure of the registers of members accordingly.

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 2018 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 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 Listing Rules as the Company's code of corporate governance. Throughout the year ended 31 December 2018, 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 and A.4.1 as addressed below:

1. 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.

2. Under the Code Provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. At present, none of the non-executive Directors has been appointed for a specific term to allow flexibility and they are subject to retirement by rotation and re-election at the annual general meetings in accordance with the Company's articles of association.

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 2018. The key corporate governance principles and practices of the Company are summarised in this announcement.

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 2018 as well as auditing, internal control and financial reporting matters, including the consolidated financial statements for the year ended 31 December 2018. 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 2018.

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 2018.

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 2018 annual report of the Company will be despatched to shareholders of the Company around the end of April of 2019 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
Wang Yue
Chairman, Executive Director
and Chief Executive officer

Shenzhen, The PRC, 29 March 2019

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