THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Agroforestry Low-Carbon Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF SHENZHEN HENG FU DELAISI INTELLIGENT HOUSING LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used herein shall have the meanings set out in the section headed "Definitions" of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Rooms 1002–1003, 10/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on 15 July 2016 at 11:30 a.m. is set out on pages 21 to 22 of this circular.

Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

27 June 2016

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In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:

"Acquisition"	the proposed acquisition of the Sale Share by the Company from the Vendors pursuant to the Acquisition Agreement
"Acquisition Agreement"	the conditional agreement dated 22 April 2016 entered into between the Company and the Vendors in relation to the Acquisition
"associate(s)"	the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday and Sunday) on which banks in Hong Kong are open for business
"BVI"	British Virgin Islands
"Call Option"	the call option granted by the Vendors to the Company of the right to purchase from the Vendors not less than 100,000 container houses
"Company"	China Agroforestry Low-Carbon Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1069)
"Completion"	the completion of the Acquisition in accordance with the terms of the Acquisition Agreement
"Completion Date"	the date of Completion
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the aggregate consideration for the Acquisition, being up to RMB250,000,000 (subject to adjustment)
"Consideration Share(s)"	up to 661,368,451 new Shares that will be allotted and issued by the Company at the issue price of HK$0.33 per Consideration Share as partial Consideration
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to approve the Acquisition Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries

"Guaranteed Period"	the period from the Completion Date to 30 June 2019
"Guaranteed Profit"	the guarantee by the Vendors for each of the Guaranteed Period as set out in the section headed "Consideration" of this circular
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Company"	a company(ies) incorporated or to be incorporated in Hong Kong by the Vendors with limited liability, which is(are) the immediate holding company(ies) of the Target Company
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of and not connected with the Company and its subsidiaries and its connected persons (as defined under the Listing Rules)
"Last Trading Day"	22 April 2016, being the last day of trading of the Shares on the Stock Exchange before the publication of the announcement of the Company dated 22 April 2016
"Latest Practicable Date"	24 June 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 September 2016 or such later date as the parties to the Acquisition Agreement may agree in writing
"PRC"	The People's Republic of China, which, for the purpose of this circular, does not include Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Profit Guarantee(s)"	the profit guarantee(s) provided by the Vendors in favour of the Company
"Reorganisation"	the reorganisation of the Target Company whereby upon completion of which, it will be wholly held by the Hong Kong Company, which is in turn held by the SPV, which is in turn wholly owned by the Vendors in proportion to their respective shareholding in the Target Company

"Sale Share"	one share of US$1.00 in the issued share capital of the SPV after Reorganisation, representing the entire issued share capital of the SPV as at the date of completion of the Reorganisation and the Completion Date
"Share(s)"	share(s) of HK$0.002 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Specific Mandate"	the specific mandate proposed to be granted to the Directors by the Shareholders to allot and issue the Consideration Shares at the EGM
"SPV"	a company(ies) incorporated or to be incorporated in the BVI with limited liability, which is(are) the ultimate holding company(ies) of the Target Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Shenzhen Heng Fu Delaisi Intelligent Housing Limited* (深圳恒富得萊斯智能房屋有限公司), a company incorporated in the PRC with limited liability
"Target Group"	the SPV, the Hong Kong Company and the Target Company
"Valuation Report"	the valuation report prepared by the Valuer dated 10 April 2016
"Valuer"	B.I. Appraisals Limited, an independent professional qualified valuer appointed by the Company for the purpose of preparing a valuation report on the fair market value of the Target Company
"Vendors"	Mr. Lai Liangduo* (黎良多), Mr. Liu Jianpu* (劉建甫), Mr. He Hongxing* (何紅星), Mr. Jin Changsheng* (金昌勝) and Mr. Xu Honggang* (許洪剛) who collectively own the entire issued share capital of the Target Company as at the date of this circular
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

"US$"	United States dollars, the lawful currency of the United States of America
"%" or "per cent"	percentage

If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this circular and their English translation, the Chinese version shall prevail.

Unless the context requires otherwise, the conversion of RMB into HK$ is based on the exchange rate of HK$1.00=RMB0.8339. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate at all.

* *For identification purpose only*

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)

Executive Directors:
Mr. Lei Zuliang
Professor Fei Phillip
Mr. Long Weihua
Mr. Wang Yue

Non-executive Directors:
Professor Liu Zhikun
Mr. Zhou Xianyan

Independent non-executive Directors:
Ms. Tian Guangmei
Mr. Liang Guoxin
Mr. Liu Zhaoxiang

Registered office:
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Principal place of business in Hong Kong:
Rooms 1002–1003,
10/F Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

27 June 2016

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION
IN RELATION TO THE ACQUISITION OF
SHENZHEN HENG FU DELAISI INTELLIGENT HOUSING LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 22 April 2016 in relation to the Acquisition. On 22 April 2016 (after trading hours), the Company as purchaser and the Vendors as vendors entered into the Acquisition Agreement, pursuant to which the Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell all their equity interests in the Target Company at an aggregate consideration of up to RMB250,000,000 (subject to adjustment), which shall be satisfied by way of cash and the issue of Consideration Shares.

The purpose of this circular is to provide the Shareholders with, among other things, further details of the Acquisition Agreement and the transactions contemplated thereunder; the Specific Mandate and the notice of the EGM.

THE ACQUISITION AGREEMENT

Date:	22 April 2016 (after trading hours)
Parties:	The Company
Vendors:	Mr. Lai Liangduo* (黎良多) Mr. Liu Jianpu* (劉建甫) Mr. He Hongxing* (何紅星) Mr. Jin Changsheng* (金昌勝) Mr. Xu Honggang* (許洪剛)
Purchaser:	the Company

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendors and their respective associates are Independent Third Parties.

Interests to be acquired

Pursuant to the Acquisition Agreement, the Vendors have conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Share, which will represent the entire issued share capital of the SPV immediately after completion of the Reorganisation and as at the Completion Date, free from encumbrance and together with all rights now or hereinafter attached thereto including but not limited to all dividends and distribution declared, paid or made in respect thereof on or after the Completion Date. The SPV will hold the entire issued share capital of the Hong Kong Company, which will in turn own the entire equity interest in the Target Company.

Upon Completion, the SPV will become a wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

Consideration

The aggregate consideration of the Acquisition would be up to RMB250,000,000 (subject to adjustment set out below), which shall be apportioned and satisfied in the following manner:

(I) A sum equivalent to RMB5,000,000 will be paid as a refundable deposit and part payment upon signing of the Acquisition Agreement;

(II) A sum equivalent to RMB35,000,000, shall be satisfied as at Completion by the issue of 127,186,240 Consideration Shares; and

(III) The remaining balance in a maximum amount of RMB210,000,000 (the "**Remaining Consideration**") shall be paid only if the Target Group has fulfilled the Profit Guarantees of the period specified below during the Guaranteed Period and in the following manner:

Half-yearly Guaranteed Period	**Profit Guarantee** *(Note)*	**Consideration**	**Manner of payment of the instalment of Consideration**
The Completion Date (inclusive) to 31 December 2016	RMB17,500,000	RMB17,500,000	RMB5,250,000 is to be paid by cash and RMB12,250,000 by issuing Consideration Shares
1 January 2017 to 30 June 2017	RMB24,500,000	RMB24,500,000	RMB7,350,000 is to be paid by cash and RMB17,150,000 by issuing Consideration Shares
1 July 2017 to 31 December 2017	RMB31,500,000	RMB31,500,000	RMB9,450,000 is to be paid by cash and RMB22,050,000 by issuing Consideration Shares
1 January 2018 to 30 June 2018	RMB38,500,000	RMB38,500,000	RMB11,550,000 is to be paid by cash and RMB26,950,000 by issuing Consideration Shares
1 July 2018 to 31 December 2018	RMB45,500,000	RMB45,500,000	RMB13,650,000 is to be paid by cash and RMB31,850,000 by issuing Consideration Shares

Half-yearly Guaranteed Period	Profit Guarantee *(Note)*	Consideration	Manner of payment of the instalment of Consideration
1 January 2019 to 30 June 2019	RMB52,500,000	RMB52,500,000	RMB15,750,000 is to be paid by cash and RMB36,750,000 by issuing Consideration Shares

Note: The audited net profit after taxation of the Target Group, prepared in accordance with HKFRS, for the respective half-yearly Guaranteed Period.

The Consideration shall be released to the Vendors within 15 business days after the issue of the audited consolidated accounts of the Target Group for the relevant half-yearly Guaranteed Period. The Company will issue the Consideration Shares by batches after each of the half-yearly Guaranteed Period when the respective Profit Guarantee is met.

The Consideration has been determined after arm's length negotiation between the Company and the Vendors. The Directors also considered, among other things, (i) the Profit Guarantees; (ii) the downward adjustments mechanism to the Remaining Consideration to protect the Group's interests such that the Remaining Consideration will only be settled if the Profit Guarantee is achieved; (iii) the growth potential and prospect of the Target Group; and (iv) the reasons and benefits for the Acquisition as described below.

The Directors consider that the terms of the Acquisition Agreement (including the terms of the Consideration) are fair and reasonable and on normal commercial terms and that the entering into the Acquisition Agreement is in the interest of the Company and the Shareholders as a whole.

Profit Guarantees

The Vendors jointly and severally provide Profit Guarantees of the Target Group in favour of the Company for the Guaranteed Period up to and ending 30 June 2019 in the aforementioned manner.

In the event that during any half-yearly Guaranteed Period, the Target Group is able to meet 70% or more of the corresponding Profit Guarantee but less than 100% thereof during the relevant Guaranteed Period, the respective amount of the consideration by cash and the consideration by issuing Considerations Shares payable to the Vendors during the relevant Guaranteed Period shall be paid proportionately and the Company has no obligation to pay such consideration or any part thereof to the Vendors for that shortfall during such half-yearly Guaranteed Period unless the net profits of the Target Group (after tax) of the succeeding half-yearly Guaranteed Period or the succeeding full year exceeds the amount of Guaranteed Profit of that succeeding period with the surplus being sufficient to make up for the shortfall of the preceding half-yearly Guaranteed Period or any part thereof whereby the Company shall pay back the corresponding shortfall of Consideration to the Vendors.

On the other hand, if the Target Group fails to meet 70% of the Profit Guarantee or having net loss during any half-yearly Guaranteed Period, the Company has no obligation to pay the Consideration or any part thereof to the Vendors for that specific half-yearly Guaranteed Period unless the net profits of the Target Group (after tax) of the succeeding half-yearly Guaranteed Period or the succeeding full year exceeds the amount of Guaranteed Profit of that succeeding period with the surplus being sufficient to make up all or part of the shortfall of the preceding year whereby the Company shall pay back the Consideration to the Vendors on a pro rata basis.

If upon the expiration of the Guaranteed Period, the accumulated net profits of the Target Group (after taxation) is less than RMB210,000,000, the Vendors shall jointly and severally pay to the Company a compensation in cash calculated by the following formula:

RMB40,000,000 X (1 – the accumulated net profits of the Target Group during the Guarantee Period/RMB210,000,000 X 100%).

Hence, if the accumulated profits of the Target Group amounted to nil or is loss-making during the Guarantee Period, the Vendors shall jointly and severally compensate the Company with a sum of RMB40,000,000.

The Company will disclose the achievement(s) or non-achievement(s) of the Profit Guarantees by way of announcement and in the annual reports for the financial years covering the Guarantee Period according to the requirements of the Listing Rules.

Conditions precedent to the Completion

The completion of the Acquisition is conditional upon fulfilment of the following conditions:

(A) the passing by the Shareholders of all necessary resolutions at the EGM of the Company approving the Acquisition Agreement and the transactions thereunder in accordance with the requirements of the Listing Rules;

(B) all necessary consents and approvals (including those from the relevant government, regulatory bodies, authorities or third parties) in relation to the transactions contemplated under the Acquisition Agreement and the business and operation of the Target Group having been obtained by the Vendor and such consents and approvals should be valid up to the Completion Date;

(C) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in all of the Consideration Shares;

(D) the completion of the Reorganisation;

(E) all undertakings and warranties given by the Vendors shall remain true and accurate in all respect and not misleading;

(F) the Company being satisfied with and accepting the result of the due diligence review in relation to the financial condition, business, shareholding structure and nature of the Target Company;

(G) the directors and senior management of the Target Company as designated by the Company having entered into service agreements with the Target Company for a term of not less than three years;

(H) each of the Vendors having entered into the non-competition deed with the Target Company undertaking that he would not, directly or indirectly, be engaged in any business which would be in competition with the business of the Target Group from time to time;

(I) there has been no material breach by the Vendors of the terms and conditions of the Acquisition Agreement before the Completion Date;

(J) all payables and receivables incurred or generated not from its ordinary course of business having been paid and received by the Target Group; and

(K) the receipt of a legal opinion issued by a PRC lawyer confirming, inter alia, that all necessary licences, authorisations, approvals or consents from the PRC government, authorities and regulatory bodies, related to the shareholding structure (including the shareholding structure after completion of the Reorganisation), operation and business of the Target Group has been obtained and the legal opinion shall also in the form and substance satisfactory to the Company.

The Company may waive any of the conditions precedents except those set out in (A), (B), (C) and (D) above. If the conditions precedent have not been fulfilled or waived by the Company on or before the Long Stop Date, the Acquisition Agreement shall lapse and thereafter none of the parties to the Acquisition Agreement shall have any rights or obligations towards any other party except in respect of any antecedent breach.

Completion

Completion shall take place within seven Business Days after the fulfilment or waiver of the conditions precedent.

Call Option

The Vendors have jointly granted to the Company the Call Option at a consideration of HK$1 to purchase not less than 100,000 container houses to be acquired by the Vendors from the market through their own resources and networks at an exercise price to be determined based on the valuation report prepared by the valuer designated by the Company with reference to the then prevailing condition of the container houses and market value of the container houses at the time of exercise of the Call Option. The Call Option is exercisable by the Company at the Company's discretion during the period commencing on the expiration of the

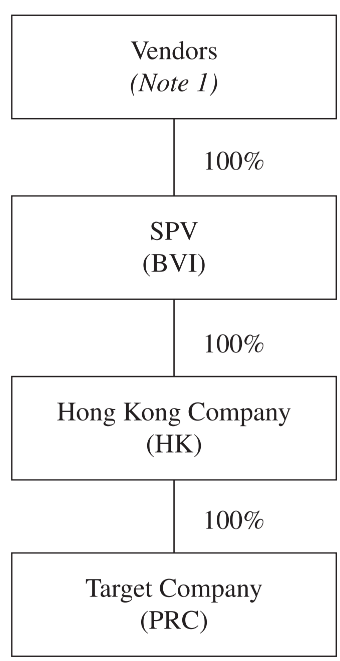
Guaranteed Period, being 30 June 2019 and ending on the second anniversary of the expiration of the Guaranteed Period being 30 June 2021. The Company can satisfy the exercise price in such manner of payment to be separately agreed by the Company and the Vendors.

The Board considers the Call Option provide an opportunity to the Group to build up its container houses asset for the further development of its container houses business. Given the experience, connections and networks owned by the Vendors, it is expected that the Vendors are capable of acquiring the container houses in a more effective manner and at cheaper costs. Since the Call Option is exercisable at the Company's discretion, the Company will exercise the Call Option only after reviewing its container houses business status, its financial conditions and the market situation. The Company will comply with all relevant Listing Rules requirements upon exercise of the Call Option.

INFORMATION ON THE TARGET GROUP

Reorganisation of the Target Group

The following diagram illustrates the shareholding structure of the Target Group immediately after the Reorganisation:



Notes:

(1) In the course of Reorganisation, the respective Vendors may hold their interests in the SPV by the corporate entities wholly owned by them respectively.

(2) Subject to the advice of the Target Company's PRC legal advisers, for the purpose of the Reorganisation, an additional company incorporated in Hong Kong may have to be incorporated to hold 100% interests in the Target Company together with the Hong Kong Company.

Both the SPV and the Hong Kong Company would be incorporated in the course of the Reorganisation and they are investment holding companies and are only engaged in the business of holding the entire equity interest in the Target Company.

Business overview of the Target Company

Incorporated on 17 August 2010, the Target Company is principally engaged in the provision of management and related services for the leases of container houses under the brand name "Delex*" (得萊斯), which is owned by the Target Company and registered in the PRC under registration no.8831726 with a validity period to 27 November 2021, to a broad range of customers including container owners and small to medium size lessors of container houses. The container houses are mainly utilized by large construction corporations/contractors for the purposes of accommodation, office and production activities of labours engaged in the construction of building, bridge, hydraulic engineering, highway and tourist sites.

Core services provided by the Target Company to its customers mainly involve the followings:

- Centralized collection and process of container house lease orders
- Delivery and assembly of container houses in accordance with the requirement of leasees of the container houses
- Establishment of uniform price standard
- Centralised billing and settlement services
- Provision of centralized customer services and technical supports to leasees of the container houses

The Target Company is responsible for the centralised promotion and marketing of the brand name "Delex*" (得萊斯).

As a contracting party, the Target Company also enters into tripartite agreements with the leasees who are mainly construction enterprises and owners of the container houses (including, for example, Hefei City Shenwang Mobile Container Houses Limited* (合肥市深望移動板房有限公司), Zhengzhou Zhongxing Mobile Container Houses Limited* (鄭州中興移動板房有限公司), Hangzhou Shenheng Container Houses Limited* (杭州深恒集成房屋有限公司), Suzhou Baolilai Monile Container Houses Limited* (蘇州保利來移動板房有限公司), Hangzhou Huacheng Mobile Container Houses Limited* (杭州華誠集裝箱移動板房有限公司) and Hangzhou Laoyu Mobile Container Houses Limited* (杭州勞宇集裝箱移動板房有限公司)) for each lease order, under which the Target Company is duly authorised by the owners of the container houses for the provision of the abovementioned services.

The Target Company has entered into various long-term agreements with owners of container houses for the provision of the aforementioned container house lease management services in various provinces in the PRC including Zhejiang, Jiangsu, Guangdong, Guangxi, Henan, Fujian, Yunnan, Anhui, Shaanxi, Guizhou and Shandong and Tianjin city. Pursuant to these agreements, the Target Company is entitled to charge 20% and 25% of the rent payable by the leasees to the owners of container houses as management fee and trademark fee for authorising the use of the brand name "Delex*" (得萊斯), respectively.

As at the date of the Acquisition Agreement, the Target Company is wholly-owned by Mr. Lai Liangduo* (黎良多), Mr. Liu Jianpu* (劉建甫), Mr. He Hongxing* (何紅星), Mr. Jin Changsheng* (金昌勝) and Mr. Xu Honggang* (許洪剛) as to 60%, 16%, 12%, 7% and 5% respectively. The Target Company is under the management of the Vendors. Mr. Liu Jianpu, Mr. Jin Changsheng and Mr. Xu Honggang are the directors of the Target Company and Mr. He Hongxing is a supervisor. The Vendors has been engaging in the business relating to the management of container houses for over 10 years. They possess the expertise and have established good network in relation to the Target Company's business. After the completion of the Acquisition, the Vendors will continue to operate and manage the business of the Target Company by remaining at their original positions. Currently the Target Company has eight employees (excluding the Vendors) and will continue to employ to cope with the development and expansion of its business.

Revenue of the Target Company

The Target Company only started its container houses management business in January 2016 and was carrying out related market study and preparation work before that. As such, no revenue was recorded for the year ended 31 December 2014 and 2015. Since the commencement of its container houses management business, the Target Company recorded revenue of approximately RMB2.43 million for the four months ended 30 April 2016, which principally comprises management fees and trademark fees.

Expenses of the Target Company

The Target Company incurred direct operating costs of approximately RMB61.4 thousand, RMB0.28 million, RMB0.84 million for the year ended 31 December 2014 and 2015 and the four months ended 30 April 2016, respectively, which principally comprises salaries and wages, office rental, office expenses, management fee paid to local operating companies and logistics expenses.

Net profit of the Target Company

The Target Company recorded net losses after taxation of approximately RMB61.4 thousand and RMB0.28 million for each of the year ended 31 December 2014 and 2015, respectively, and a net profit after taxation of approximately RMB1.18 million for the four months ended 30 April 2016.

Financial position of the Target Company

As at 31 December 2014 and 2015 and 30 April 2016, the net current assets of the Target Company were approximately RMB1.04 million, RMB0.76 million and RMB1.92 million, respectively.

As at 31 December 2014 and 2015 and 30 April 2016, the cash and cash equivalent of the Target Company were approximately RMB30.8 thousand, RMB0.7 million and RMB1.55 million, respectively.

The Target Company maintains prudent liquidity risk management by maintaining sufficient cash and bank balances. As at 31 December 2014 and 2015 and 30 April 2016, the Target Company did not have any bank borrowings therefore debt gearing ratio was nil as at 31 December 2014, 2015 and 30 April 2016. Upon Completion, the SPV will become a wholly-owned subsidiary of the Company and accordingly, the financial information of the Target Group will be consolidated into the accounts of the Group.

A summary of the audited accounts of the Target Company for the year ended 31 December 2014 and 2015 and the unaudited management accounts for the four months ended 30 April 2016 are set out below:

	For the year ended 31 December		**For the four months ended 30 April**
	2014	**2015**	**2016**
	(audited)	(audited)	(unaudited)
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(Approx.)	*(Approx.)*	*(Approx.)*
Net (loss)/profit before taxation	(61.4)	(279.6)	1,576
Net (loss)/profit after taxation	(61.4)	(279.6)	1,182

The audited net asset value of the Target Company as at 31 December 2014 and 31 December 2015 was approximately RMB1.04 million and RMB0.76 million respectively and the unaudited net asset value of the Target Company as at 30 April 2016 was RMB1.94 million.

Business Development Plan of the Target Group

The business plan illustrated below is based on the information provided by the Target Company and has been reviewed and adopted by the Company as the Target Company's business development plan.

While the demand of container houses from the construction industry in the PRC is expected to continue to increase as driven by the continuing urbanisation of the PRC, the container house leasing industry remains highly fragmented. The Target Company wishes to tap into such potential market and to extend business cooperation with existing customers by continue its strategy on provision of high quality services and enhancement of market recognition of the brand name "Delex*" (得萊斯).

To achieve the aforesaid target for continuous growth, the Target Company plans to (i) explore cooperation opportunities with different container houses owners; (ii) extend cooperation with existing customers; (iii) remain close communication with major construction corporations/contractors to better understand the demand of container houses; (iv) expand the existing sales and marketing team to cope with the expansion of customer network; (v) expand the existing customer service/technical support team to cope with the enlarging number of container houses under management; and (vi) continue to promote brand name "Delex*" (得萊斯) through advertising, participating in exhibitions and arrangement of roadshows in the PRC.

Under the current planning and upon the success of carrying out the above strategies, the Target Company aims to build a team of approximate 30 full-time employee (excluding the management) and establish long-term working relationship with approximately 140 container houses owners with over 120,000 container houses under management by the end of 2019.

THE CONSIDERATION SHARES

Upon completion of the allotment and issue of the Consideration Shares, a maximum total of 661,368,451 Consideration Shares will be issued to the Vendors (or its nominees). The Consideration Shares will be issued at the issue price of HK$0.33 per Consideration Share. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration shares.

The issue price for each of the Consideration Share of HK$0.33 per Share represents:

(i) a discount of approximately 22.35% to the closing price of HK$0.425 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 17.50% to the average closing price of approximately HK$0.40 per Share for the five consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 13.16% to the average closing price of approximately HK$0.38 per Share for the ten consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 3.71 times over the audited consolidated net asset value per Share as at 31 December 2015 (based on the latest audited net assets of the Group as of 31 December 2015 and the number of issued Shares as at the date of the Acquisition Agreement) of approximately RMB0.06 (equivalent to approximately HK$0.07); and

(v) a premium of approximately 11.86% to the closing price of HK$0.295 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As at the Latest Practicable Date, the Consideration Shares represents approximately 19.32% of the existing issued share capital of the Company, and approximately 16.19% of the enlarged issued share capital of the Company as enlarged by the issue of the Consideration Shares respectively. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

SPECIFIC MANDATE

The Consideration Shares shall be allotted and issued pursuant to the Specific Mandate which will be sought from the Shareholders in the forthcoming EGM, and such Specific Mandate shall not affect any general mandate which have been granted to the Directors.

CHANGES IN THE COMPANY'S SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and the changes thereto as a result of the issue and allotment of the Consideration Shares in full, assuming that no outstanding share options and convertible securities have been exercised:

	As at the Latest Practicable Date		**After completion of the acquisition and the allotment and issue of the Consideration Shares in full**	
	Number of Shares	*%*	*Number of Shares*	*%*
Directors' Interests				
Mr. Wang Yue	318,150,000	9.29	318,150,000	7.79
Mr. Lei Zhuliang	5,300,000	0.15	5,300,000	0.13
Mr. Long Weihua	4,040,000	0.12	4,040,000	0.10
Ms. Tian Guangmei	790,000	0.02	790,000	0.02
Mr. Liang Guoxin	30,000	0.001	30,000	0.001
Mr. Liu Zhaoxiang	750,000	0.02	750,000	0.02
Subtotal	329,060,000	9.61	329,060,000	8.06
The Vendors				
Mr. Lai Liangduo*	—	—	396,821,071	9.72
Mr. Liu Jianpu*	—	—	105,818,952	2.59
Mr. He Hongxing*	—	—	79,364,214	1.94
Mr. Jin Changsheng*	—	—	46,295,792	1.13
Mr. Xu Honggang*	—	—	33,068,422	0.81
Subtotal	—	—	661,368,451	16.19
Public Shareholders	3,094,367,223	90.39	3,094,367,223	75.75
Total	3,423,427,223	100.00	4,084,795,674	100.00

After completion of the Acquisition and the allotment and issue of the Consideration Shares in full, none of the Vendors will become a substantial shareholder of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal businesses of the Group are (i) forestry management business; (ii) sale, research and development of biomass fuel produced by biomass such as timber processing and forestry waste; and (iii) money lending.

As set out in the annual results announcement of the Company for the year ended 31 December 2015, the Group is cautiously optimistic about the future of the forestry management and biomass fuel industry 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 revenue and the segment results from the forestry business of the Group had decreased from approximately RMB12.02 million and segment profit of approximately RMB6.60 million respectively for the year ended 31 December 2014 to approximately RMB0.61 million and segment loss of approximately RMB7.72 million respectively for the year ended 31 December 2015. The revenue and the segment loss from the biomass fuel business had decreased from approximately RMB14.81 million and approximately RMB3.44 million respectively for the year ended 31 December 2014 to approximately RMB8.41 million and approximately RMB22.39 million respectively for the year ended 31 December 2015.

In view of the recent performance of the existing business of the Group, the Group has been actively seeking diversified business opportunities so as to achieve sustainable growth of the Group and stable return to the Shareholders. The Directors consider 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 requires 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 the Target Group 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 the Company if the accumulated audited net profit of the Target Group 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. The Directors consider that the Guaranteed Profit would be able to bring positive contribution to the Group if such Profit Guarantees materialised in the future.

Although the Target Company recorded loss for the financial years 2014 and 2015 and has a relatively small net asset value as at 30 April 2016, the Directors take the view that the value of the Acquisition lies on the potential growth of the business of the Target Company. The product of the Target Company is catered for workers engaged in construction projects in the PRC. The rapid urbanisation in the PRC will bring significant demand for new urban real estate and infrastructure construction projects, which will in turn benefit the Target Company. The business growth of the Target Company will bring in extra and stable source of income to the Group. The improvement in financial performance of the Target Company during the first four months of 2016 and the valuation of the Target Company of RMB310,321,000 as at 31 March 2016 (based on discounted cash flow approach) obtained by the Directors from the Valuer support the Directors' view.

Further, the manufacturing and maintenance of the container houses, along with its accessories, including furniture, interior decoration, and other facilities, needs substantial amount of wood material. As the Group currently involves in the forest land business, in the foreseeable future, it has the capability to provide sufficient raw materials to satisfy the demand in container house manufacturing, maintenance and product upgrade. Therefore, the Directors consider the Target Company is a valuable add-on to its current business.

Relating to the terms of the Acquisition, the inclusion of the Profit Guarantee, the downward adjustments mechanism to the Remaining Consideration and the compensation of up to RMB40,000,000 by the Vendors in the event that the accumulated net profits of the Target Group (after taxation) throughout the Guaranteed Period is less than RMB210,000,000, offers sufficient protection and safeguard to the interests of the Group and the Shareholders as a whole. By linking the Vendors' personal interests with the financial performance of the Target Group during the Guaranteed Period, the mechanism also provides an incentive to the Vendors to achieve the performance target set for the Target Company which in turn benefits the Group.

Having analysed the market of container houses in the PRC, obtained advice and report from the market experts, assessed the business development plan of the Target Company, made reference to the financial performance for the first four months in 2016, the Directors believe that the performance target set by the Target Company is realistic and the Profit Guarantee is achievable.

In view of the above, the Directors are of the view that the terms and conditions of the Acquisition Agreement are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

VALUATION

According to the Valuation Report prepared by the Valuer, the fair market value of 100% equity interest in the Target Company as at 31 March 2016 was approximately RMB310,321,000. The fair value under the said valuation report was determined using the income approach based on the discounted cash flow method. Accordingly, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**") and the requirements under Rule 14.62 of the Listing Rules are applicable accordingly. The principal assumptions of the Profit Forecast of the Target Company are set out in Appendix I to this circular.

The Board has reviewed the principal assumptions upon which the Profit Forecast was based on and is of the view that the Profit Forecast was made after due care and enquiry.

CCTH CPA Limited ("**CCTH**"), the reporting accountant of the Company, has also reviewed the calculations of the discounted cash flow approach upon which the valuation report prepared by the Valuer was based on.

A letter from the Board and a letter from CCTH are included in Appendix II to this circular for the purpose of Rule 14.62 of the Listing Rules.

The following are the qualifications of the experts who have given their opinion in this circular:

Name	**Qualification**
B.I. Appraisals Limited	Professional valuer
CCTH CPA Limited	Certified Public Accountants

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Valuer and CCTH is a third party independent of the Group and is not a connected person of the Group. As at the Latest Practicable Date, neither the Valuer nor CCTH has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Valuer and CCTH has given and has not withdrawn its respective written consent to the publication of this circular with inclusion of its opinion and advice and all references to its name in the form and context in which it appears in this circular.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition under the Acquisition Agreement would exceed 5% but are less than 25%, the Acquisition therefore constitutes a discloseable transaction for the Company under the Listing Rules. The Company will seek approval for, among other things, the Specific Mandate from the Shareholders at the EGM.

As Completion is conditional upon fulfilment of the conditions precedent set out in the Acquisition Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.

THE EGM

A notice convening the EGM to be held at Rooms 1002–1003, 10/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Friday, 15 July 2016 at 11:30 a.m. is set out on pages 21 to 22 in this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Director or Shareholder has a material interest in the Acquisition and no Shareholder is required to abstain from voting on the resolution(s) to be proposed at the EGM.

RECOMMENDATION

The Board considers that the Acquisition Agreement and the transaction contemplated thereunder, the proposed issue of the Consideration Shares under the Specific Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Acquisition Agreement and the transaction contemplated thereunder, including the issue of the Consideration Shares.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Agroforestry Low-Carbon Holdings Limited (the "**Company**") will be held at Rooms 1002–1003, 10/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong on Friday, 15 July 2016 at 11:30 a.m. to consider and, if thought fit, pass the following resolutions, with or without amendments, as ordinary resolution of the Company:

"**THAT**

(a) the acquisition agreement dated 22 April 2016 entered into between the Company as purchaser and Mr. Lai Liangduo* (黎良多), Mr. Liu Jianpu* (劉建甫), Mr. He Hongxing* (何紅星), Mr. Jin Changsheng* (金昌勝) and Mr. Xu Honggang* (許洪剛) as vendors in relation to the Acquisition (as defined in the circular of the Company dated 27 June 2016 (the "**Circular**"), a copy of which is marked "A" and signed by the chairman of the meeting for identification purpose and has been tabled at the meeting) (the "**Acquisition Agreement**") at the consideration of up to RMB250,000,000 (subject to adjustment),which will be satisfied by way of cash of RMB68,000,000 and the allotment and issue of the Consideration Shares (as defined in the Circular) by the Company and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) subject to and conditional upon The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares, the directors of the Company (the "**Directors**") be and are hereby authorised to allot and issue the Consideration Shares at HK$0.33 per Consideration Share in accordance with the terms and conditions of the Acquisition Agreement, and that the Consideration Shares shall, when allotted and issued, be credited as fully paid and rank pari passu in all respects with all other shares of the Company in issue on the date of such allotment and issue;

(c) subject to The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consideration Shares, the Directors be and are hereby granted a specific mandate to allot and issue the Consideration Shares pursuant to the Acquisition Agreement; and

(d) any one or more Director(s) be and is/are authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Acquisition Agreement and all transactions contemplated thereunder and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided for in the Acquisition Agreement) as are, in the opinion of such Director(s), in the interest of the Company and its shareholders as a whole."

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

Hong Kong, 27 June 2016

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

2. A form of proxy for use of the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

4. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent valuer, in connection with its opinion of market value of the target company as at 31 March 2016.

B.I.
To Know Your Strength Better

B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

Unit 1301, 13th Floor, Tung Wai Commercial Building,
Nos. 109-111 Gloucester Road, Wan Chai, Hong Kong
Tel: (852) 21277762 Fax: (852) 21379876
Email: info@biappraisals.com
Website: www.biappraisals.com

10 April 2016

The Board of Directors
China Agroforestry Low-Carbon Holdings Ltd.
Rooms 1002–1003, 10th Floor
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Dear Sir/Madam,

Re: The 100% equity interest in 深圳恒富得萊斯智能房屋有限公司

We have been instructed by China Agroforestry Low-Carbon Holdings Ltd. ("Company") to carry out a valuation on the 100% equity interest in the business enterprise of 深圳恒富得萊斯智能房屋有限公司 ("Business Enterprise"). Pursuant to the specific instructions, we are required to base on the advices and financial projections provided by the Company and the Business Enterprise to arrive at our opinion on the fair value of the Business Enterprise. We confirm that we have reviewed the information/documents provided by the Company, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Business Enterprise as at 31 March 2016 ("Date of Valuation").

This report states the purpose and basis of valuation, scope of work, an overview of the Business Enterprise, financial performance review of the Business Enterprise, major assumptions and methodology of our valuation, limiting conditions, and presents our opinion of value.

PURPOSE OF VALUATION

This report is being prepared solely for the use of the directors and management of the Company for internal reference. The Company, being a public company listed on the Main Board of The Stock Exchange of Hong Kong Limited, engages mainly in businesses of forestry management, production and sale of biomass fuel products and investment holding.

B.I. Appraisals Limited ("B.I. Appraisals") assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

BASIS OF VALUATION

The term "Fair Value", as used herein, is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and information provided by the management of the Company and Business Enterprise or their representatives (hereinafter referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development and prospects of the multi-purpose container-related industry in the People's Republic of China ("China"), the business strategies, operations and other relevant information of the Business Enterprise.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the Business Enterprise will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation.

In applying these projections to the valuation of the fair value of the Business Enterprise, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

THE BUSINESS ENTERPRISE

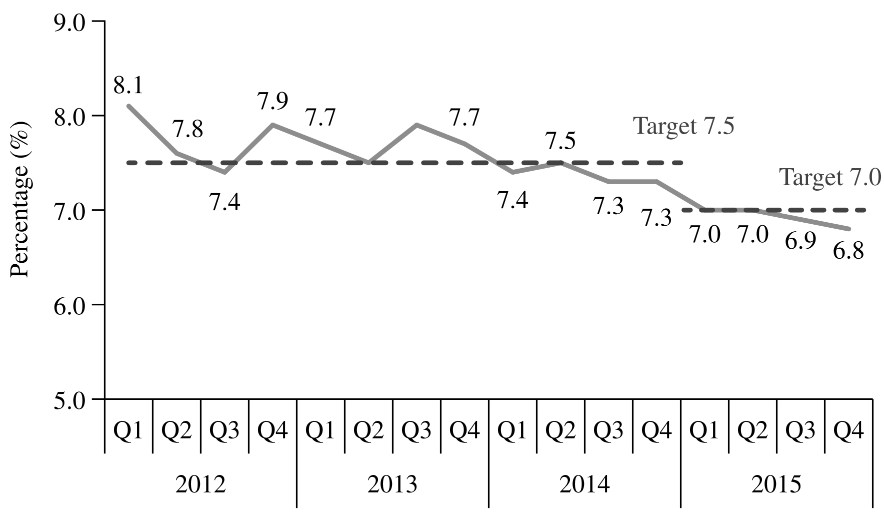
The Business Enterprise (formerly known as 深圳得萊斯集團) was established in 2010 in China, mainly engaging in the production, research, sales and lease of "mobile smart-home" ("Product"). As described by a company description provided by the Management, the Business Enterprise is the researcher and inventor of the Product and possessed the corresponding trademark and several national patented technologies.

The Product is catered for the accommodation, office and production activities of labours engaged in construction work of building, bridge, hydraulic engineering, highway, and tourism in rural areas.

ECONOMIC OVERVIEWS OF CHINA

Gross Domestic Product ("GDP")

GDP growth slowed further from 7.3% in 2014 to 6.9% in 2015, continuing a trend since 2010 as the economy shifts further toward a new normal in which domestic consumption and services are the main engines of growth, with the government increasingly focused on growth quality over quantity. At 6.9% for the whole year, the country's GDP growth rate stayed very much in line with the official target as shown in the graph below.



Source: National Bureau of Statistics of China

Despite the growth moderation, China has doubled its gross domestic product (GDP) since 2009 to reach $10.8 trillion in 2015, thus continuing to account for about a third of global growth in 2015, almost the same as in 2010 when its then smaller economy was growing by double digits. While the growth rate may be lower than previous years, it is still among the highest of the world's major economies, and given the size of China's economy today, the increase in economic output in 2015 was more than in previous years in terms of absolute amount.

Unsurprisingly, according to forecasts prepared by the International Monetary Fund ("IMF"), China is expected to continue being the largest contributor to world GDP and is expected to account for nearly 20% of world GDP by 2020, compared to 15.5% for the European Union and 14.9% for the US.

Inflation

While in November 2015 consumer inflation increased again from 1.3% year-on-year in October, at 1.5% year-on-year it continues to be far below the 3% target set by the central government for 2015 and dragged down by even lower food price inflation.

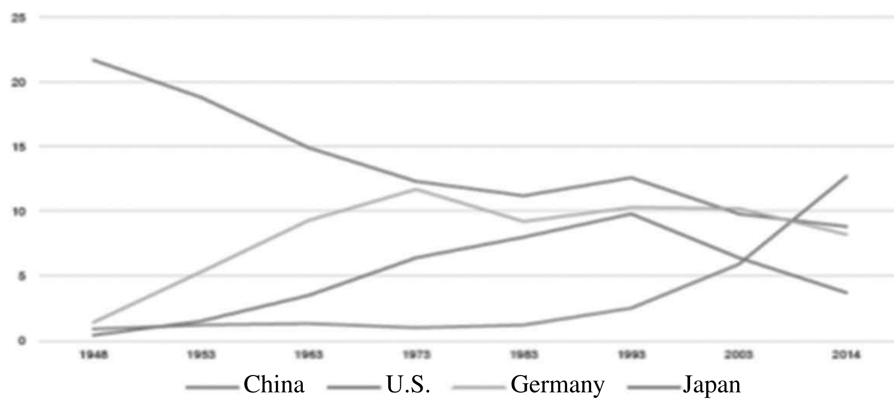
As in the U.S., the UK, the Eurozone and Japan, lower international commodity prices, in itself partially driven by slowing Chinese demand, have contributed to lower inflation. From a borrower's perspective, this development could be particularly problematic, as asset values are less likely to increase in line with the face value of monetary obligations.

Worse, declining asset values in a deflationary scenario would very likely lower aggregate demand and appetite for investment, as consumers in-crease their cash positions in an attempt to avoid further financial loss. Additional interest rate cuts could, however, mitigate those effects.

Source: NBS, Trading Economics

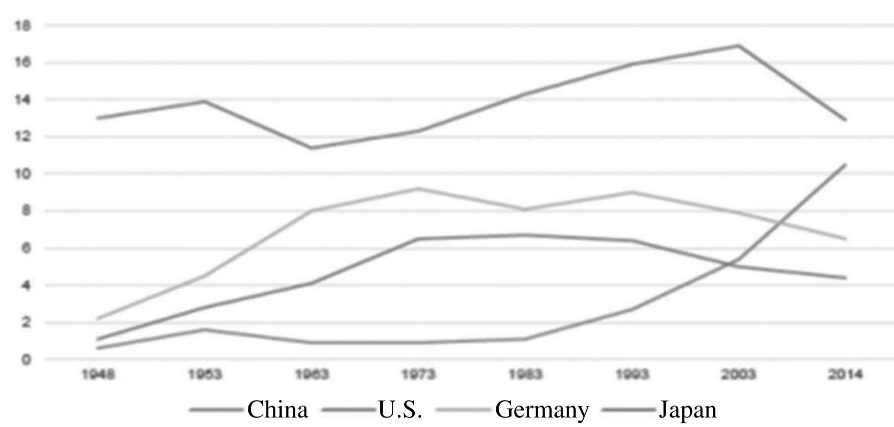
Import and Export

Both by the sum of exports and imports as well as exports alone, China is the world's leading trader of merchandise. While its share of world merchandise exports has risen spectacularly almost since the beginning of reform and opening up, trade growth suffered a significant setback this year. In the first half of 2015, total foreign trade dipped by 6.9% year-on-year, which compares with an already lackluster, but at least positive 3.4% annual growth rate in 2014. Worse, official customs data purportedly point to a 7.2% year-on-year decline for 2015, which is far below China's 6% foreign trade growth target for 2015.



Source: WTO

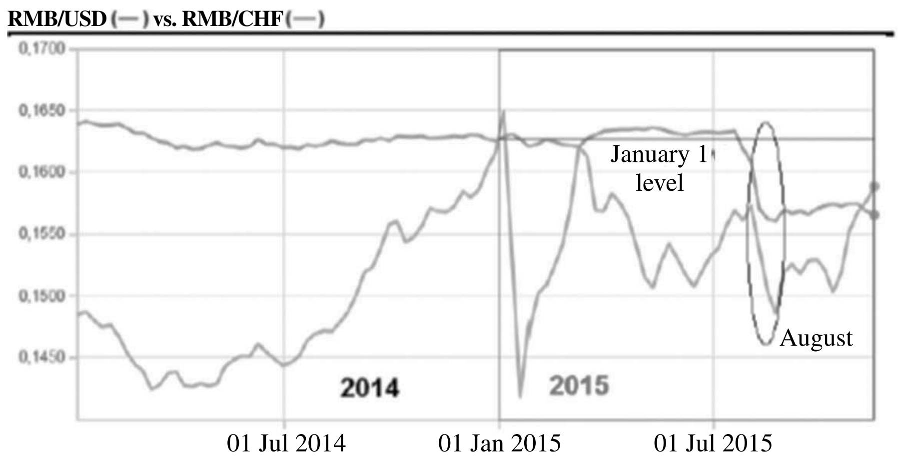
Given China's magnitude and interconnectedness with the world, this contraction will undoubtedly influence global economic activity. At the same, negative export growth is in itself a reflection of weak external demand. Export growth aside, import growth saw an even wider contraction during the first eleven months of this year, partially due to sinking commodity prices.



Source: WTO

Exchange Rate

On 11 August 2015, the People's Bank of China (PBoC) announced a change to the daily fixing mechanism of the RMB exchange rate, which led to a 3% depreciation of the redback against the greenback.



Source: OANDA

The fixing is now based on the previous day's average closing rate and takes into account exchange rate developments of the most important international currencies. It no longer purely relies on the moving average closing rates of market makers, most notably Chinese state banks, and the U.S. dollar (USD). The PBoC's announcement will likely have the following implications or give support to the following developments:

- The stronger incorporation of market forces into this fixing mechanism is indicative of reform and higher transparency.

- Long-term, exchange rate liberalization could serve as a tailwind for more structural changes and regional trade.

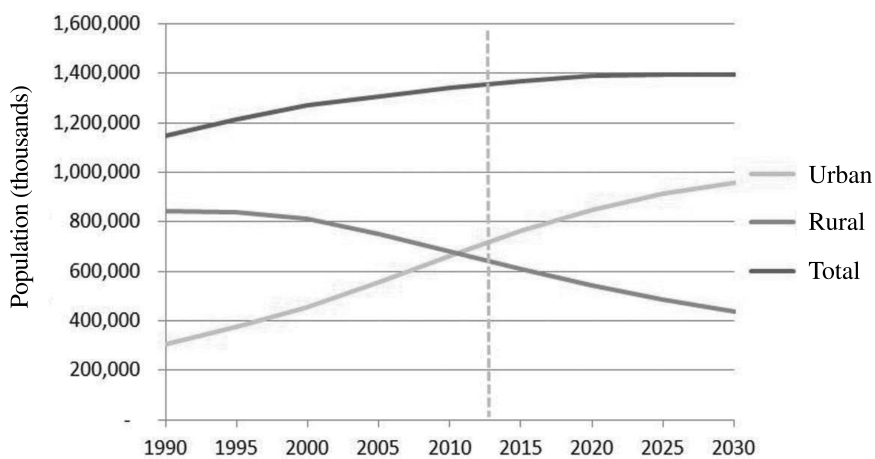
On 30 November 2015, at least partially stemming from the PBoC's 11 August 2015 announcement, the International Monetary Fund (IMF) included the RMB with a 10.92% weighting to its Special Drawing Right (SDR) basket, effective 1 October 2016. This is an important milestone for the RMB internationalization process as well as overall efforts to open up the economy and spur financial reform.

Urbanization

As at the end of 2015, over 56% of China's population lived in cities as the country's urbanization continues apace. The number of people registered as permanent residents in cities expanded from 170 million in 1978 to 750 million in 2014 and the number of cities leapt from 193 to 653 for the same period, according to the report compiled by the National Development and Reform Commission, the country's top economic planning body. It is also the government's aim to bring China's urbanization rate to reach 60% by 2020, helping 100 million migrant workers settle in cities over the next five years.

A recent report co-published by The World Bank and China's Development Research Center of the State Council pointed to the fact that in 1978, less than 20 percent of China's population lived in cities and now the share is more than half. And on the basis of the country's per capita income, China's urbanization is projected to reach about 70 percent (around 1 billion people) by 2030.

China Population Growth



Source: WTO

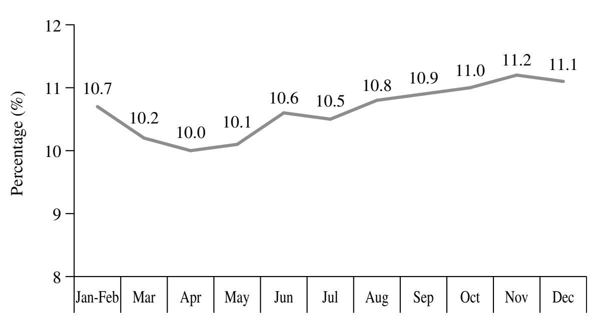
On the other hand, as suggested by McKinsey & Company[1] that "in the decade ahead, the middle class's expansion will be powered by labour-market and policy initiatives that push wages up, financial reforms that stimulate employment and income growth, and the rising role of private enterprise, which should encourage productivity and help more income accrue to households. And by 2022, more than 75 percent of China's urban consumers will earn between RMB60,000 to RMB229,000 a year, which is almost double of the current level."

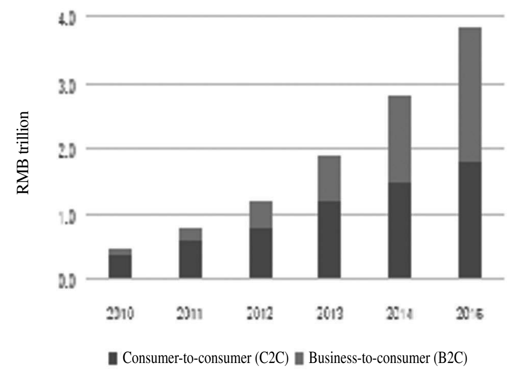
The rise of middle class implies that spenders will be more able and willing to pay a premium for quality goods and not just basic necessities, and this type of spending behaviour will likely be the dominate force in the market.

[1] Mapping China's middle class, June 2013, Dominic Barton, Yougang Chen, and Amy Jin

Private spending

Retail sales in 2015 strengthened during the year thanks to the dominant spending habit via internet. During the year, online retails sales of goods and services totalled RMB3.8 trillion, representing an increase of approximately 37.2% year-on-year.





Source: National Bureau of Statistics of China

On 11 November 2015, which was commonly known as the "Singles Day", Alibaba alone registered RMB91.2 billion in online sales, an increase of almost 60% compared to that on the same day in 2014. No one can deny that the rise of e-commerce is now leading traditional retailers to re-consider their business models and practices.

On the other hand, it is recognised that Chinese consumers have become increasingly sophisticated, demanding high-quality, customised products instead of goods that can barely satisfy basic needs. Preference towards value-added entertainment, communication devices, electronics, healthcare, and tourism is now the primary focus for all domestic and foreign market players.

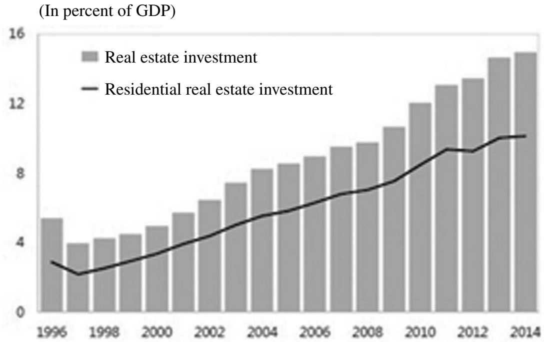
INDUSTRY OVERVIEW

For the reason that the Product is catered for workers engaged in construction projects, we focus on China's capital project and infrastructure industry in order to fathom the Business Enterprise's future operating performances.

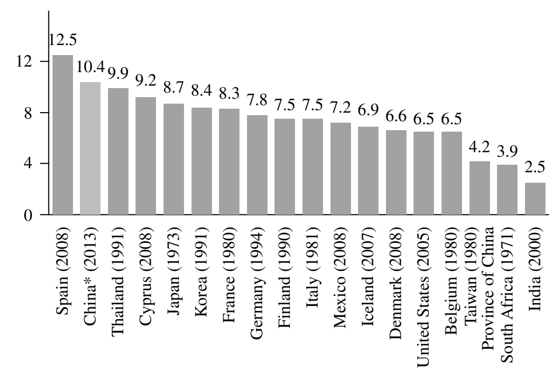
Real estate market

Real estate investment grew from about 4% of GDP in 1997 to 15% of GDP in 2014 as published by National Bureau of Statistics. Residential investment in particular accounts for both about 15% of fixed asset investment and 15% of total urban employment, and it accounts for 20% of total bank loans in China.

Real Estate Investment
(In percent of GDP)



Peak Residential Construction Investment
(Percent of GDP)

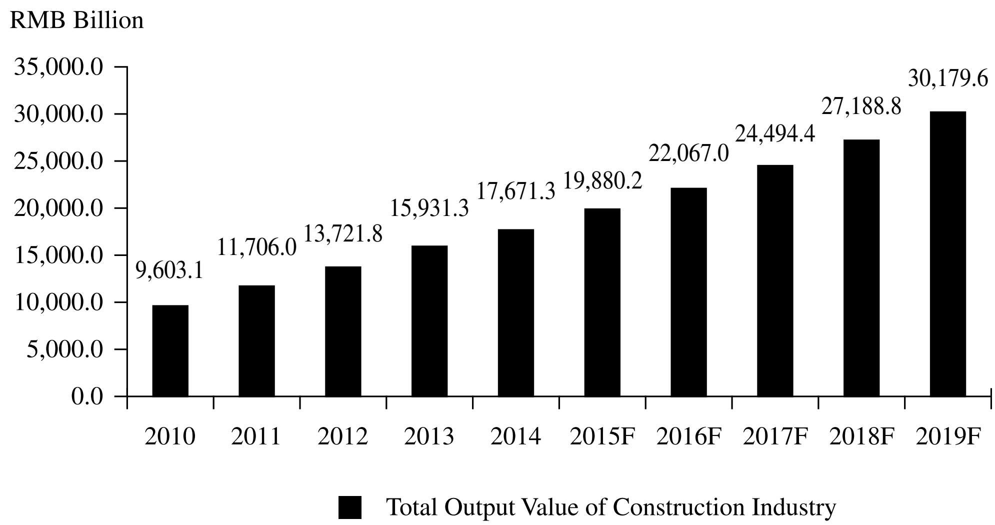


* Residential real estate investment for China

Source: CEIC

Urbanization rate represents the rate of change in the size of the urban population over a certain period. Despite the fact that in 2014, the urbanization rate of China has already reached 54.8%, it is projected that by 2020, additional 100 million of the rural population will settle in urban areas, which will bring significant demand for new urban residential construction. In line with the historical trend of increases in the average fee for construction projects, the total output value of construction industry in China increased from RMB9,603.1 billion for the year ended 31 December 2010 to RMB17,671.3 billion for the year ended 31 December 2014, representing a CAGR of 16.5%. According to Ipsos, the total output value of China's construction industry is expected to increase from RMB19,880.2 billion for the year ending 31 December 2015 to RMB30,179.6 billion for the year ending 31 December 2019, representing a CAGR of 11.0%.

Total Nominal Output Value of Construction Industry in China from 2010 to 2019

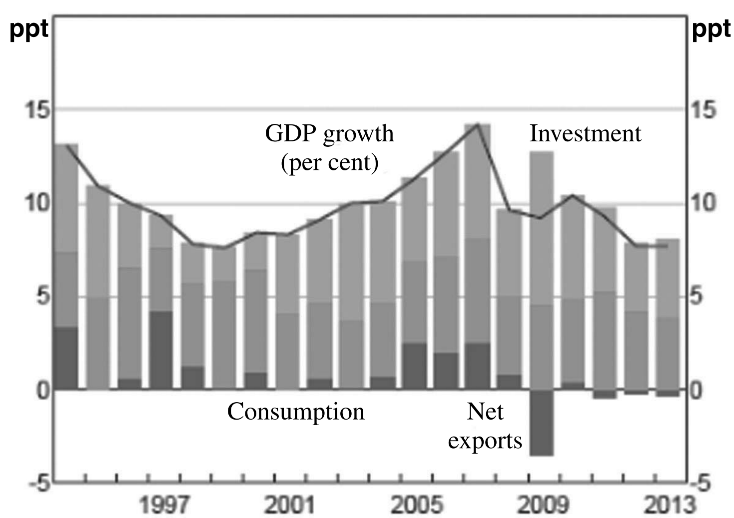


Source: National Bureau of Statistics

Infrastructure

Investment has been a significant contributor to China's economic growth over the last two decade. Chinese gross fixed capital formation, the measure of investment reported in the national accounts, grew at an average annual rate of 11% in real terms since 2000.

China — Contributions to GDP Growth



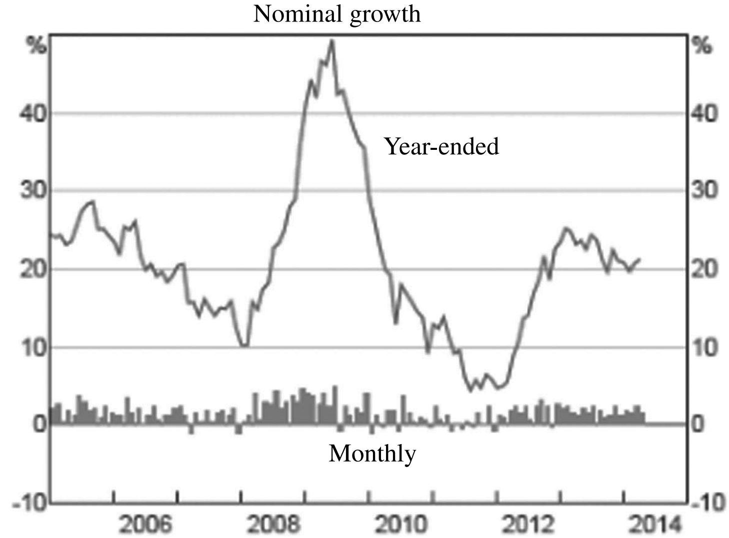
Source: Reserve Bank of Australia

A major portion of the total investment made in China was directed towards the infrastructure, much of which was driven by the rapid pace of urbanization in China for the support of a growing population. Although the development of infrastructure in China has been rapid, indicators still suggest that China still has some way to go to converge with the levels of development and standards of living in developed economies.

In the interests of keep up with the economic growth momentum, the Chinese Government has indicated its plan to facilitate more urbanization in coming years, implying further supply of infrastructure will be needed.

China — FAI Infrastructure*

Nominal growth

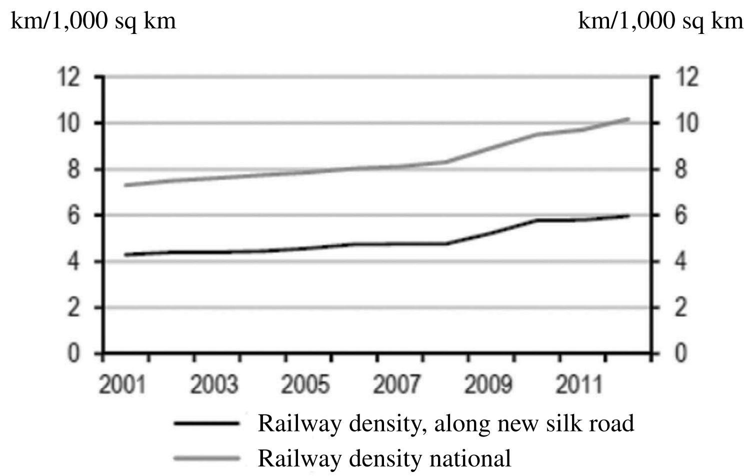


Source: Reserve Bank of Australia

One Belt, One Road

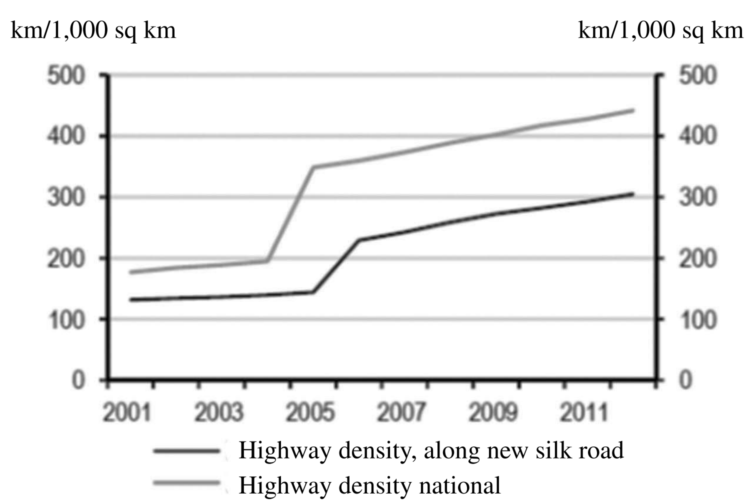
As promulgated by President Xi, the implementation of China's "one belt, one road" strategy will be conducted though investing in land and maritime "silk roads" (implying substantial infrastructure investment in roads, railways, ports and airports) to Central Asia and Europe and South Asia, and the financing need for the associated infrastructure is estimated to be US$8 trillion between 2010 and 2020.

One of the perspectives of the "one belt, one road" strategy is to spread economic growth from the coastal region to inland areas. The nine provinces along the intended route are mainly in the western part of China where GDP per capital is relatively low and lack adequate infrastructure for development of economic activities.



Source: HSBC

Estimated by HSBC, all nine provinces along the intended route cover more than a third of China's total area and a fifth of its population, but their combined economic contribution was only a sixth of national total. Financial constraints have been dragging down the growth of these provinces on where only finance from local government could be relied. In light of these constraints, a dedicated infrastructure investment fund has been established to readdress the infrastructure imbalance. According to the blueprint, the economic belt has three elements — the transport system that links Asia and Europe, natural gas pipelines connecting central Asia and China and international highway projects.



Source: HSBC

MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in this valuation and they are:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate has or would be officially obtained and renewable upon expiry.

- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized.

- There will be sufficient supply of technical staff in the industry in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments.

- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise.

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

PERFORMANCE PROJECTIONS

We have been provided with financial projections for a 5-years period for the operation of the Business Enterprise (“Projection”). According to the Projection, the sources of income will mainly be attributable to the rental income of its Product, while the costs of operation will include salaries and wages, office rental, office expenses, management fee paid to local operating companies, and logistics expenses.

RMB	**31-Dec-16**	**31-Dec-17**	**31-Dec-18**	**31-Dec-19**	**31-Dec-20**
Total revenue	25,000,000	80,000,000	120,000,000	125,000,000	100,000,000
Operating expenses					
Salaries and wages	720,000	1,476,720	1,518,807	1,564,371	1,611,302
Depreciation	—	—	—	—	—
Office rental	600,000	1,230,600	1,265,672	1,303,642	1,342,752
Office expenses	500,000	1,600,000	2,400,000	2,500,000	2,000,000
Total operating expenses	**1,820,000**	**4,307,320**	**5,184,479**	**5,368,013**	**4,954,053**
Operating profit	**23,180,000**	**75,692,680**	**114,815,521**	**119,631,987**	**95,045,947**
Income tax	–5,795,000	–18,923,170	–28,703,880	–29,907,997	–23,761,487
Net income	**17,385,000**	**56,769,510**	**86,111,641**	**89,723,990**	**71,284,460**

Source: Management

Based on our discussion with the Management in respect of the Business Enterprise’s operation model and their view on the business prospect, we believe the projected results provided by the Management are reasonable and achievable.

INFORMATION REVIEW

Our opinion requires consideration of relevant factors affecting the fair value of the Business Enterprise. The factors considered included, but not limited to, the followings:

- Financial forecast of the Business Enterprise;
- Financial statement of the Business Enterprise’ comparable companies;
- Market trends of the industry and other dependent industries;
- Business strategies of the Business Enterprise;
- General descriptions in relation to the Business Enterprise; and
- Economy and industry outlook in China

We have assumed the accuracy of information provided by the Management and relied heavily on such information to conclude our opinion of value.

GENERAL VALUATION APPROACHES

There are three generally accepted approaches to obtain the fair value of the Business Enterprise, namely, the Market-Based Approach, the Asset-Based Approach and the Income-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing business entities that is similar in nature.

Market-Based Approach

It values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on analyses of those transactions are then to be applied to the fundamental financial variables of the subject business entity and to arrive at an indicated value of it.

Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and long term debt).

In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

From a valuation perspective, the valuer will restate the values of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, the valuer can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

Income-Based Approach

The Income-Based Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits, as illustrated by the formula below:

$$DCF = \frac{CF_1}{(1+r)^1} + \frac{CF_2}{(1+r)^2} + \ldots\ldots + \frac{CF_n}{(1+r)^n}$$

where DCF : Discounted cash flows
CF : Free cash flows
r : discount rate

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

VALUATIONS APPROACHES FOR THE BUSINESS ENTERPRISE

In the process of valuing the Business Enterprise, we have taken into consideration of the business nature, specialty of its operation and the industry it is participating. Having considered the three general valuation methodologies, we believed that the Income-Based Approach would be appropriate and reasonable to estimate the fair value of the Business Enterprise.

In this valuation, the Market-Based Approach is not appropriate as there are insufficient relevant comparable transactions to form reliable basis for our opinion of value. The Cost-Based Approach is not appropriate as it ignores the economic benefits of the business. We have therefore relied solely on the Income-Based Approach in determining opinion of the value.

Income-Based Approach — Discounted Free Cash Flow ("DCF")

DCF has long been a favourite valuation methodology of practitioners and academics because it relies solely on the flow of cash in and out (free cash flow) of the company, rather than on accounting-based earnings. In reference to the book *Valuation: Measuring and managing the value of companies, fifth edition (McKinsey & Company)*, using the DCF to value a company's equity is a four-part process:

(i) Value the company's operations by discounting free cash flow to the firm ("FCFF") and the terminal value at the weighted average cost of capital ("WACC").

(ii) Identify and value non-operating assets, such as excess marketable securities, excess cash, nonconsolidated Business Enterprise, and other equity investments. Summing the value of operations and non-operating assets gives enterprise value.

(iii) Identify and value all debt and other non-equity claims against the enterprise value. Debt and other non-equity claims include (among others) fixed-rate and floating-rate debt, unfunded pension liabilities, employee options, and preferred stock.

(iv) Subtract the value of non-equity financial claims from enterprise value and to incorporate the premium (i.e. control premium) and discount (lack of marketability discount) applicable to the company to arrive at its equity value.

Discount rate

It is the appropriate discount rate that truly reflects the opportunity cost to all the capital providers. The summation of the discounted future cash flows will give us the present value of the Business Enterprise. We will estimate the three major components of the WACC: the cost of equity, the after-tax cost of debt, and the Business Enterprise' target capital structures.

Cost of Equity

From modern portfolio management perspective, a typical investor is risk-averse and rational, and they make all investment decisions based on risk and return of an investment opportunity. The cost of equity, therefore, should account for the risk premium, which is the required additional return over the risk free rate. The most commonly used model to estimate the cost of equity is the capital asset pricing model (CAPM).

Since the Business Enterprise is not a listed company, obtaining their past betas directly is impossible. To resolve this problem, we first collect data from a group of publicly traded comparable firms, estimate their unlevered betas according to their corresponding debt-equity ratios, and then estimate the Business Enterprise' betas upon the industry average beta. In addition, to reflect the specific operating risk of the Business Enterprise, additional risk premium will be added to their costs of equity.

Comparable Company	**Ticker**	**Levered Beta**	**Debt to Equity Ratio**	**Unlevered Beta**
Shenzhen New Nanshan Holding	002314 CH	1.15	0.06	1.1
Civeo Corp	CVEO US	2.08	3.09	0.73
Black Diamond Group	BDI CN	1.47	0.90	0.88
	Mean		1.35	0.90
	Median		0.90	0.88

* *Outliers are excluded in the calculation*

	Business Enterprise
Risk free rate(1)	2.8%
Market risk premium(2)	10.2%
Levered beta	0.88
Size premium(3)	5.78%
Specific premium(4)	2%
Cost of equity	19.6%

Notes:

(1) China Government 10 year bond yield. Source from Bloomberg.

(2) Market return was extracted from Bloomberg.

(3) Risk premium of investing in a small size (in terms of market capitalization) company. Source from Duff & Phelps 2015 Valuation Handbook.

(4) Additional premium to reflect the Business Enterprise's short operating history and its reliance on rental and management of container houses on behalf of their owners.

Target Capital Structure

According to the Management, the Business Enterprise will continue to be fully equity funded, implying a debt-to-equity ratio of 0.

Weighted Average Cost of Capital ("WACC")

Pursuant to the cost of capital, cost of debt and target capital structure discussed above, the WACC are estimated by the following formula:

Weight of Equity x Cost of Equity + Weight of Debt x Cost of Debt x (1 – Tax Rate)

The result is estimated to be 19.6%.

Tax Rate

We assume the effective tax rates equal to the statutory corporate income tax rates at 25%.

Working Capital

As advised by the Management, the Business Enterprise's operation will not incur any material amount of working capital as lessees of the Product will not be granted any credit terms on payment.

Lack of Marketability Discount ("LOMD")

A major difference between a closely-held private company's common shares and those of its publicly traded comparable companies is its lack of marketability — "the capability and ease of transfer or salability of an asset, business, business interest, or security"[2]. It is not uncommon to see that when a private company's shareholder tries to liquidate his position, the cost and time consumed is relatively more significant than a public company's shareholder would have incurred, and as a result, it is intuitive that a share in a private company is usually worth less than an otherwise comparable share in a public company.

Following the reason just stated, a LOMD was employed to reflect the Business Enterprise's lack of marketability, and in this valuation assignment, the "Chaffee European Put Option Model" was applied to estimate the LOMD. The rationale for using Option-pricing model, which was originally developed for estimating the value of stock options, is that 'when provided with an option to sell, otherwise non-marketable shares are given marketability the cost or price of the option to sell represents all of the discount to be taken from the marketable price to price the non-marketable shares.[3]

2 International Glossary of Business Valuation Terms

3 Option pricing as a Proxy for Discount for Lack of Marketability in Private Company Valuation, David B. H. Chaffee, Business Valuation Review December 1993

Below are the variables that are required for the valuation of DLOM:

Variable	**Assumption adopted**
Stock price	As we are calculating a percentage for the DLOM, for simplicity, we set the stock price equals to 100 in the valuation.
Strike price	Strike price should equal the stock price as the Chaffee Option Model is trying to value an "at-the-money" put option.
Time to maturity	Due to the relatively small size of the Business Enterprise, we assume the time between starting to find a new buyer and closing the deal would not be long. As advised by the Management, 6 months would be a reasonable assumption.
Interest rate	We use the Generic China Government 3 Month Bond Yield as the risk-free rate, which was 2.5% as at the Date of Valuation.
Volatility	Average share price volatilities of the comparable listed companies. The results was 87.651%

As such, the Discounts for Lack of Marketability of 22.91% is adopted in this valuation assignment.

Equity Value Calculation

	Date of Valuation *(RMB)*
Sum of Business Enterprise' unadjusted 100% equity value	402,542,895
Lack of marketability discount @ 22.91%	(92,222,175)
Fair value of Business Enterprise	**310,321,000***

* *rounded to the nearest thousandth*

LIMITING CONDITIONS

The conclusion of the fair value presented in this report is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This valuation reflects facts and conditions existing at the date of valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates as identified or being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management and the Company in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. No responsibility is accepted to any third party for the whole or any parts of its contents.

REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (RMB).

OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation methods employed, we are of the opinion that the fair value of the 100% equity interest of the Business Enterprise as at 31 March 2016 was in the sum of **RMB310,321,000 (RENMINBI THREE HUNDRED AND TEN MILLION THREE HUNDRED AND TWENTY-ONE THOUSAND ONLY)**.

We hereby confirm that we have neither present nor prospective interests in the Business Enterprise, the Company or the value reported.

Yours faithfully,
For and on behalf
B.I. APPRAISALS LIMITED

William C. K. Sham
Registered Professional Surveyor (G.P.)
Registered Business Valuer
China Real Estate Appraiser
MRICS, MHKIS, MCIREA
Executive Director

Note: Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 30 years' experience in the valuation of properties in Hong Kong and has over 15 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions. In addition, Mr. Sham has undertaken various valuation assignments on business enterprises and intangible assets since 1998 and has extensive experience in the valuation of patent and proprietary technology; infrastructure project including power plants, toll roads, port facilities; and business enterprises in various industries such as information technology, health products, pharmaceutical and biotechnology, media, energy, etc. On 26 November 2015, Mr. Sham was appointed the founder member of The Hong Kong Institute of Financial Valuers.

A. LETTER FROM THE BOARD

21 June 2016

Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sirs,

Discloseable Transaction — Acquisition of Shenzhen Heng Fu Delaisi Intelligent Housing Limited (the "Target Company") by China Agroforestry Low-Carbon Holdings Limited (the "Company")

We refer to the announcement of the Company dated 21 June 2016 concerning the captioned transaction (the "**Announcement**"). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation report dated 10 April 2016 issued by the Valuer regarding the valuation of 100% equity interests in the Target Company as at 31 March 2016 (the "**Valuation**"), which constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report dated 21 June 2016 from CCTH regarding whether the Profit Forecast, so far as the accounting policies and calculations are concerned, have been properly complied with the bases and assumptions as set out in the Valuation Report. We have noted that the Profit Forecast in the Valuation are mathematically accurate and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

We hereby confirm that pursuant to the Valuation Report, the Profit Forecast has been made after due and careful enquiry of the Board.

Yours faithfully,
For and on behalf of the Board
China Agroforestry Low-Carbon Holdings Limited
Lei Zuliang
Chairman

B. LETTER FROM CCTH CPA LIMITED

CCTH CPA LIMITED
中正天恆會計師有限公司

21 June 2016

The Board of Directors
China Agroforestry Low-Carbon Holdings Limited
Rooms 1002–1003, 10/F, Great Eagle Centre,
23 Harbour Road, Wanchai,
Hong Kong

ACCOUNTANTS' REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 深圳恒富得萊斯智能房屋有限公司

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by B.I. Appraisals Limited dated 10 April 2016, in respect of the 100% equity interest in 深圳恒富得萊斯智能房屋有限公司 (the "**Target Company**") as at 31 March 2016 (the "**Valuation**"). Details of the Target Company are set out in the announcement dated 22 April 2016 which was issued by China Agroforestry Low-Carbon Holdings Limited (the "**Company**") in connection with the proposed acquisition by the Company of 100% equity interest in the Target Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibility for the discounted future estimated cash flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibility

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance about whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

CCTH CPA Limited
Certified Public Accountants
Hong Kong