中國寶沙發展控股有限公司
China Bozza Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01069)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

UNAUDITED FINANCIAL RESULTS

The Board of China Bozza Development Holdings Limited (formerly "China Agroforestry Low-Carbon Holdings Limited") (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018, as follows.

For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2019 has not been completed. The Group's unaudited financial information in this announcement was prepared based on the unaudited consolidated financial statements of the Group for the Year.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** **RMB'000** **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue	*3*	**54,254**	51,359
Cost of sales and services		**(19,442)**	(23,231)
Gross profit		**34,812**	28,128
Investment and other income	*5*	**2,443**	2,466
Other losses, net	*6*	**(330,529)**	(39,098)
Selling and distribution expenses		**(196)**	(122)
Administrative expenses		**(23,818)**	(40,098)
Finance costs	*7*	**(23,004)**	(28,389)
Loss before tax		**(340,292)**	(77,113)
Income tax (expense)/credit	*8*	**(192)**	11,862
Loss for the year	*9*	**(340,484)**	(65,251)
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of financial statements of foreign operations		**(7,899)**	(12,471)
Reclassification adjustments relating to foreign operations disposed during the year		**–**	(29)
Other comprehensive expense for the year		**(7,899)**	(12,500)
Total comprehensive expense for the year		**(348,383)**	(77,751)
Loss for the year attributable to owners of the Company		**(340,484)**	(65,251)
Total comprehensive expense for the year attributable to owners of the Company		**(348,383)**	(77,751)
		RMB cent	*RMB cent*
Loss per share:	*11*		
Basic		**(3.09)**	(0.89)
Diluted		**N/A**	N/A

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	**2019** **RMB'000** **(Unaudited)**	2018 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,011**	1,017
Right-of-use assets		**55,208**	–
Prepaid land lease payments		**–**	48,291
Plantation forest assets		**514,500**	574,400
Loans receivable		**–**	89,952
Goodwill		**–**	–
Other intangible assets		**–**	–
Deferred tax assets		**250**	250
		570,969	713,910
Current assets			
Inventories		**1,190**	1,096
Trade and other receivables	*12*	**8,457**	126,889
Loans receivable		**–**	34,083
Deposits and prepayments		**4,709**	4,459
Prepaid land lease payments		**–**	1,463
Income tax recoverable		**–**	175
Bank balances and cash		**3,181**	7,387
		17,537	175,552
Current liabilities			
Trade and other payables	*13*	**22,904**	21,176
Promissory notes payable		**52,567**	21,872
Corporate bonds payable		**98,015**	47,670
Lease liabilities		**3,214**	–
Contingent consideration payable		**–**	–
Income tax payable		**266**	–
		176,966	90,718
Net current (liabilities)/assets		**(159,429)**	84,834
Total assets less current liabilities		**411,540**	798,744

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Promissory notes payable	**–**	23,783
Corporate bonds payable	**155,568**	174,341
Lease liabilities	**3,735**	–
	159,303	198,124
Net assets	**252,237**	600,620
Capital and reserves		
Share capital	**19,016**	19,016
Reserves	**233,221**	581,604
Total equity	**252,237**	600,620

NOTES:

1. GENERAL INFORMATION

China Bozza Development 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 Company changed its English name from "China Agroforestry Low-Carbon Holdings Limited" to "China Bozza Development Holdings Limited" and its Chinese name from "中國農林低碳控股有限公司" to "中國寶沙發展控股有限公司", both of which are effective from 5 March 2020.

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.

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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRS")

New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after 1 January 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendment to HKFRSs	Annual Improvements 2015–2017 cycle

Other than as explained below regarding the impact of HKFRS 16 "Leases", the application of other new and amended standards effective in respect of the current year had no material impact on the Group's financial position and financial performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**") and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC)-Int 4 "Determining whether an arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

Impacts on transition

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities. Any difference of the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by lease basis, to the extent relevant to the respective lease contract;

(i) Relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

(ii) Elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends 12 months of the date of initial application;

(iii) Excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) Applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in PRC was determined on a portfolio basis; and

(v) Use hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.45%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	**3,108**
Less: Recognition exemption — short term leases	**(1,351)**
Gross operating lease obligations at 1 January 2019	**1,757**
Discounting	**(91)**
Lease liabilities as at 1 January 2019	**1,666**
Analysed as:	
Current	**1,290**
Non-current	**376**
	1,666

(a) The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	At 1 January 2019 *RMB'000*
Assets	
Increase in right-of-use assets	**51,420**
Decrease in prepaid land lease payments	**(49,754)**
Increase in total assets	**1,666**
Liabilities	
Increase in trade and other payables	**1,290**
Increase in lease liabilities	**376**
Increase in total liabilities	**1,666**

(b) Amounts recognised in the unaudited consolidated statement of financial position and unaudited statement consolidated profit or loss

	Right-of-use assets *RMB'000*	Lease liabilities and other payables *RMB'000*
As at 1 January 2019	51,420	1,666
Additions	8,130	8,130
Interest charge	–	84
Payments	–	(1,351)
Depreciation charge	(2,762)	–
Disposals	(1,666)	(1,666)
Exchange realignment	86	86
As at 31 December 2019	55,208	6,949

3. REVENUE

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

	2019 *RMB'000* **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue from sales of goods	**36,826**	20,509
Sales and installation of container houses	**7,564**	7,766
Income from provision of services	**3,083**	10,627
Rental income from container houses	**438**	6,738
Interest income from money lending business	**6,343**	5,719
	54,254	51,359

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 segments are analysed as follows:

(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.

Information regarding the above segments for the years ended 31 December 2019 and 2018 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 2019

	Forestry Business *RMB'000* **(Unaudited)**	**Container Houses Business** *RMB'000* **(Unaudited)**	**Money Lending Business** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue	**36,826**	**11,085**	**6,343**	**54,254**
Segment loss	**(83,896)***	**(4,628)#**	**(124,679)^**	**(213,203)**
Bank interest income				**3**
Other unallocated income				**2,440**
Other unallocated expenses				**(106,528)@**
Finance costs				**(23,004)**
Loss before tax				**(340,292)**
Income tax expense				**(192)**
Loss for the year				**(340,484)**

For the year ended 31 December 2018

	Forestry Business *RMB'000* (Audited)	Container Houses Business *RMB'000* (Audited)	Money Lending Business *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment revenue	20,509	25,131	5,719	51,359
Segment profit (loss)	6,321*	(48,421)#	2,301^	(39,799)
Bank interest income				17
Other unallocated income				2,449
Gain on disposal of subsidiaries				16,192
Loss on early redemption on promissory notes				(14,501)
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)

		2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
*	Segment profit of Forestry Business before change in fair value less costs to sell of plantation forest assets, depreciation and impairment	**25,776**	12,226
	Net loss on change in fair value less costs to sell of plantation forest assets	**(50,874)**	(5,905)
	Depreciation of right-of-use assets	**(1,463)**	–
	Impairment loss on trade receivables	**(57,335)**	–
	Segment (loss)/profit of Forestry Business	**(83,896)**	6,321
#	Segment loss of Container Houses Business before amortisation and impairment	**(413)**	(1,218)
	Amortisation of other intangible assets	**–**	(12,876)
	Impairment on goodwill and other intangible assets	**–**	(34,327)
	Impairment loss on trade receivables	**(4,215)**	–
	Segment loss of Container Houses Business	**(4,628)**	(48,421)
^	Segment profit of Money Lending Business before impairment	**2,228**	3,815
	Impairment loss on loan receivables	**(126,907)**	(1,514)
	Segment (loss)/profit of Money Lending Business	**(124,679)**	2,301

@ Other unallocated expenses for the current year include impairment loss amounted to RMB 91,380,000 on other receivables connection with the disposal of a subsidiary in prior year.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2018: 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, 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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segment assets		
Forestry Business	**564,846**	645,658
Container Houses Business	**9,144**	14,577
Money Lending Business	**252**	124,510
Total segment assets	**574,242**	784,745
Unallocated assets	**14,264**	104,717
Consolidated assets	**588,506**	889,462

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Segment liabilities		
Forestry Business	**6,243**	3,302
Container Houses Business	**3,630**	5,015
Money Lending Business	**509**	87
Total segment liabilities	**10,382**	8,404
Unallocated liabilities	**325,887**	280,438
Consolidated liabilities	**336,269**	288,842

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. 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, contingent consideration payable, income 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 2019

	Forestry Business *RMB'000* (Unaudited)	Container Houses Business *RMB'000* (Unaudited)	Money Lending Business *RMB'000* (Unaudited)	Unallocated *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Amounts included in the measure of segment loss/profit or segment assets					
Additions to non-current assets *(Note)*	–	159	–	87	246
Depreciation of property, plant and equipment	–	155	3	61	219
Amortisation of right-of-use assets	1,463	–	–	1,299	2,762
Amortisation of other intangible assets	–	–	–	–	4
Loss on disposal of property, plant and equipment	–	13	–	–	13
Loss on disposal of other intangible assets	–	–	–	–	78
Net loss on change in fair value less costs to sell of plantation forest assets	50,874	–	–	–	50,874
Reversal/impairment losses recognised in respect of:					
— trade receivables	57,335	4,215	–	–	61,550
— other receivables	–	–	–	91,380	91,380
— loans receivable	–	–	126,907	–	126,907
— other intangible assets	–	–	–	–	–

For the year ended 31 December 2018

	Forestry Business *RMB'000* (Audited)	Container Houses Business *RMB'000* (Audited)	Money Lending Business *RMB'000* (Audited)	Unallocated *RMB'000* (Audited)	Total *RMB'000* (Audited)
Amounts included in the measure of segment loss/profit or segment assets					
Additions to non-current assets *(Note)*	115,454	975	–	6	116,435
Depreciation of property, plant and equipment	3	6,639	2	1	6,645
Amortisation of prepaid land lease payments	1,035	–	–	–	1,035
Amortisation of other intangible assets	–	12,876	–	–	12,876
Loss on disposal of property, plant and equipment	–	43	–	–	43
Net loss on change in fair value less costs to sell of plantation forest assets	5,905	–	–	–	5,905
Impairment losses recognised in respect of:					
— trade receivables	–	–	–	–	–
— other receivables	–	–	–	–	–
— loans receivable	–	–	1,514	–	1,514
— other intangible assets	–	34,327	–	–	34,327

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:

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
PRC	**47,911**	45,640
Hong Kong	**6,343**	5,719
	54,254	51,359

Information about the Group's assets and liabilities based on the geographical location of the assets is not presented as the Group's assets and liabilities (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	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Customer A	Forestry Business	**36,826**	20,509
Customer B	Container Houses Business	**–**	9,682

The revenue from the Customer B for the year ended 31 December 2019 did not contribute over 10% of the Group's total revenue for the year.

5. INVESTMENT AND OTHER INCOME

	2019 *RMB'000* (Unaudited)	2018 *RMB'000* (Audited)
Bank interest income	**3**	17
Sundry income	**2,440**	2,449
	2,443	2,466

6. OTHER LOSSES, NET

	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Impairment losses recognised in respect of:		
— trade receivables	**(61,550)**	–
— other receivable	**(91,380)**	–
— loans receivable	**(126,907)**	(1,514)
— other intangible assets	**–**	(34,327)
Net loss on change in fair value less costs to sell of plantation forest assets	**(50,874)**	(5,905)
Loss on disposal of other intangible assets	**(78)**	–
Loss on disposal of property, plant and equipment	**(13)**	(43)
Loss on early repayment of promissory notes	**–**	(14,501)
Exchange gains, net	**273**	1,000
Gain on disposal of subsidiaries	**–**	16,192
Other losses, net	**(330,529)**	(39,098)

7. FINANCE COSTS

	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Interest on:		
— promissory notes payable	**6,777**	12,119
— corporate bonds payable	**16,143**	16,270
— lease liabilities	**84**	–
	23,004	28,389

8. INCOME TAX EXPENSE/(CREDIT)

	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Current tax charge/(credit)		
Hong Kong Profits Tax	**192**	237
PRC Enterprise Income Tax	**–**	(48)
Current tax charge, net	**192**	189
Deferred tax credit	**–**	(12,051)
Income tax expense/(credit)	**192**	(11,862)

A group entity is chargeable to Hong Kong Profits Tax under the two-tiered profits tax rates regime whereby, the first HK$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are chargeable to Hong Kong Profits Tax at the tax rate of 16.5%. In the prior year, Hong Kong Profits Tax was calculated at 16.5% on the assessable profits for that 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

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Loss for the year has been arrived at after charging:		
Directors' emoluments *(Note below)*	**2,213**	1,646
Other staff costs	**8,119**	7,527
Total staff costs	**10,332**	9,173
Auditors' remuneration		
— audit services	**931**	960
— non-audit services	**286**	558
Cost of inventories recognised and timber harvested	**17,416**	12,783
Depreciation charge in respect of:		
— property, plant and equipment	**219**	6,645
— right-of-use assets	**2,762**	1,035
Amortisation of other intangible assets	**4**	12,876
Short-term lease expenses	**1,823**	–
Operating lease rentals in respect of:		
— land and buildings	**–**	4,006
— motor vehicles	**–**	506

10. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 December 2019 (2018: Nil) nor had any dividend been proposed since the end of the reporting period (2018: Nil).

11. 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:

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Loss		
Loss for the purpose of basic loss per share		
Loss for the year attributable to owners of the Company	**(340,484)**	(65,251)

	2019 ***'000*** **(Unaudited)**	2018 *'000* (Audited)
Weighted average number of ordinary shares for the purpose of basic loss per share	**11,024,220**	7,316,748

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 2019 and 2018.

Diluted loss per share is not presented because, apart from the aforementioned share options, there were no potential ordinary shares in issue for both of these years.

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**7,050**	30,436
Other receivables	**1,407**	96,453
	8,457	126,889

The Group generally allows an average credit period of 90 days (2018: 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:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–90 days	**4,599**	26,938
91–180 days	**90**	3,251
181–365 days	**2,361**	247
Total	**7,050**	30,436

13. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables *(Note ii)*	**1,149**	3,443
Consideration payable for acquisition of subsidiary	**7,350**	7,350
Other payables	**10,866**	7,423
Deposits received	**1,147**	1,039
Accrued charges	**2,392**	1,921
	22,904	21,176

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:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0–30 days	**5**	342
31–90 days	**–**	1,472
Over 90 days	**1,144**	1,629
	1,149	3,443

14. EVENTS AFTER THE REPORTING DATE

The following events took place subsequent to the end of the reporting period,

(1) The Company changed its name with effect from 5 March 2020, details of which are set out in note 1 above.

(2) Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent. The overall financial effect of the above cannot be reliably estimated as of the date of this announcement. The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the market, the financial position and operating results of the Group.

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.

Forestry Management Business

As at 31 December 2019, 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 "**Forests**"), respectively.

The Group obtained the relevant annual logging permit for the Hengchang Forest, the Senbo Forest, Ruixiang Forest, Kunlin Forest and the Wantai Forest, from the relevant PRC authority in the year ended 31 December 2019.

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 3,065 cubic metres (2018: 2,837 cubic metres) in the Hengchang Forest during the year ended 31 December 2019. As at 31 December 2019, 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, the Group harvested timber logs of approximately 1,631 cubic metres (2018: 3,841 cubic metres) in the Kunlin Forest. As at 31 December 2019, 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 2,141 cubic metres (2018: 2,113 cubic metres) in respect of Senbo Forest was harvested and the fair value of the timber logs harvested amounted to approximately RMB1,468,000 (2018: RMB1,415,000), which was estimated by reference to their fair value less costs to sell, was transferred to cost of inventories sold. As at 31 December 2019, 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 3,135 cubic metres (2018: 3,125 cubic metres) in respect of Ruixiang Forest was harvested and the fair value of the timber logs harvested amounted to approximately RMB2,057,000 (2018: RMB2,239,000), which was estimated by reference to their fair value less costs to sell, was transferred to cost of inventories sold. As at 31 December 2019, 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, timber logs of approximately 4,758 cubic metres (2018: Nil) in respect of Wantai Forest was harvested and the fair value of the timbers logs harvested amounted to approximately RMB2,342,000 (2018: 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 2019, the Wantai Forest is estimated to comprise approximately 2,854 hectares of cypress.

For the year of 2019, the forestry management business of the Group achieved revenue (unaudited) of RMB36.8 million (2018: RMB20.5 million), which accounted for an estimate of 67.9% 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 (unaudited) of approximately RMB6.3 million (2018: RMB5.7 million) as interest income during the financial year ended 31 December 2019.

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.

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 2019, the Group achieved a revenue (unaudited) of RMB11.1 million (2018: RMB25.1 million), which accounted for an estimate of 20.43% of the total revenue.

SIGNIFICANT INVESTMENT OR ACQUISITIONS AND DISPOSAL

Save as disclosed in this announcement, there were no significant investment held or material acquisitions and disposals of subsidiaries for the year ended 31 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the Company's announcement dated 23 December 2019, the Company, as the potential purchaser (the "**Potential Purchaser**"), entered into a non-legally binding letter of intent (the "**LOI**") with a potential vendor (the "**Potential Vendor**"). Pursuant to the LOI, the Company intends to acquire (the "**Proposed Acquisition**") part of the issued share capital in Hunan Heijinlu Wine Industry Sales Co., Ltd., a subsisting company incorporated under the laws of the People's Republic of China (the "**PRC**") with limited liability (the "**Target Company**"). As at the date of the LOI, the Potential Vendor holds the entire issued share capital of the Target Company. The Target Company and its subsidiary (the "**Target Group**") are principally engaged in the business of research and development, production and sale of dark liquor in the PRC.

Pursuant to the LOI, the Company may conduct due diligence review on, including but without limitation, the financial, legal affairs and business of the Target Group upon signing of the LOI. The Potential Vendor shall use their best endeavours to procure the Target Group and its agent to provide such assistance and information as is necessary for the Company to complete its due diligence review on the Target Group.

* *for identification purpose only*

During the period of 90 days from the date of the LOI (or such other date as agreed between the Company and the Potential Vendor) (the "**Exclusivity Period**"), the Potential Vendor shall not directly or indirectly negotiate or agree with any other party with respect to the disposal of the Target Group.

As at 31 December 2019, the Company was pending the due diligence review of the Target Group.

Save as disclosed above, the Group had no other future plans for material investments or capital assets as of 31 December 2019.

Terminated business plans

As disclosed in the announcement of the Company dated 6 August 2019 (concerning a memorandum of understanding of acquiring target group with business of research and development, sale and production of smart phones in the PRC (the "**Mobile Phone MOU**")), the Company has considered to explore the possibility of diversification of the business of the Group with conducting smart phones business. The Group has separately conducted certain test trading of mobile phones during the year ended 31 December 2019 but did not consider it to be profitable and did not pursue further the mobile phone business. Taking into account the prevailing market and regulatory conditions of the smart phone business, business opportunities and financial position of the Group at the material time, the Group did not enter into any formal agreement in relation to the Mobile Phone MOU.

FUND RAISING ACTIVITIES

During the year ended 31 December 2019, in order to support 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:

Issue of corporate bonds

During the year ended 31 December 2019, the Company entered into subscription agreement with 9 independent private investors pursuant to which the investors have agreed to subscribe and the Company has agreed to issue the corporate bonds in the aggregate principal amount of HK$32.9 million at par value, bearing interest rates of 5% to 10% per annum and maturity date is 1 years to 1.5 years from the date of issue.

At the end of the reporting period, the corporate bonds payable with the principal amount of HK$276 million (2018: HK$253.2 million) remained outstanding. The net proceeds from the corporate bonds, after deducting the placing commission and other related expenses payable by the Company, were approximately HK$32.9 million. The actual use of proceeds is as follows: (i) approximately HK$20.7 million for the repayment of liabilities; and (ii) approximately HK$12.2 million for general working capital, such as staff salaries and occupancy cost.

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 B**")*

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 B**") 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 Jiange 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 B 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 B 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 B with the principal amount of HK$60,000,000 for cash consideration of HK$60,000,000. At 31 December 2019, the Note B 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 D**")*

On 15 August 2018, the Company issued the Note D 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 D 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 D 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 D with the principal amount of HK$34,100,000 (2018: HK$34,100,000) remained outstanding.

FINANCIAL REVIEW

Revenue

During the financial year ended 31 December 2019, the Company recorded revenue (unaudited) of approximately RMB54.2 million, representing an increase of approximately 5.6% as compared to approximately RMB51.4 million for 2018. Such increase was mainly due to an increase of the revenue from the forestry business during the year ended 31 December 2019.

Revenue (unaudited) from the Company's forestry business for the year ended 31 December 2019 was approximately RMB36.8 million (2018: RMB20.5 million), representing an approximately 80% increase as compared to the year ended 31 December 2018. Such increase was due to the Group harvested timber logs of approximately 14,730 cubic metres (2018: 8,075 cubic metres), representing an approximately 82.4% increase as compared to the year ended 31 December 2018.

The Group also received interest income (unaudited) of approximately RMB6.3 million (2018: RMB5.7 million) from the money lending business engaged by its wholly-owned subsidiary during the financial year ended 31 December 2019.

Turnover (unaudited) from the Company's container house business for the year ended 31 December 2019 was approximately RMB11.1 million (2018: RMB25.1 million), which accounted for 20.43% of the total revenue.

Gross Profit

The Group recorded a gross profit (unaudited) of approximately RMB34.8 million for the year ended 31 December 2019 (2018: Gross profit of approximately RMB28.1 million). Such change was mainly due to the increase in revenue of the forestry business.

Administrative Expenses

The administrative expenses (unaudited) decreased by approximately 40.6% from approximately RMB40.1 million for the year ended 31 December 2018 to approximately RMB23.8 million for the year ended 31 December 2019. The decrease in administrative expenses was mainly attributable to the sharply decrease of amortization expenses and that the depreciation charge of most fully depreciated assets had been recognised in prior year.

Impairment loss recognised in respect of trade, other loan and interest receivables

As at 31 December 2019, the Group had trade receivables from a customer of forestry business of approximately RMB57.3 million, of which RMB20.5 million was outstanding from December 2018 and was past due over 360 days, and no settlement was received by the Group up to the date of the approval of the unaudited annual result. Management reviewed the recoverability of the receivables from this customer and is of the view that having considered the financial position of the customer, the credit quality of the customer deteriorated and hence, the Group fully impaired the amounts of these trade receivables.

The Group also had trade receivables relating to container business of approximately RMB11.4 million and made impairment loss of RMB4.2 million against these trade receivables based on the expected credit loss assessment performed by management of the Group.

The Group had other receivables as at 31 December 2019 which represented proceeds receivable from disposal of subsidiaries in prior year of approximately RMB93 million, of which RMB40 million and RMB53 million were due on 14 June 2019 and 14 December 2019 respectively. No settlement of the proceeds receivable were received by the Group up to the date of the approval of the unaudited annual result. As the proceeds receivable have been overdue for a long period of time, management of the Group is of the view that it is unlikely the proceeds receivable would be settled by the relevant purchaser, Accordingly, impairment loss amounted to RMB93 million was made against the other receivables which was charged to profit or loss in respect of the current year.

The Group had outstanding loans receivable with the carrying amount of RMB130.8 million as at 31 December 2019. These loans, with the principal amount of RMB123 million together with interest thereon, normally had term of one to two years and were secured by machineries, inventories and properties situated in PRC. Interests were paid by the borrowers when such interests were due for payment. However, the loan principals were not repaid but only extended at expiration. In view of the uncertainty of the financial position of the borrowers, management of the Group considers that extension of loans indefinitely casted doubts on the loan recoverability. Coupled with the possibility of continuous deterioration of the quality of secured assets and the doubt of the enforceability of seizing the secured assets when necessary, management of the Group is of the view that recoverability of the loans receivable is uncertain, accordingly considers it appropriate to make impairment loss amounted to RMB130.8 million against the loans receivable, which was charged to profit or loss in respect of the current year. Nevertheless, management of the Group will make every effort to recover the loans receivable due in the foreseeable future.

For details on the allowance for trade, other, loan and interest receivables of approximately RMB 285.3 million for the financial year ended 31 December 2019, please refer to "Notes to Consolidated Financial Statements" of the 2019 Annual Report.

After the debt collection procedure performed by the management of each subsidiary of the Group (the "Management") and discuss with the Directors, the Group recognised the impairment loss in profit or loss approximately RMB285.3 million.

The Impairment Loss is based on expected credit loss model and the accounting policy, key assumptions and inputs which are stated in Notes to Consolidated Financial Statements which are set out in the Annual Report of 2019. The Management performed the expected credit loss model by assessing the past due aging analysis, each debtor's changes in business, financial or economic conditions and changes in the expected performance and behaviour of each debtor. Also, the Management performed debt collection procedure to minimise the Impairment Loss, which includes (i) closely monitoring the progress of repayment by following up on the overdue debts by way of telephone every month; (ii) sending quarterly statement to the customers to remind them of the outstanding balances status; and (iii) discussing with its legal advisors to issue demand letters to customers with long overdue amounts. After their assessment, the Management passed the Impairment Loss result to the Directors for their final review. The Directors further assessed the material Impairment Loss and discussed with the Management to understand the difficulty of debt collection or the reason of impairment. The Directors are of the view that the difficulty of debt collection in relation to the Impairment Loss are caused by (i) the deterioration of financial and repayment ability of the debtors as some of our customers have gone bankrupt due to the economic downturn; and (ii) the Group is unable to contact some of the customers to recover the debts. After final assessment, the Directors confirmed the amount of Impairment Loss and make the Impairment Loss in the consolidated financial statements.

Net loss on change in fair value of plantation forest assets

For the year ended 31 December 2019, the fair value of the Group's plantation forest assets decreased by approximately RMB50.9 million which was based on the fair value's valuation of the plantation forest assets conducted by the professional valuer engaged by the Group. During the current year, management of the Group conducted a review of the future logging activities in view of the continuous increase in market supply of logging products, which resulted in slightly slow down of the production volume of the Group's logging operations during the near future years and prolong of the period of logging activities. This change in future logging activities, taking consideration of the discount factor effect of time value of money, led to the decrease in fair value of the Group's plantation forest assets by approximately RMB50.9 million, which was charged to profit or loss in respect of the current year.

Finance Costs

The finance costs (unaudited) include mainly interests on (i) the promissory notes (being the Note B as stated above) bearing 5% interest rate per annum with the principal amount of HK$23,800,000 issued on 6 June 2017; (ii) the promissory notes (being the Note D as stated above), bearing 5% interest rate per annum with the principal amount of HK$34,100,000 issued on 15 August 2018 and (iii) the corporate bonds with the aggregate principal amounts of HK$276,000,000 bearing interest rates ranged from 5% to 10% per annum.

Income Tax Expenses/Credit

For the year ended 31 December 2019, the income tax expense (unaudited) was approximately RMB0.1 million (2018: income tax credit of approximately RMB11.9 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 (unaudited) of approximately RMB340.5 million, representing an increase of approximately 421.8% as compared to a loss of approximately RMB65.3 million for the year ended 31 December 2018. The total comprehensive loss attributable to owners of the Company was approximately RMB348.4 million for the year ended 31 December 2019, which represents an increase of approximately 348.1% compared to the total comprehensive income approximately RMB77.8 million for the year ended 31 December 2018.

Basic Loss per Share

Basic loss (unaudited) per share from continuing operations for the financial year ended 31 December 2019 amounted to RMB3.09 cents (2018: RMB0.89 cents), representing an increase of approximately 247.2% as compared to that for the previous financial year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed a total of 27 employees (57 as at 31 December 2018). Total staff costs (unaudited) for the year under review, including the Directors' remuneration and termination benefits, amounted to approximately RMB10.3 million (2018: approximately RMB9.2 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 2019, the Group had total assets (unaudited) of approximately RMB588.5 million (2018: RMB889.5 million) and net assets (unaudited) of approximately RMB252 million (2018: RMB601 million). The Group's cash and bank balances (unaudited) as at 31 December 2019 amounted to approximately RMB3.2 million (2018: RMB7.4 million). As at 31 December 2019, there were no unutilised banking facilities (2018: nil).

PLEDGE ON ASSETS

During the year ended 31 December 2019, no pledges of the Company's entire equity interest in all subsidiaries.

COMMITMENTS

Apart from the Proposed Acquisition set out in the above section headed "Future Plans for Material Investments or Capital Assets", the Group had no commitments at the end of the reporting period.

As at 31 December 2018, the Group had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 *RMB'000* (audited)
Within one year	2,273
In the second to fifth year inclusive	835
	3,108

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material contingent liabilities (2018: 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 2019, 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 (unaudited) divided by total assets of the Group was approximately 57.1% as at 31 December 2019 (31 December 2018: 32.5%).

As at 31 December 2019, promissory notes with the principal amount (unaudited) of HK$57.9 million remained outstanding and the corporate bonds with the principal amount (unaudited) of HK$276 million remained outstanding.

CAPITAL STRUCTURE

The share capital of the Group comprises only ordinary shares. As at 31 December 2019, the total number of the ordinary shares of the Company in issue was 11,024,220,415 shares (31 December 2018: 11,024,220,415 shares). The total equity attributable to the owners of the Company was approximately (unaudited) RMB252.2 million (31 December 2018: approximately RMB600.6 million).

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.

In view of the above, subject to the final confirmation of the net profit after taxation of the Hengfu Group during 1 January 2019 to 30 June 2019 through an audit on the financial statements of the Hengfu Group, the Company will inform the respective vendors if they are obliged to compensate the Company in accordance with the terms of the Acquisition Agreement.

EVENTS AFTER THE REPORTING DATE

Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent. The overall financial effect of the above cannot be reliably estimated as of the date of this announcement. The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the market, the financial position and operating results of the Group.

As per the Company's announcement dated 2 March 2020, subsequent to the passing of the special resolution in relation to the change of company name by the shareholders of the Company at the EGM convened and held on 13 January 2020, the name of the Company has been changed from "China Agroforestry Low-Carbon Holdings Limited" to "China Bozza Development Holdings Limited", with the dual foreign name in Chinese of the Company changed from "中國農林低碳控股有限公司" to "中國寶沙發展控股有限公司". The stock short name for trading in the Shares on the Stock Exchange will be changed from "CA LOW-CARBON" to "BOZZA DEVELOP" in English and from "中國農林低碳" to "寶沙發展" in Chinese, both with effect from 9:00 a.m. on 5 March 2020. The stock code of the Company on the Stock Exchange will remain as "1069". In view of the change of the name of the Company, the current logo of the Company will no longer be used. The Company will make further announcement(s) if and when a new logo is adopted.

PROSPECT AND OUTLOOK

Looking back at the Sino-US trade disputes over the past year, even though China and the US had signed the phase one trade agreement, the outlook for international trade is still clouded by remaining uncertainties. Coupled with the plight brought about by the outbreak of Coronavirus disease 2019 (COVID-19) across the world in 2020, the global economy and consumer sentiment will certainly be affected, and the operating environment will remain difficult.

It is expected that 2020 will be another year filled with uncertainties, as a result of the outbreak of coronavirus disease 2019 (COVID-19), the slowing growth of global economy. Above all, while the various countries and the global population is actively fighting against the COVID-19 epidemic, it is uncertain how it will impact the global economy in the near future. All of these uncertainties have brought and is expected to bring certain level of impact on the markets which the Group operates in. The Group is prepared for any economic pressure that may arise from the aforesaid uncertainties. Besides, the Group believes uncertainties create opportunities — the Group will keep an eye on investment opportunities, including the LOI signed in the second half of 2019 between the potential individual third party and the Company, which have good development and investment potential with the objective of being open-minded about new opportunities for growth and expansion of the Group's business and value creation for the Shareholders as a whole.

ANNUAL DIVIDEND

The Board does not recommend the payment of an annual dividend for the financial year ended 31 December 2019 (2018: nil).

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 2019, 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 2019. 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 draft of this preliminary announcement of the Group's unaudited annual results during the year ended 31 December 2019 as well as auditing, internal control and financial reporting matters, including the draft of the unaudited consolidated financial statements for the year ended 31 December 2019. The audit committee has no disagreement on the Group's draft unaudited consolidated financial results contained in this preliminary announcement.

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 2019.

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 2019.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2019, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long position/short position in shares of the Company

Name	**Capacity**	**Long position/ short position**	**Number of ordinary shares**	**Percentage of issued share capital** *(Note 1)*
Liang Guoxin	Beneficial owner	Long Position	30,000	0.01
Tian Guangmei	Beneficial owner	Long Position	790,000	0.01
Wang Yue	Beneficial owner	Long Position	3,197,023,920	28.99

Note:

1. The relevant percentage is calculated by reference to the Shares in issue on 31 December 2019 i.e. 11,024,220,415 shares.

Save as disclosed above, as at 31 December 2019, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Interests and Short Positions of the Directors in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, at no time during the reporting year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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.

REVIEW OF UNAUDITED ANNUAL RESULTS

As set out in the announcement of the Company dated 19 March 2020, due to travel restrictions in connection with the recent coronavirus disease (COVID-19) outbreak which have disrupted the reporting and audit processes of the Group's financial statements for the year ended 31 December 2019. The auditing process for the annual results for the year ended 31 December 2019 has not been completed. The unaudited annual results contained in this preliminary announcement have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Listing Rules. Further announcement(s) relating to the audited results will be made when the auditing process has been completed by the Company's auditors in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF FURTHER ANNOUNCEMENT, THE FINAL RESULTS AND ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Company and the Stock Exchange. Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the accounting adjustment or material differences (if any) as compared with the unaudited annual results contained herein, and (ii) the proposed convention date, book closure period and record date of the annual general meeting. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed by mid of May of 2020.

The 2019 annual report of the Company will be despatched to shareholders of the Company around the mid of May of 2020 and will also be available at the websites of the Stock Exchange and the Company 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 Bozza Development Holdings Limited
Fei Phillip
Chairman and Executive Director

Shenzhen, the PRC, 31 March 2020

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.