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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: 1069)

**SUPPLEMENTAL ANNOUNCEMENT
ON THE INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

Reference is made to the annual report of China Agroforestry Low-Carbon Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2019 (the “**2019 Interim Report**”) published on 25 September 2019. Unless otherwise stated, capitalized terms used here in shall bear the same meanings as defined in the 2019 Interim Report.

The Board would like to supplement the following additional information to the 2019 Interim Report:

1. Forestry management business

As disclosed in the 2019 Interim Report, the Hengchang Forest, the Kunlin Forest, the Senbo Forest, the Ruixiang Forest and the Wantai 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 Hengchang Forest, the Kunlin Forest, the Senbo Forest, the Ruixiang Forest and the Wantai Forest to the Group for the six months ended 30 June 2019.

The Board is of the view that this is in line with the forestry business of the Group in the recent years during which the Group would conduct maintenance works of its forests during the year and would commence logging during the second half of a financial year following any grant of new logging permit by the relevant local authority in the PRC in the second half of a financial year. For example, during the financial year ended 31 December 2018, no revenue was contributed from the Group’s forestry management business during the six months ended 30 June 2018. Following the grant of relevant logging permits by the relevant local authority towards the end of November

2018 and commencement of logging works by the Group, the forestry management business achieved a revenue of approximately RMB20.5 million for the year ended 31 December 2018.

As at the date of this announcement, the Group has not obtained the relevant logging permits. Based on the preliminary assessment of the logging plans, application materials and the communication with the relevant local authority in the PRC, the Company expects to be able to obtain relevant logging permits around November 2019. Assuming the Group could obtain the relevant permits and successfully implement its logging plan, the Board is of the view that the Group could generate revenue in line with its historical performance of the forestry business in the previous financial year.

In view of the absence of logging activities by the Group during the six months ended 30 June 2019, and, in the absence of any factors which may cause material impact to the value of forestry assets of the Group (e.g. such as natural disaster), the Board is of the view that there has been no significant change in fair value of the forestry assets of the Group since 31 December 2018.

As shown in the annual report of the Group for the year ended 31 December 2018, the Group would engage (i) independent valuer to prepare valuation report on the fair value of the forests of the Group; and (ii) forestry experts to investigate the status of the trees in the forests of the Group through sampling investigation works, on an annual basis. A summary of their respective findings and report would be included in the forthcoming annual report of the Company.

The Board considered that the Group has sufficient financial and human resources to achieve continuous development of the Group's forestry business.

2. Container house business

There has been an apparent decrease in segment revenue of the Group's container house business for the six months period ended 30 June 2019 as compared to the corresponding financial performance of the Group during the six months period ended 30 June 2018. The Board considered that such decline was mainly contributed by (i) the changes in economic and regulatory environments in the PRC relating to the Group's container house business; and (ii) the downsized container house business of the Group as a result of the realization of the Group's investment in its container house business through the disposal of 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) in December 2018, as disclosed in the announcements of the Company dated 7 December 2018 and 14 December 2018.

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. The Board is cautiously reviewing the container house business of the Group and would not rule out the possibility to further downsize the Group's container house business if by doing so could better allocate the resource of the Group. The Company will make further announcement as and when appropriate concerning any material plan of its container house business.

3. Money lending business

As disclosed in the 2019 Interim Report, the Company's wholly-owned subsidiary, namely Forever Biosource (Credit) Limited (the "**Money Lender**"), is engaged in money lending business and recorded approximately RMB3.5 million (six months ended 30 June 2018: RMB2.4 million) as interest income for the six months ended 30 June 2019.

The interest income was derived from loan transactions entered into by the Money Lender before the interim period. Save and except to amendment of payment terms of respective loan transactions, the Money Lender has not entered into any new loan transactions with any new borrowers during the six months ended 30 June 2019.

The Money Lender does not promote its money lending business through any designated channel. The existing borrowers were introduced to the Money Lender through business referral and social occasions. To the best knowledge and belief of the Directors, the borrowers of the existing loan agreements of the Group are not connected person of the Company. Before entering into loan agreement with borrowers, the Money Lender would conduct credit appraisal against prospective borrowers (including assessment of risks associated with repayment of loan and analysis of credit worthiness) in accordance with its internal rules and policies. It is the general policy of the Group to require the borrowers to provide collaterals/security for the loan. The Money Lender would periodically monitor the repayment and follow up on late repayments (if any). The Group would recognize impairment of loan receivables in accordance with applicable HKFRS.

As at the date of this announcement, the Company has no plan to seek any financing for the Group's money lending business. Further, the Company has no detailed plan to expand, downsize or cease the money lending business of the Group. That said, the Board would not rule out any plan of the money lending business of the Group if by doing so could optimize the resources allocation of the Group and/or create higher return for the Company's shareholders in the long run.

4. MOU dated 6 August 2019

Reference is made to the announcement of the Company dated 6 August 2019 concerning the intention of the Company to enter into the smart phones business in the PRC pursuant to an MOU signed on 6 August 2019. The Company is still considering the proposed new smart phone business and has not reached any further formal agreement regarding any investment on the said new smart phone business. The Company will make further announcement as and when appropriate.

By order of the Board of
China Agroforestry Low-Carbon Holdings Limited
Fei Phillip
Chairman and Executive Director

Shenzhen, the PRC, 24 October 2019

* *for identification purpose only*

As at the date of this announcement, the executive Directors are, Professor Fei Phillip, Mr. Li Wenjun, Ms. Feng Jiamin, Ms. Lu Wei, Mr. Wang Yue and Mr. Wong Hiu Tung. The independent non-executive Directors are Ms. Tian Guangmei, Mr. Liang Guoxin and Mr. Liu Zhaoxiang.