



Greenheart Group

綠心集團

GREENHEART GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Cheng Chi-Him, Conrad[#]
(*Non-executive Chairman*)

Ding Wai Chuen^{*}
(*Chief Executive Officer*)

Kenneth Lau[#]

Lie Ken Jie Remy Anthony Ket Heng[#]

Suen Chung Yan, Julia[#]

Wong Man Chung, Francis^{**}

Cheung Pak To, Patrick^{**}

To Chun Wai^{**}

^{*} *Executive Director*

[#] *Non-executive Director*

^{**} *Independent non-executive Director*

AUDIT COMMITTEE

Wong Man Chung, Francis (*Chairman*)

Lie Ken Jie Remy Anthony Ket Heng

To Chun Wai

REMUNERATION COMMITTEE

Wong Man Chung, Francis (*Chairman*)

Kenneth Lau

To Chun Wai

NOMINATION COMMITTEE

Cheng Chi-Him, Conrad (*Chairman*)

Cheung Pak To, Patrick

To Chun Wai

COMPANY SECRETARY

Fung Ka Man

AUTHORISED REPRESENTATIVES

Ding Wai Chuen

Fung Ka Man

REGISTERED OFFICE

Canon's Court, 22 Victoria Street

Hamilton HM 12, Bermuda

STOCK CODE

94

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INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditor

LEGAL ADVISER

YYC Legal LLP





CORPORATE INFORMATION

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation
Limited
The Bank of East Asia, Limited
Bank of New Zealand

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Appleby Global Corporate Services
(Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

BRANCH SHARE REGISTRAR & TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

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INVESTOR RELATIONS

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Greenheart Group Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present to the shareholders of the Company the interim results of the Group for the six months ended 30 June 2024 (the "Period").

The first half of 2024 was a period of significant challenge and crucial decision-making for the Group. The global market environment remained difficult for our operations in New Zealand and Suriname. Despite these challenges, the Group has remained focusing on making necessary strategic adjustments to navigate this volatile landscape.

The Group recorded a total revenue of HK\$27,671,000 for the Period, representing a decrease of 45.5% compared to the same period last year. The net loss of the Group increased to HK\$113,273,000, reflecting the impact of two major factors: a fair value loss of HK\$70,285,000 on our plantation forest assets in New Zealand and an additional impairment loss of HK\$17,230,000 on timber concessions and cutting rights, along with the associated processing facilities, due to the cessation of our West Suriname operation.

New Zealand Division

Our New Zealand division faced significant challenges during the first half of 2024, experiencing a 54.3% decrease in revenue. This decline was primarily caused by a substantial reduction in sales volume, which dropped by 54.4% compared to the same period last year. The reduction in sales volume was largely due to the completion of harvesting cycle at one of our largest plantation forest assets. This asset is now in a regrowth phase, awaiting the maturation of the next crop of trees, resulting in a temporary decrease in harvestable logs.

While the average selling price remained relatively stable compared to the previous year, the valuation of our plantation forest assets was significantly impacted by market conditions close to the reporting date. The cost and freight price ("CFR") for benchmark A-grade logs in the China softwood log market, which had been stable earlier in the year, dropped sharply from April 2024 onwards. By the end of June 2024, prices had declined to a range of US\$114 per JAS m³ to US\$117 per JAS m³, down from US\$128 per JAS m³ to US\$133 per JAS m³ earlier in the year. This decline, coupled with rising shipping costs, which increased from US\$30.6 per JAS m³ to US\$39 per JAS m³, exerted downward pressure on the free-on-board ("FOB") selling prices and led to a fair value loss of HK\$70,285,000 on our plantation forest assets.





CHAIRMAN'S STATEMENT

Suriname Division

After a challenging year of 2023, during which the Group had recognised an impairment loss of HK\$75,519,000 on timber concessions and cutting rights located in West Suriname, the Suriname division continued to face ongoing challenges in the first half of 2024, resulting in a 8.2% decrease in revenue compared to the same period last year. Although we managed to increase our sales volume, the average export price for logs fell by 26.4%, which put additional pressure on our profit margins. Combined with the higher costs from 2023, including rising transport expenses and increased concession license fees, these factors significantly impacted the division's financial performance. As a result, the negative adjusted EBITDA for the Suriname division increased to HK\$10,728,000 during the Period (2023: HK\$5,830,000).

In light of these difficulties and ongoing financial losses, the Board made a difficult but necessary decision to cease operations in West Suriname. The cessation of operations in West Suriname was essential to prevent further financial strain on the Group. This strategic decision resulted in an impairment loss of HK\$17,230,000, which represents the remaining carrying value of the timber concessions and cutting rights and the associated processing facilities, and which value can only be realised through active operations which have now been stopped.

PROSPECT

Looking ahead to the second half of 2024, the Group acknowledges the continued challenges in the global market and the pressure on our financial resources. We anticipate that the market environment will remain challenging, particularly for our New Zealand division, where demand and prices are expected to stay subdued. The Group will continue to explore opportunities to diversify our sales markets and enhance operational efficiency to mitigate these pressures.

In Suriname, while the cessation of our West Suriname operation has been a difficult but necessary decision, we will focus on optimising our Central and East Suriname operations. The Group will maintain a prudent financial management approach, including the consideration of asset disposals if necessary, to ensure the stability of our financial resources and meet our obligations.



CHAIRMAN'S STATEMENT

APPRECIATION

Finally, I would like to take this opportunity to express my sincere gratitude to our shareholders, customers, and business partners for their continued trust and support. I would also like to extend my heartfelt thanks to my fellow directors and our dedicated staff for their unwavering efforts and contributions during this challenging period.

Cheng Chi-Him, Conrad

Non-executive Chairman

Hong Kong, 28 August 2024





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The first half of 2024 has continued to be challenging for the Group. The Group recorded an unaudited net loss of HK\$113,273,000 during the Period (2023: HK\$50,418,000). The increase in net loss was mainly due to the net effect of (i) a fair value loss of HK\$70,285,000 relating to the plantation forest assets located in New Zealand; (ii) the corresponding deferred income tax credit of HK\$19,680,000 attributable to the fair value loss of plantation forest assets; and (iii) impairment of property, plant and equipment, right-of-use assets and timber concessions and cutting rights of HK\$17,230,000 located in West Suriname.

Revenue

The Group's total revenue reduced by 45.5% to HK\$27,671,000 for the Period compared to the same period last year. Revenue contributed by the New Zealand division and the Suriname division were HK\$18,698,000 (2023: HK\$40,956,000) and HK\$8,973,000 (2023: HK\$9,777,000), respectively.

Revenue from the New Zealand division decreased by 54.3% or HK\$22,258,000 for the Period due to a substantial reduction in sales volume, which was largely due to the completion of harvesting cycle at one of our largest plantation forest assets. This asset is now in a regrowth phase, awaiting the maturation of the next crop of trees, resulting in a temporary decrease in harvestable logs. The sales volume and the average export selling price on FOB basis both decreased by 54.4% and 17.9%, respectively. Meanwhile, revenue contributed from forest management services increased by 19.0% to HK\$3,011,000 during the Period because of the increase in harvesting activities in third party forests managed by the Group.

Revenue contributed from Suriname division dropped slightly by 8.2% or HK\$804,000 for the Period. The revenue from sales of logs and timber products from this division increased by 18.8% or HK\$1,263,000 because of the increase in bulk shipping activities during the Period, although the average selling prices of logs and timber products decreased. However, the subcontracting fee income decreased by 67.7% or HK\$2,067,000 as the subcontractors reduced harvesting activities due to the significant increase in production and transport costs.



MANAGEMENT DISCUSSION AND ANALYSIS

Gross loss

The Group incurred a gross loss of HK\$6,988,000 (2023: HK\$6,664,000) during the Period. The gross profit contribution from the New Zealand division for the Period was HK\$844,000 (2023: HK\$1,744,000) while the Suriname division recorded a gross loss of HK\$7,832,000 for the Period (2023: HK\$8,408,000).

The Group's gross loss margin for the Period was 25.3% (2023: 13.1%). The gross profit margin for the Group's New Zealand division for the Period was 4.5% (2023: 4.3%), benefiting from lower operating costs due to the depreciation of the New Zealand dollar ("NZD") during the Period.

On the other hand, the Suriname division recorded a gross loss margin of 87.3% (2023: 86.0%) for the Period because of the substantial increase in production costs, notably significant increase in transport costs and license fee for holding the concessions.

Other income

Other income mainly represented finance lease income and bank interest income.

Other gains and losses

Other gains and losses were primarily due to impairment of property, plant and equipment, right-of-use assets, timber concessions and cutting rights caused by the cessation of the West Suriname Business.

Impairment losses recognised on financial assets, net

Impairment losses recognised on financial assets during the Period represented the recognition of the expected credit losses on trade receivables.





MANAGEMENT DISCUSSION AND ANALYSIS

Fair value loss on plantation forest assets

The fair value loss on our plantation forest assets in New Zealand amounted HK\$70,285,000 (2023: HK\$9,326,000) and was based on a valuation report prepared by an independent valuer at the end of the Period. The fair value loss was primarily attributable to the decrease in forecast selling price of radiata pine, reflecting the unfavourable market conditions of New Zealand softwood.

Selling and distribution costs

Selling and distribution costs mainly included trucking, export handling expenses and logistic-related costs arising from the sale of logs and timber products.

They reduced by 29.6% or HK\$2,252,000. Such decrease was primarily due to the net effect of the reduction of sales volume, the depreciation of NZD for New Zealand division and the increase in average port costs in New Zealand caused by the increase in fuel charge compared to the same period last year.

Administrative expenses

Administrative expenses for the Period reduced by 11.4% or HK\$2,470,000 because of the decrease in the depreciation of property, plant and equipment caused by the completion of harvesting activities of some forests in New Zealand.

Finance costs

Finance costs increased by 7.2% or HK\$811,000 for the Period. Such an increase was mainly caused by the increase in interest on bank borrowings and loan from a fellow subsidiary following the general rise in interest rates for the Period.





MANAGEMENT DISCUSSION AND ANALYSIS

Income tax credit

Income tax credit for the Period was mainly comprised of deferred tax credit.

The deferred tax credit for the Period was comprised of HK\$17,204,000 (2023: HK\$2,644,000) and HK\$298,000 (2023: HK\$1,516,000) in the New Zealand and Suriname divisions, respectively.

The deferred tax credit in the New Zealand division was mainly due to the taxable temporary differences arising from the fair value loss on New Zealand plantation forest assets and the foreign currency translation adjustments.

The deferred tax credit in the Suriname division represented the net movement of taxable temporary differences arising from amortisation of fair value adjustments in previous years' acquisition of subsidiaries.

Negative EBITDA

The negative EBITDA of the Group increased from HK\$17,432,000 for the same period last year to HK\$106,618,000 for the Period. The negative EBITDA of the New Zealand division and Suriname division for the Period were HK\$71,890,000 (2023: HK\$2,247,000) and HK\$27,490,000 (2023: HK\$5,864,000), respectively.

The increase in the Group's negative EBITDA was primarily caused by the increase in fair value loss on plantation forest assets in New Zealand and the impairment of property, plant and equipment, right-of-use assets and timber concessions and cutting rights due to the cessation of the West Suriname Business.

Loss for the Period attributable to owners of the Company

As a result of the aforementioned, the loss attributable to owners of the Company increased from HK\$41,254,000 for the same period last year to HK\$93,905,000 for the Period.





MANAGEMENT DISCUSSION AND ANALYSIS

Impairment losses and cessation of the West Suriname operation

Over the years, the Suriname division has continuously incurred losses. The Company and its major shareholder, the latter holding a 39.61% minority interest in the West Suriname operation of the Group's Suriname Business, had been providing loans and advances to support the Suriname Business in an effort to turn it around. The turnaround efforts initially succeeded in reducing the Suriname Business's losses. However, this progress was subsequently undermined by a series of unforeseen external challenges, including COVID-19 lockdowns, extreme weather conditions, social unrest, a shortage of shipping capacity, and increases in production, transportation costs, government fees and taxes. These challenges negated the earlier improvements, causing losses in the Suriname division to rise again over the last two years.

These adverse factors not only affected the operating results but also diminished the value of the concessions, which are carried at the lower of cost and recoverable amount. The recoverable amount, estimated by an independent valuer using the income approach, reflects the present value of the projected revenue and costs (estimated by reference to latest market data and actual transactions) associated with harvesting and processing of logs over the remaining terms of the concessions. The discount rates applied to harvesting cashflows and processing cashflows were 14% and 15% respectively for the year ended 31 December 2023. These rates were before tax and reflected the specific risks relating to the relevant business unit without taking into account inflation. The income approach is the commonly used approach in the forestry industry for determination of the fair value of forestry assets and businesses in the acquisitions or disposals of such assets and businesses. The recoverable amount thus calculated falls into the category of Level 3 measurement under HKFRS 13 *Fair Value Measurement*.

In 2023, the Group recognised an impairment loss of HK\$75,519,000 on timber concessions and cutting rights, which was entirely attributable to the West Suriname operation and reflects the reduction in the expected net future cash inflows from West Suriname. This operation, which holds the largest concessions and is located farthest from the seaport, was the most severely impacted by the increases in transportation costs and the area-based government fees and taxes.

Transportation costs increased sharply by US\$45 per m³ from 2022 to 2023, representing approximately a 39% increase due to fuel cost inflation. This increase significantly eroded profit margins and accounted for approximately HK\$64,700,000 of the total impairment loss.

Additionally, the area-based concession license fee increased from SRD 5 per hectare (equivalent to US\$0.15) in 2022 to SRD 37 per hectare (equivalent to US\$1) in 2023, further escalating concession holding costs. Applying this new rate to our West Suriname concessions, which cover an area of approximately 152,000 hectares with remaining terms ranging from 6 to 15 years, resulted in approximately HK\$5,600,000 contribution to the total impairment loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Other factors (including FOB price changes, forecast species mix from the forest etc.) accounted for the remaining HK\$4,700,000 of the HK\$75,519,000 impairment losses on timber concessions and cutting rights for the year ended 31 December 2023.

These cost pressures persisted into 2024, further exacerbated by decreased revenue stemming from lower market demand. In light of ongoing financial losses driven by adverse market conditions, cost escalation, logistical difficulties, and regulatory challenges that collectively rendered the business increasingly unsustainable, the Board resolved during the Period to cease operation in West Suriname to stop further financial drain on the Group and enable the Group to reallocate resources to more viable operations. Please refer to the Company's announcement dated 28 June 2024.

Following the decision to cease business in West Suriname, the Group has fully impaired (i) the concessions in West Suriname which are not transferrable under the terms of the concessions, and (ii) the processing facilities in West Suriname which rely on logs harvested from these concessions and which are integral and inextricable parts of the West Suriname business. This has resulted in an additional impairment loss of HK\$17,230,000 on the timber concessions and cutting rights and the associated processing facilities for the Period.

LIQUIDITY AND FINANCIAL REVIEW

As at 30 June 2024, the Group's current assets and current liabilities were HK\$60,841,000 and HK\$80,454,000 respectively (31 December 2023: HK\$93,145,000 and HK\$51,886,000), HK\$26,549,000 (31 December 2023: HK\$47,714,000) of which were bank balances and cash. The Group's outstanding borrowings as at 30 June 2024 represented the loans from immediate holding company amounting to HK\$206,644,000 (31 December 2023: HK\$202,512,000), loan from a fellow subsidiary amounting to HK\$172,865,000 (31 December 2023: HK\$166,948,000), bank borrowings amounting to HK\$23,759,000 (31 December 2023: HK\$24,644,000) and lease liabilities of HK\$15,981,000 (31 December 2023: HK\$14,068,000). Accordingly, the Group's gearing ratio as of 30 June 2024, which was calculated on the basis of outstanding borrowings as a percentage of equity attributable to owners of the Company, was 63.1% (31 December 2023: 53.4%).





MANAGEMENT DISCUSSION AND ANALYSIS

Notwithstanding that the Group had net current liabilities of HK\$19,613,000 as at 30 June 2024, on the basis of the measures mentioned in note 2 to the unaudited condensed consolidated interim financial statements, the Board is of the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future.

As at 30 June 2024, there were 1,854,991,056 ordinary shares of the Company in issue. The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in United States dollars and Hong Kong dollars. The Group's liquidity and financing requirements are reviewed regularly.

Most of the Group's sales are denominated in United States dollars, to which the Hong Kong dollars are pegged. The majority of the Group's outstanding borrowings, and the majority of costs and expenses incurred in Hong Kong and Suriname are denominated in United States dollars. The domestic sales generated from the New Zealand plantation forest assets, the forest management fee income from the New Zealand division and bank borrowings from the Bank of New Zealand are denominated in NZD, which helps to partly offset the Group's operating expenses payable in NZD. During the Period, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 June 2024. However, we will continue to closely monitor all possible exchange risk arising from the Group's existing operations and new investments and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.

The Group's bank loan facilities are subject to the fulfillment of certain financial covenants as required by the Bank of New Zealand. During the Period, all financial covenants related to the bank loan facilities were met.





MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

As we progress through 2024, the global economic landscape continues to present a complex mix of challenges and opportunities, particularly in our key market of China.

New Zealand Division

Our New Zealand division has faced significant challenges during the Period, primarily due to reduced demand driven by the continued downturn in China's property market.

Although the latest market report indicates some improvement of CFR rates for A-grade logs into China, ranging from US\$120 per JAS m³ to US\$123 per JAS m³ in July, this positive trend may be short-lived. Seasonal declines in log usage as summer temperatures increase in China could limit further price recovery. The New Zealand annual export volumes are expected to remain 25% to 30% down from its peak level in 2019.

The broader economic situation in China remains concerning. As of June, new home prices in China have fallen 4.5% year-on-year, and residential building starts held at 18-year lows, down 22% year-on-year and 71% under the same month in 2021. While the Chinese government has introduced measures to stimulate the economy, including mild interest rates cuts and lowering the deposit requirement for first-home buyers from 30% to 20%, the impact results has been limited. Second quarter's gross domestic product growth figures came in weaker than expected at 4.7%, the lowest in five quarters, driven by weak retail sales.

Suriname Division

The Board's decision to cease operations in West Suriname was a difficult but necessary step, driven by the heavy losses incurred over the past few years. For further details, please refer to the announcement of the Company dated 28 June 2024. Moving forward, our focus will shift to optimising our operations and assets in Central and East Suriname. We are committed to improving our working capital situation, ensuring the long-term viability of our Suriname operations through strategic realignment and responsible resources management.





MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

As we enter the second half of 2024, the Group acknowledges the ongoing challenges in the global market and the pressure on our financial resources. We anticipate that the market environment to remain difficult, with demand and prices likely to stay subdued in all our exports markets including in country. The Group will actively explore opportunities to strengthen our financial positions. This may include raising funds or even considering the disposal of non-current assets to meet our financial obligations.

In conclusion, while we navigate through these challenging times, our focus remains on prudent financial management, operational efficiency, and strategic positioning for future growth. The decision to cease operations in West Suriname, though difficult, reflects our commitment to making tough but necessary choices to safeguard the Group's overall financial health. We will continue to adapt our strategies to the evolving market conditions, with the aim of creating sustainable value for our shareholders and stakeholders.

CHARGE ON ASSETS

As at 30 June 2024 and 31 December 2023, the Group's bank loan facilities were secured by:

- (i) all the present and after-acquired property (the "Personal Property") of certain indirect wholly-owned subsidiaries of the Company (the "Selected Group Companies"); and
- (ii) a fixed charge over:
 - a. the Group's forestry land (located in New Zealand) with carrying amount of approximately HK\$147,381,000 (31 December 2023: HK\$152,744,000) ("Forestry Land");
 - b. the Group's plantation forest assets (located in New Zealand) with carrying amount of approximately HK\$291,311,000 (31 December 2023: HK\$360,447,000) and all other estates and interests in the Forestry Land and all buildings, structures and fixtures on the Forestry Land;
 - c. all other present and after-acquired property that is not Personal Property of the Selected Group Companies; and
 - d. the Group's pledged bank deposit with carrying amount of approximately HK\$2,376,000 (31 December 2023: HK\$2,464,000).



MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has resolved not to recommend any dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

CAPITAL EXPENDITURE

During the Period, the Group incurred capital expenditure of approximately HK\$401,000 (year ended 31 December 2023: approximately HK\$1,150,000) on investment in property, plant and equipment.

BUSINESS ACQUISITION AND DISPOSAL

The Group had no material business acquisitions or disposal during the Period.

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2024, the total number of employees of the Group was 132 (31 December 2023: 143) with employment costs (including Directors' emoluments) amounted to approximately HK\$15,439,000 for the six months ended 30 June 2024 (30 June 2023: HK\$18,157,000). Remuneration of employees includes salary and discretionary bonus, based on the Group's results and individual performance. Medical and retirement benefits schemes are made available to all levels of personnel.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
REVENUE	4	27,671	50,733
Cost of sales and services		(34,659)	(57,397)
Gross loss		(6,988)	(6,664)
Other income	6	929	836
Other gains and losses	6	(16,342)	757
Impairment losses (recognised) reversed on financial assets, net	15	(528)	890
Fair value loss on plantation forest assets	13	(70,285)	(9,326)
Share of loss of an associate		(34)	(48)
Selling and distribution costs		(5,354)	(7,606)
Administrative expenses		(19,127)	(21,597)
Finance costs	7	(12,121)	(11,310)
LOSS BEFORE TAX	8	(129,850)	(54,068)
Income tax credit	9	16,577	3,650
LOSS FOR THE PERIOD		(113,273)	(50,418)
OTHER COMPREHENSIVE EXPENSE			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(5,936)	(6,292)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD		(5,936)	(6,292)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(119,209)	(56,710)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended 30 June	
	Notes	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(93,905)	(41,254)
Non-controlling interests		(19,368)	(9,164)
		(113,273)	(50,418)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		(99,841)	(47,546)
Non-controlling interests		(19,368)	(9,164)
		(119,209)	(56,710)
LOSS PER SHARE			
Basic	11	HK\$(0.051)	HK\$(0.022)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June	31 December
		2024	2023
		(Unaudited)	(Audited)
	Notes	HK\$'000	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		265,152	288,055
Right-of-use assets		27,309	28,534
Goodwill		5,651	5,651
Timber concessions and cutting rights	12	20,228	21,735
Plantation forest assets	13	291,311	360,447
Prepayments, deposits and other assets		555	234
Interest in an associate		1,427	1,500
		611,633	706,156
CURRENT ASSETS			
Inventories		6,447	7,875
Trade receivables	14	9,704	17,921
Finance lease receivables		775	1,520
Prepayments, deposits and other assets		8,996	8,804
Amount due from a fellow subsidiary	19(b)	373	404
Tax recoverable		5,621	6,443
Pledged bank deposit		2,376	2,464
Bank balances and cash		26,549	47,714
		60,841	93,145

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June	31 December
		2024	2023
		(Unaudited)	(Audited)
	Notes	HK\$'000	<i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables	16	12,740	13,418
Other payables and accruals		24,844	25,204
Contract liabilities		95	386
Lease liabilities		2,080	1,859
Loan from a fellow subsidiary	19(a)(ii)	16,865	10,948
Bank borrowings	17	23,759	–
Tax payable		71	71
		80,454	51,886
NET CURRENT (LIABILITIES) ASSETS			
		(19,613)	41,259
TOTAL ASSETS LESS CURRENT LIABILITIES			
		592,020	747,415



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		13,901	12,209
Loans from immediate holding company	19(a)(i)	206,644	202,512
Loan from a fellow subsidiary	19(a)(ii)	156,000	156,000
Bank borrowings	17	–	24,644
Deferred tax liabilities		47,629	64,996
		424,174	460,361
NET ASSETS		167,846	287,054
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		18,550	18,550
Reserves		645,655	745,496
		664,205	764,046
Non-controlling interests		(496,359)	(476,992)
TOTAL EQUITY		167,846	287,054

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company									Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Land revaluation reserve HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000		
At 1 January 2024 (audited)	18,550	2,091,657	83,274	846	79,926	265	(13,570)	(1,496,902)	764,046	(476,992)	287,054
Loss for the Period	-	-	-	-	-	-	-	(93,905)	(93,905)	(19,368)	(113,273)
Other comprehensive expense for the Period:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(5,936)	-	(5,936)	-	(5,936)
Total comprehensive expense for the Period	-	-	-	-	-	-	(5,936)	(93,905)	(99,841)	(19,368)	(119,209)
At 30 June 2024 (unaudited)	18,550	2,091,657	83,274	846	79,926	265	(19,506)	(1,590,807)	664,205	(496,359)	167,846
At 1 January 2023 (audited)	18,550	2,091,657	83,274	846	73,573	265	(13,133)	(1,403,827)	851,205	(430,393)	420,812
Loss for the period	-	-	-	-	-	-	-	(41,254)	(41,254)	(9,164)	(50,418)
Other comprehensive expense for the period:											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(6,292)	-	(6,292)	-	(6,292)
Total comprehensive expense for the period	-	-	-	-	-	-	(6,292)	(41,254)	(47,546)	(9,164)	(56,710)
At 30 June 2023 (unaudited)	18,550	2,091,657	83,274	846	73,573	265	(19,425)	(1,445,081)	803,659	(439,557)	364,102



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(11,909)	9,908
NET CASH USED IN INVESTING ACTIVITIES	(5,554)	(4,018)
NET CASH USED IN FINANCING ACTIVITIES	(3,018)	(3,059)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,481)	2,831
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	47,714	71,681
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(684)	(1,202)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	26,549	73,310
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	26,549	73,310

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Newforest Limited, a company incorporated in Cayman Islands and its ultimate parent is Chow Tai Fook Capital Limited, a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the interim report.

The unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), which is different from the functional currency of the Company, United States dollars ("US\$"). The Company is a public company with principal place of business in Hong Kong with its shares listed on the Stock Exchange, where most of its investors are located and therefore, the directors of the Company (the "Directors") consider that HK\$ is preferable in presenting the operating results and financial position of the Group.

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Group incurred a loss of approximately HK\$113,273,000 for the Period and as at 30 June 2024, the Group had net current liabilities of approximately HK\$19,613,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's financial position, the Board are implementing various measures, as follows:

- (1) The Board resolved to cease operation in West Suriname to stop further financial drain on the Group;
- (2) The Board considers that, given the availability of assets to be used as collateral, good track records and the relationship the Group has with the bank, there is a reasonable expectation that the bank borrowings of approximately HK\$23,759,000 that become repayable on 1 May 2025 would be extended beyond the repayment date;





NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (continued)

- (3) The Board has obtained an undertaking from a fellow subsidiary not to request the Group to repay the amounts of approximately HK\$172,865,000 due to the fellow subsidiary until the Group has determined it has sufficient liquidity to finance its operations;
- (4) The Group entered into a loan agreement with a fellow subsidiary, a wholly-owned subsidiary of the ultimate holding company, on 5 August 2024, in respect of an unsecured loan with principal amount of HK\$11,700,000 (i.e. US\$1,500,000) with interest rate based on the 1-month secured overnight financing rate plus 3% per annum for three years;
- (5) The Group will consider disposing of certain of its non-current assets to meet its financial obligations; and
- (6) The Group will continue to implement cost control measures aiming at preserving working capital and improving cash flows of the Group.

The Board is of the opinion that, after taking the above measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 30 June 2024. The Board is therefore of opinion that it is appropriate to prepare the unaudited condensed consolidated interim financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets at their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for plantation forest assets and forestry land that are measured at fair values less costs to sell or revalued amounts at the end of each reporting period.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations), the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs

In the current Period, the Group has, for the first time, applied the following amendments to HKFRSs issued by the HKICPA, which are mandatorily effective for the Group's annual periods beginning on or after 1 January 2024 for the preparation of the Group's unaudited condensed consolidated interim financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

Except as described below, the application of the amendments to HKFRSs in current Period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

3.1 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments retrospectively. The application of the amendments in the current Period has the following impacts on borrowings which are subject to meeting certain conditions/covenants within 12 months from the reporting date.

As at 31 December 2023, the Group's right to defer settlement for bank borrowings of HK\$24,644,000 were subject to compliance with certain financial ratios within 12 months from the reporting period; and the Group's right to defer settlement for loans from immediate holding company and a fellow subsidiary of HK\$202,512,000 and HK\$166,948,000, respectively, were subject to compliance with certain non-financial covenants. Except for loan from a fellow subsidiary of HK\$10,948,000, which was classified as current, others were classified as non-current as the Group met such covenants. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities.





NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs (continued)

3.2 **Impacts of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements**

The Group will apply amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements* which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2024.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The application of the amendments is expected to affect the disclosures of the Group's liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group in the annual consolidated financial statements for the year ending 31 December 2024.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Types of goods or services		
Sales of logs and timber products	23,676	45,151
Forest management fee	3,011	2,531
Total revenue from contracts with customers	26,687	47,682
Subcontracting fee income	984	3,051
Total revenue	27,671	50,733

(i) Disaggregation of revenue from contracts with customers

Segments	For the six months ended 30 June 2024		
	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Types of goods or services			
Sales of logs and timber products	7,989	15,687	23,676
Forest management fee	-	3,011	3,011
Total	7,989	18,698	26,687



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Segments	For the six months ended 30 June 2024		
	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Timing of revenue recognition		
A point in time	7,989	15,687	23,676
Over time	–	3,011	3,011
Total	7,989	18,698	26,687

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the six months ended 30 June 2024		
	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Segment and consolidated total (Unaudited) HK\$'000
	Revenue from contracts with customers	7,989	18,698
Subcontracting fee income	984	–	984
Revenue disclosed in segment information	8,973	18,698	27,671

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

	For the six months ended 30 June 2023		
Segments	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Types of goods or services			
Sales of logs and timber products	6,726	38,425	45,151
Forest management fee	–	2,531	2,531
Total	6,726	40,956	47,682
	For the six months ended 30 June 2023		
Segments	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Timing of revenue recognition			
A point in time	6,726	38,425	45,151
Over time	–	2,531	2,531
Total	6,726	40,956	47,682



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the six months ended 30 June 2023		
	Suriname	New Zealand	Segment and consolidated
	(Unaudited)	(Unaudited)	total
	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers	6,726	40,956	47,682
Subcontracting fee income	3,051	–	3,051
Revenue disclosed in segment information	9,777	40,956	50,733

Geographical markets

Information about the Group's revenue from external customers is presented based on the location of customers with reference to the billing address, regardless of the destination of the shipment:

Segments	For the six months ended 30 June 2024		
	Suriname	New Zealand	Total
	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
New Zealand*	–	18,698	18,698
Hong Kong	4,620	–	4,620
Suriname	1,363	–	1,363
The United States	513	–	513
Dubai	500	–	500
Singapore	467	–	467
India	441	–	441
Taiwan	424	–	424
Other countries	645	–	645
Total	8,973	18,698	27,671

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued) Geographical markets (continued)

Segments	For the six months ended 30 June 2023		
	Suriname	New Zealand	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
New Zealand*	–	40,956	40,956
Suriname	3,540	–	3,540
Dubai	1,229	–	1,229
Hong Kong	1,036	–	1,036
Denmark	923	–	923
The United States	692	–	692
China	570	–	570
Other countries	1,787	–	1,787
Total	9,777	40,956	50,733

* The revenue from customers located in New Zealand mainly related to sales under free-on-board terms with destination in Mainland China.

The subcontracting fee income of HK\$984,000 (2023: HK\$3,051,000) is included in the revenue from customers located in Suriname above for the six months ended 30 June 2024.





NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE (continued)

(ii) *Performance obligations for contracts with customers*

Sales of logs and timber products

The Group sells logs and timber products to the domestic customers in New Zealand and Suriname and overseas customers. Revenue from domestic customers is recognised at a point in time when control of the goods has been transferred at an agreed location. For overseas sales, revenue is recognised at a point in time when control of the goods has been transferred to the customers, when the goods have been delivered to port of discharge or the loading port to which the related shipping is arranged by the customers. Any shipping and handling activities before the customer obtains control of goods are considered as fulfilment activities and are not regarded as a separate performance obligation. Significant payment terms are disclosed in note 14.

Sales-related warranties associated with logs and timber products cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications.

Forest management fee

The Group provides forest management services to customers. Such services are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group bills a predetermined rate for services provided on a regular basis and recognises as revenue in the amount to which the Group has a right to invoice, which approximates the value of performance completed in accordance with output method.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE (continued)

(iii) Subcontracting fee income

The Group entered into contracts with subcontractors pursuant to which the subcontractors are granted the right to operate in certain forest concession areas in Suriname division. The income received from the subcontractors varies and it is billed at a predetermined rate based on each volume of the output of logs and the subcontractors are committed to have a minimum output of logs and fixed payments in each year. It is accounted for as operating lease arrangements under HKFRS 16.

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Lease payments that are fixed	984	3,051
Variable lease payments that do not depend on an index or a rate	-	-
Total revenue arising from leases	984	3,051





NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENTS

The Group manages its businesses by geographical location, and the chief operating decision makers (i.e. the key management of the Group (the “Management”)) also review the segment information by such category to allocate resources to segments and to assess their performance. The Group has presented the following two operating and reportable segments:

Suriname: Selective hardwood log harvesting, timber processing, marketing, sale and trading of logs and timber products and the management and operation of forest concessions

New Zealand: Softwood plantation management, log harvesting, marketing, sale and trading of logs and provision of forest management services

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment performance is evaluated by the Management based on reportable segment Adjusted EBITDA, which is a measure of loss before tax and excluding finance costs, interest income, finance lease income and other non-cash items comprising depreciation, forest depletion cost as a result of harvesting, amortisation, fair value loss on plantation forest assets, reversal of write-down of inventories, impairment losses and reversal of impairment. In addition, the Management also reviews the abovementioned non-cash items, finance costs, interest income, finance lease income, earnings before interest, taxes, depreciation and amortisation (“EBITDA”) and loss before tax for each reportable segment.

Details of geographical segment information of the Group’s revenue are disclosed in note 4.

Segment revenue and results

The following table presents revenue, results and other information regarding the Group’s operating segments for the six months ended 30 June 2024:



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2024

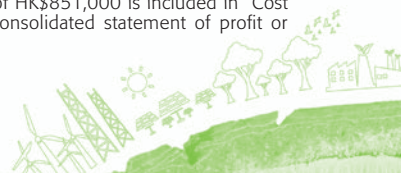
	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Unallocated corporate items (Unaudited) HK\$'000	Consolidated total (Unaudited) HK\$'000
SEGMENT REVENUE – EXTERNAL	8,973	18,698	27,671	-	27,671
SEGMENT RESULTS ("Adjusted EBITDA")	(10,728)	(1,578)	(12,306)	(7,247)	(19,553)
Reconciliation of the segment results:					
Items other than finance costs, income tax credit, forest depletion cost as a result of harvesting, depreciation and amortisation					
Fair value loss on plantation forest assets	-	(70,285)	(70,285)	-	(70,285)
Interest income and finance lease income	50	558	608	9	617
Reversal (provision) of impairment of trade receivables	57	(585)	(528)	-	(528)
Impairment of property, plant and equipment**	(14,361)	-	(14,361)	-	(14,361)
Impairment of right-of-use assets**	(2,213)	-	(2,213)	-	(2,213)
Impairment of timber concessions and cutting rights**	(656)	-	(656)	-	(656)
Net reversal of write-down of inventories*	361	-	361	-	361
EBITDA	(27,490)	(71,890)	(99,380)	(7,238)	(106,618)
Finance costs	(4,132)	(7,963)	(12,095)	(26)	(12,121)
Forest depletion cost as a result of harvesting*	-	(3,622)	(3,622)	-	(3,622)
Depreciation***	(2,269)	(3,234)	(5,503)	(695)	(6,198)
Harvest roading costs*	-	(440)	(440)	-	(440)
Amortisation of timber concessions and cutting rights****	(851)	-	(851)	-	(851)
LOSS BEFORE TAX	(34,742)	(87,149)	(121,891)	(7,959)	(129,850)

* Included in "Cost of sales and services" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

** Included in "Other gains and losses" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

*** Depreciation of HK\$1,742,000 is included in "Cost of sales and services" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

**** Amortisation of timber concessions and cutting rights of HK\$851,000 is included in "Cost of sales and services" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

For the six months ended 30 June 2023

	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Unallocated corporate items (Unaudited) HK\$'000	Consolidated total (Unaudited) HK\$'000
SEGMENT REVENUE – EXTERNAL	9,777	40,956	50,733	–	50,733
SEGMENT RESULTS (“Adjusted EBITDA”)	(5,830)	5,604	(226)	(9,328)	(9,554)
Reconciliation of the segment results:					
Items other than finance costs, income tax credit, forest depletion cost as a result of harvesting, depreciation and amortisation					
Fair value loss on plantation forest assets	–	(9,326)	(9,326)	–	(9,326)
Interest income and finance lease income	110	521	631	7	638
(Provision) reversal of impairment of trade receivables	(64)	954	890	–	890
Net reversal of write-down of inventories*	(80)	–	(80)	–	(80)
EBITDA	(5,864)	(2,247)	(8,111)	(9,321)	(17,432)
Finance costs	(3,962)	(7,322)	(11,284)	(26)	(11,310)
Forest depletion cost as a result of harvesting*	–	(11,726)	(11,726)	–	(11,726)
Depreciation**	(3,005)	(4,912)	(7,917)	(728)	(8,645)
Harvest roading costs*	–	(589)	(589)	–	(589)
Amortisation of timber concessions and cutting rights***	(4,366)	–	(4,366)	–	(4,366)
LOSS BEFORE TAX	(17,197)	(26,796)	(43,993)	(10,075)	(54,068)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

- * Included in "Cost of sales and services" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.
- ** Depreciation of HK\$2,193,000 is included in "Cost of sales and services" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.
- *** Amortisation of timber concessions and cutting rights of HK\$4,366,000 is included in "Cost of sales and services" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.

Information on major customers

During the six months ended 30 June 2024, the Group had transactions with one (2023: two) customer(s) from New Zealand segment who individually contributed over 10% of the Group's total revenue for the Period. A summary of revenue earned from each of these major customers is set out below:

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Customer 1	9,391	13,605
Customer 2	N/A*	17,143

- * The corresponding revenue of the related customers did not contribute over 10% of the Group's total revenue.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. OTHER INCOME, OTHER GAINS AND LOSSES

Other income:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank and other interest income	569	532
Finance lease income	48	106
Others	312	198
	929	836

Other gains and losses:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Exchange gains	888	677
Gain on disposal of property, plant and equipment	–	80
Impairment of property, plant and equipment	(14,361)	–
Impairment of right-of-use assets	(2,213)	–
Impairment of timber concessions and cutting rights	(656)	–
	(16,342)	757

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. FINANCE COSTS

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest on loans from immediate holding company	4,132	3,962
Interest on loan from a fellow subsidiary	6,574	6,054
Interest on lease liabilities	467	542
Interest on bank borrowings	948	752
	12,121	11,310

8. LOSS BEFORE TAX

The Group's loss before tax for the Period has been arrived at after charging:

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Forest harvested as agricultural produce (note 13)	4,003	11,397
Amount capitalised in closing inventories	(381)	(815)
Amount released from opening inventories	-	1,144
	3,622	11,726
Amortisation of timber concessions and cutting rights*	851	4,366

* Included in "Cost of sales and services" in the unaudited condensed consolidated statement of profit or loss and other comprehensive income.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. INCOME TAX CREDIT

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
The income tax credit comprises:		
Current tax – Hong Kong		
Charge for the period	–	–
Current tax – other jurisdictions		
Charge for the period	925	510
Deferred tax	(17,502)	(4,160)
	(16,577)	(3,650)

Under the two-tiered profits tax rates regime introduced in Hong Kong in 2018, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of other group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Subsidiaries established in Suriname and New Zealand are subject to the relevant tax rules and regulations of Suriname and New Zealand at the statutory tax rate of 36% and 28%, respectively.

10. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(93,905)	(41,254)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,854,991,056	1,854,991,056

No diluted loss per share is presented as there were no potential ordinary shares in issue for the current and prior periods.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. TIMBER CONCESSIONS AND CUTTING RIGHTS

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Cost		
At beginning/end of the Period/year	880,459	880,459
Amortisation and impairment		
At beginning of the Period/year	858,724	776,048
Amortisation during the Period/year	851	7,157
Impairment during the Period/year	656	75,519
At end of the Period/year	860,231	858,724
Carrying values		
At end of the Period/year	20,228	21,735

The Group currently owns certain natural forest concessions and cutting rights for the exploitation of timbers on parcels of land in Suriname, which are subject to compliant of certain laws and regulations in Suriname. The above carrying values represent the concession and cutting rights in West and Central Suriname whereas the carrying value of concession and cutting rights in East Suriname is negligible. The timber concessions and cutting rights have finite useful lives with contractual terms with the first term ranging from 10 to 20 years and can be extended for further 10 to 20 years for the second term upon the approval of renewal by relevant authorities in Suriname.

As disclosed in note 4, the Group entered into contracts with subcontractors pursuant to which the subcontractors are granted the right to operate in certain forest concession areas in Suriname division under operating lease arrangements.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. TIMBER CONCESSIONS AND CUTTING RIGHTS (continued)

Six of the Group's timber concessions with a total area of approximately 52,000 hectares in West and Central Suriname, had been expired in previous years and were in the process of renewal. The business operation related to these concessions was minimal before the expiration. The Group has submitted application for these concessions according to the time specified by local Suriname forestry bureau. As at the date of these financial statements, all applications are still under review by local Suriname forestry bureau.

As at 30 June 2024, the Group's total timber concessions and cutting rights in Suriname covered a land area of approximately 313,000 hectares (31 December 2023: 313,000 hectares), excluding those expired for which the Group has submitted application for renewal during the reporting period.

Following the decision to cease business in West Suriname on 28 June 2024, the timber concessions and cutting rights in West Suriname are no longer expected to generate future economic benefits. As a result, the carrying amount of the timber concessions and cutting rights in West Suriname, amounting to HK\$656,000, was fully impaired during the Period.

13. PLANTATION FOREST ASSETS

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Net carrying amount at beginning of the Period/year	360,447	382,123
Additions	5,152	7,998
Harvested as agricultural produce (logs) (note 8)	(4,003)	(17,624)
Changes in fair value less costs to sell (recognised in profit or loss)	(70,285)	(12,050)
Net carrying amount at end of the Period/year	291,311	360,447

The Group currently owns certain plantation forest assets in New Zealand, on the land either owned or leased by the Group, which are mainly radiata pine trees.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. PLANTATION FOREST ASSETS (continued)

For the radiata pine plantation forest assets in the Northland region of New Zealand (the "Mangakahia Forest") owned by the Group, the total freehold title land base was approximately 12,700 hectares (31 December 2023: 12,700 hectares), of which approximately 10,600 hectares (31 December 2023: 10,600 hectares) was productive area as at 30 June 2024. All the productive area was owned by the Group as freehold, except for approximately 66 hectares (31 December 2023: 66 hectares) which are subject to the restrictions as set out in relevant New Zealand regulations.

As at 30 June 2024, the Group owned radiata pine plantation forests in New Zealand with aggregate land area of approximately 15,306 hectares (31 December 2023: 15,306 hectares).

For the six months ended 30 June 2024, the Group harvested a total of 29,000 m³ (2023: 55,000 m³) from the Group's plantation forest assets.

As at 30 June 2024, the Group has mature biological assets (radiata pines aged 20 years or above) of 929 hectares (31 December 2023: 744 hectares) and immature biological assets (radiata pines aged below 20 years) of 11,786 hectares (31 December 2023: 11,881 hectares).

The harvested area of the Group's plantation forest assets as at 30 June 2024 is around 10,356 hectares (31 December 2023: 10,312 hectares).

All the Group's plantation forest assets (excluding the relevant forestry lands) in New Zealand are regarded as consumable biological assets which are measured at fair value less costs to sell at the end of each reporting period in accordance with HKAS 41 *Agriculture*. These assets were independently valued by Indufor Asia Pacific Limited ("Indufor") as at 30 June 2024 and 31 December 2023. The key valuers involved in this valuation are registered members of the New Zealand Institute of Forestry. In the opinion of the Directors, Indufor is independent and competent to determine the fair value of the Group's plantation forest assets.

Indufor has applied income approach according to HKFRS 13. The methodologies require the use of key assumptions and estimates in determining the fair value of the plantation forest assets. Indufor and management review these assumptions and estimates periodically to identify any significant changes in the fair value.

For the valuation of plantation forest assets in New Zealand as at 30 June 2024, Indufor updated the values from the full narrative valuation as at 31 December 2023 and relied on the field inspection results and base values provided in the valuation as at 31 December 2023. The plantation forest assets have not been re-inspected for valuation as at 30 June 2024, but the stocked area, log prices, production and transport costs have been updated for the valuation as at 30 June 2024.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. PLANTATION FOREST ASSETS (continued)

The key inputs in the valuation of the plantation forest assets in New Zealand as at 30 June 2024 and 31 December 2023 comprised of log price projections, discount rate and other unobservable inputs including plantation yield, production costs and transport costs. Below is a quantitative summary of the key and other inputs to the valuation of plantation forest assets under the discounted cash flow technique:

	Range	Average/Applied
As at 30 June 2024		
Unobservable input		
Forecast unit log price at wharf gate (AWG)	US\$70-89/m³	US\$77/m³
Yield (m ³ /ha) (including young stands)	305-671	524
Production costs	US\$24-42/m³	US\$34/m³
Transport costs	US\$8-26/m³	US\$18/m³
Discount rate	7.0%	7.0%

As at 31 December 2023

Unobservable input		
Forecast unit log price at wharf gate (AWG)	US\$74-92/m ³	US\$83/m ³
Yield (m ³ /ha) (including young stands)	321-999	522
Production costs	US\$24-53/m ³	US\$35/m ³
Transport costs	US\$8-25/m ³	US\$18/m ³
Discount rate	7.0%	7.0%

A real pre-tax discount rate was used in the valuation of the plantation forest assets in New Zealand as at 30 June 2024 and 31 December 2023, which was determined by reference to discount rates published by public entities and government agencies in New Zealand, weighted average cost of capital analysis, internal rate of return analysis, surveyed opinion of forest valuers' practice and the implied discount rate of forest sales transactions mainly in New Zealand over a period of time.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. PLANTATION FOREST ASSETS (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable possible change in production costs, transport costs, log price and discount rate, with all other variables held constant, of the Group's loss before tax (due to changes in the sensitivity factors on the fair value of plantation forest assets).

For the six months ended 30 June 2024

Change in production costs	Increase (decrease) in production costs %	Increase (decrease) in loss before tax HK\$'000
If the production costs increase	5	32,511
If the production costs decrease	(5)	(32,511)

Change in transport costs	Increase (decrease) in transport costs %	Increase (decrease) in loss before tax HK\$'000
If the transport costs increase	5	16,569
If the transport costs decrease	(5)	(16,569)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. PLANTATION FOREST ASSETS (continued)

For the six months ended 30 June 2024 (continued)

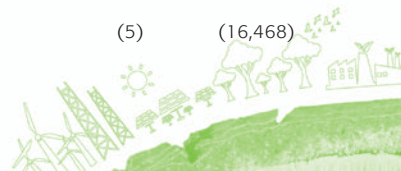
	Increase (decrease) in log price %	(Decrease) increase in loss before tax HK\$'000
Change in log price		
If the log price increases	5	(72,132)
If the log price decreases	(5)	72,132

	Increase (decrease) in discount rate %	Increase (decrease) in loss before tax HK\$'000
Change in discount rate		
If the discount rate increases	1	47,845
If the discount rate decreases	(1)	(61,500)

For the six months ended 30 June 2023

	Increase (decrease) in production costs %	Increase (decrease) in loss before tax HK\$'000
Change in production costs		
If the production costs increase	5	31,694
If the production costs decrease	(5)	(31,694)

	Increase (decrease) in transport costs %	Increase (decrease) in loss before tax HK\$'000
Change in transport costs		
If the transport costs increase	5	16,468
If the transport costs decrease	(5)	(16,468)



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. PLANTATION FOREST ASSETS (continued)

For the six months ended 30 June 2023 (continued)

	Increase (decrease) in log price %	(Decrease) increase in loss before tax HK\$'000
Change in log price		
If the log price increases	5	(78,470)
If the log price decreases	(5)	78,470
		Increase (decrease) in loss before tax HK\$'000
Change in discount rate		
If the discount rate increases	1	33,768
If the discount rate decreases	(1)	(38,211)

As at 30 June 2024 and 31 December 2023, the Group's plantation forest assets with carrying amounts of HK\$291,311,000 (31 December 2023: HK\$360,447,000) were pledged to secure banking facilities granted to the Group (note 17).

As at 30 June 2024 and 31 December 2023, the Group has no commitment for the development and acquisition of biological assets.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. TRADE RECEIVABLES

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Trade receivables		
– contracts with customers	17,277	24,215
– operating lease receivables	144	895
	17,421	25,110
Less: Allowance for credit losses		
– contracts with customers	(7,716)	(7,174)
– operating lease receivables	(1)	(15)
Net trade receivables	9,704	17,921

As at 1 January 2023, trade receivables from contracts of customers amounted to HK\$34,223,000.

For contracts with customers, trade receivables are recognised when the Group's products are delivered to customers because the Group's right to consideration is unconditional except for the passage of time from that point. Moreover, the Group receives payment within a short period of time after satisfying its performance obligation under separately determined payment terms. The period from satisfaction of the performance obligation to receipt of full consideration is usually within 90 days.

The Group's trading terms with its customers are mainly letters of credit at sight to 30 days or on open account with credit terms of 5 days to 30 days, where a 20% to 100% of advance payment of the contract value may be required for certain customers. Each open account customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. TRADE RECEIVABLES (continued)

The following is an aged analysis of trade receivables based on the invoice date and net of impairment at the end of each reporting period:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	7,146	12,826
From 1 to 3 months	–	4,889
Over 3 months	2,558	206
	9,704	17,921

As at 30 June 2024, included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK\$2,998,000 (31 December 2023: HK\$5,500,000) which were past due as at the reporting date. Out of the past due balances, HK\$2,558,000 (31 December 2023: HK\$4,010,000) were past due 30 days or more but are not considered as credit-impaired having regard to the historical repayment from the trade debtors, as well as forward-looking information that is available without undue cost or effort. Over 99% trade receivable balances at 30 June 2024 have been subsequently settled.

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL

	For the six months ended 30 June 2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Impairment loss recognised (reversed), net in respect of – trade receivables	528	(890)

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed consolidated interim financial statements for the Period are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date.

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within 1 month	10,252	10,672
From 1 to 3 months	186	813
Over 3 months	2,302	1,933
	12,740	13,418

The trade payables are trade in nature, non-interest-bearing and are normally settled on 30-day terms.

17. BANK BORROWINGS

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Bank loans , secured	23,759	24,644
The carrying amounts of above borrowings are repayable*:		
Within one year	23,759	–
Within a period of more than one year but not exceeding two years	–	24,644
	23,759	24,644
Less: Amounts due within one year shown under current liabilities	(23,759)	–
Amounts show under non-current liabilities	–	24,644

* The amounts due are based on scheduled repayment dates set out in the loan agreements.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. BANK BORROWINGS (continued)

During the year ended 31 December 2023, the Group's bank loan facilities from the Bank of New Zealand ("BNZ Loan Facilities") were renegotiated with final maturity date extended from 1 May 2024 to 1 May 2025 and the total amount of loan facilities was reduced from US\$5,000,000 (approximately HK\$39,000,000) to NZ\$5,000,000 (approximately HK\$24,199,500), of which NZ\$5,000,000 was utilised as at 31 December 2023.

As at 30 June 2024 and 31 December 2023, the Group's bank loans from BNZ Loan Facilities were denominated in New Zealand dollars, bearing interest at the base rate plus 1.15% per annum and repayable on 1 May 2025.

As at 30 June 2024 and 31 December 2023, the BNZ Loan Facilities were secured by:

- (i) all the Personal Property of the Selected Group Companies; and
- (ii) a fixed charge over:
 - a. the Group's Forestry Land (located in New Zealand) with carrying amount of approximately HK\$147,381,000 (31 December 2023: HK\$152,744,000);
 - b. the Group's plantation forest assets (located in New Zealand) with carrying amount of approximately HK\$291,311,000 (31 December 2023: HK\$360,447,000) (note 13) and all other estates and interests in the Forestry Land and all buildings, structures and fixtures on the Forestry Land;
 - c. all other present and after-acquired property that is not Personal Property of the Selected Group Companies; and
 - d. the Group's pledged bank deposit with carrying amount of approximately HK\$2,376,000 (31 December 2023: HK\$2,464,000).

The exposure of the Group's bank borrowings was as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Floating rate	23,759	24,644

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Financial assets		
Amortised cost	43,190	72,049
Financial liabilities		
Amortised cost	432,673	422,884

19. RELATED PARTY DISCLOSURES

(a) Other than as disclosed elsewhere in these unaudited condensed consolidated interim financial statements, the Group has the following transactions and balances with related parties:

Relationships	Nature of transactions	Notes	For the six months ended 30 June	
			2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Immediate holding company	Interest expenses paid and payable on loans	(i)	4,132	3,962
Fellow subsidiary	Interest expenses paid and payable on loans	(ii)	6,574	6,054
Fellow subsidiary	Recharge of license fee and administrative expenses received and receivable	(iii)	342	355





NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. RELATED PARTY DISCLOSURES (continued)

(a) (continued)

Notes:

- (i) The interest expenses were charged based on the Hong Kong Prime Rate on the following loans:
- an unsecured loan with principal amount of HK\$62,400,000 (i.e. US\$8,000,000);
 - an unsecured loan with principal amount of HK\$27,300,000 (i.e. US\$3,500,000);
 - an unsecured loan with principal amount of HK\$23,400,000 (i.e. US\$3,000,000);
 - an unsecured loan with principal amount of HK\$7,106,000 (i.e. US\$911,000);
 - an unsecured loan with principal amount of HK\$6,179,000 (i.e. US\$792,000);
 - an unsecured loan with principal amount of HK\$8,580,000 (i.e. US\$1,100,000); and
 - an unsecured loan with principal amount of HK\$6,084,000 (i.e. US\$780,000).

On 21 June 2023, supplemental letters in relation to above loans were signed with the immediate holding company to further extend the maturity date of these loans from 1 April 2024 to 1 April 2025. On 28 May 2024, supplemental letters in relation to above loans were signed with the immediate holding company to further extend the maturity date of these loans from 1 April 2025 to 1 April 2026.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. RELATED PARTY DISCLOSURES (continued)

(a) (continued)

Notes: (continued)

(i) (continued)

In addition, based on the supplemental letters, the lender shall have the right to demand immediate payment of all the above loans and their outstanding interest in the event of either (a) any change in the beneficial ownership, directly or indirectly, of more than 50% of the voting equity shares of the borrower, a non-wholly-owned subsidiary of the Company, without the lender's prior written consent or (b) after the existing executive and non-executive directors of the Company cease to constitute a majority of the board of directors of the Company, subject to a 30-day re-negotiation period regarding the continuing availability of the loans.

Taking into consideration the agreement from the immediate holding company to do all such acts to maintain the directorship of the existing directors of the Company throughout the relevant loan periods, the loans were classified as non-current as at 30 June 2024 and 31 December 2023.

(ii) The interest expenses were charged on an unsecured loan with principal amount of HK\$156,000,000 (i.e. US\$20,000,000) with interest rate based on the 3-month US\$ London Interbank Offer Rate plus 2.86% per annum, and repayable on 3 November 2026 (31 December 2023: 3 November 2026).

On 29 December 2023, the borrower, a wholly-owned subsidiary of the Company, exercised the option to extend the maturity date to 3 November 2026.

Based on the loan agreement, the lender shall have the right to demand immediate payment of all the above loans and their outstanding interest in the event of either (a) any change in the beneficial ownership, directly or indirectly, of more than 50% of the voting equity shares of the borrower, a wholly-owned subsidiary of the Company, without the lender's prior written consent or (b) after the existing executive and non-executive directors of the Company cease to constitute a majority of the board of directors of the Company, subject to a 30-day re-negotiation period regarding the continuing availability of the loans.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. RELATED PARTY DISCLOSURES (continued)

(a) (continued)

Notes: (continued)

(ii) (continued)

Taking into consideration the agreement from the immediate holding company to do all such acts to maintain the directorship of the existing directors of the Company throughout the relevant loan periods, the loans were classified as non-current as at 30 June 2024 and 31 December 2023.

(iii) The license fee and administrative expenses were recharged to a fellow subsidiary with reference to the actual costs incurred.

(b) Outstanding balances with related parties

The amount due from a fellow subsidiary as at 30 June 2024 and 31 December 2023 was unsecured, interest-free and repayable within one year.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short-term employee benefits	5,288	7,895
Pension scheme contributions	18	15
	5,306	7,910



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any significant contingent liabilities.

21. EVENTS AFTER THE REPORTING PERIOD

On 5 August 2024, the Group entered into a loan agreement with a fellow subsidiary, a wholly-owned subsidiary of the ultimate holding company to obtain an unsecured loan with principal amount of HK\$11,700,000 (i.e. US\$1,500,000) with interest rate based on the 1-month secured overnight financing rate plus 3% per annum for three years.

Saved as disclosed in other sections of these unaudited condensed consolidated interim financial statements, no significant events occurred subsequent to the end of the reporting period.

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 August 2024.





OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers in Appendix C3 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in ordinary shares and underlying shares of the Company:

None of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company.

Long positions in ordinary shares and underlying shares of associated corporation of the Company:

The following Director had personal interest in the ordinary shares of Chow Tai Fook Jewellery Group Limited ("CTFJ"), a fellow subsidiary of the Company. Details are as follows:

Name of Director	Capacity	Number of shares held and underlying shares interested	Approximate percentage of the total issued share capital of CTFJ
Lie Ken Jie Remy Anthony Ket Heng	Beneficial owner	400,000	0.004%



OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Option Scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company has adopted a share option scheme approved by the shareholders at the annual general meeting of the Company held on 24 May 2022 (the "Share Option Scheme"). The Share Option Scheme remains in force for ten years from the date of adoption and will expire on 23 May 2032. From the date of adoption of the Share Option Scheme up to 30 June 2024, no share option has been granted, exercised, cancelled or lapsed. The number of share options available for grant under the Share Option Scheme mandate at the beginning and the end of the Period was both 185,499,105. Since no share options were granted under the Share Option Scheme, the number of shares that may be issued in respect of share options granted under the Share Option Scheme during the Period divided by the weighted average number of shares in issue (excluding treasury shares) for the Period is nil.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2024, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares and underlying shares:

Name of shareholder	Capacity	Number of shares	Number of underlying shares	Approximate percentage of issued share capital of the Company
				%
Newforest Limited	Beneficial owner (Notes 1 & 2)	1,122,005,927	–	60.49
Cheng Yu Tung Family (Holdings) Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49
Cheng Yu Tung Family (Holdings II) Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49
Chow Tai Fook Capital Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49
Chow Tai Fook (Holding) Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49

OTHER INFORMATION

Name of shareholder	Capacity	Number of shares	Number of underlying shares	Approximate percentage of issued share capital of the Company
				%
Chow Tai Fook Nominee Limited	Interest of controlled corporation (Note 1)	1,122,005,927	–	60.49
Sharpfield Holdings Limited	Interest of controlled corporation (Notes 1 & 2)	1,122,005,927	–	60.49
Gallant Elite International Limited	Interest of controlled corporation (Notes 1 & 3)	1,122,005,927	–	60.49
China Forestry Group Corporation	Interest of controlled corporation (Note 4)	110,000,000	–	5.93
Hong Kong Genghis Khan Group Limited	Beneficial owner (Note 5)	110,000,000	–	5.93
Ge Jian	Interest of controlled corporation (Note 5)	110,000,000	–	5.93





OTHER INFORMATION

Notes:

1. Newforest Limited is directly and beneficially owned as to 40% by Gallant Elite International Limited and as to 60% by Sharpfield Holdings Limited. Both Gallant Elite International Limited and Sharpfield Holdings Limited are wholly-owned subsidiaries of Chow Tai Fook Nominee Limited. Chow Tai Fook Nominee Limited is owned as to 99.90% by Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is owned as to 81.03% by Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. As such, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited are deemed to be interested in the shares in which Newforest Limited is interested by virtue of Part XV of the SFO.
2. Mr. Cheng Chi-Him, Conrad and Mr. Lie Ken Jie Remy Anthony Ket Heng are directors of each of Newforest Limited and Sharpfield Holdings Limited.
3. Mr. Lie Ken Jie Remy Anthony Ket Heng is a director of Gallant Elite International Limited.
4. The 110,000,000 shares are held by China Forestry International Resource Company Limited which is wholly-owned by China Forestry Group Corporation. By virtue of the SFO, China Forestry Group Corporation is deemed to be interested in the 110,000,000 shares.
5. The 110,000,000 shares are held by Hong Kong Genghis Khan Group Limited which is wholly-owned by Mr. Ge Jian. By virtue of the SFO, Mr. Ge Jian is deemed to be interested in the 110,000,000 shares.

Save as disclosed above, the Company has not been notified by any person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company as at 30 June 2024 which were required to be notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which are recorded in the register required to be kept by the Company under the SFO.



OTHER INFORMATION

CHANGES IN INFORMATION OF DIRECTOR

Changes in information of Director since the date of the Annual Report 2023, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules, are set out below:

Mr. Wong Man Chung, Francis, an independent non-executive Director of the Company, ceased to be the independent non-executive director of Shanghai Dongzheng Automotive Finance Co., Ltd. (stock code: 2718) due to cancellation of listing of shares with effect from 29 April 2024. In addition, he ceased to be the independent non-executive director of IntelliCentrics Global Holdings Limited (stock code: 6819) with effect from 8 May 2024 due to delisting. Furthermore, Mr. Wong did not offer himself for re-election at the annual general meeting of Digital China Holdings Limited (stock code: 861) on 27 June 2024 and hence retired from the office of independent non-executive director after the conclusion of the meeting.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit Committee of the Company (the “Audit Committee”) has reviewed and discussed with management the unaudited condensed consolidated interim financial statements of the Group for the Period. Based on the review and discussions with management, the Audit Committee was satisfied that the unaudited condensed consolidated interim financial statements of the Group for the Period were prepared in accordance with applicable accounting standards and fairly presented the Group’s financial position and results for the Period.





OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and management of the Group are committed to maintaining a high standard of corporate governance which is reviewed and strengthened from time to time. The Company has complied with all applicable code provisions of the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules throughout the Period with the exception of the deviation as set out below:

Code provision B.2.2 requires every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, the Chairman and the Managing Director of the Company shall not be subject to retirement by rotation under the existing Bye-laws of the Company. Mr. Cheng Chi-Him, Conrad is the non-executive Chairman of the Company. Given the essential role in the leadership of the Company by the Chairman and the non-executive nature of chairmanship, the Board is of the view that such deviation is vital to the stability and continuity of the key management of the Company and the Board considers that the deviation is acceptable.

Save as disclosed above, the Directors are not aware of any deviation from the applicable code provisions of the Corporate Governance Code as set forth in Part 2 of Appendix C1 to the Listing Rules throughout the Period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code of Conduct") on terms no less exacting than the required standards as set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.





OTHER INFORMATION

FORWARD LOOKING STATEMENTS

This interim report contains forward looking statements and opinions with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to our shareholders, customers and suppliers for their continuous and valuable support and to extend its appreciation to our management and staff for their diligence and dedication to the Group.

By Order of the Board

Greenheart Group Limited

Ding Wai Chuen

Executive Director and Chief Executive Officer

Hong Kong, 28 August 2024

As at the date hereof, the Board comprises one executive Director, namely Mr. Ding Wai Chuen, four non-executive Directors, namely Messrs. Cheng Chi-Him, Conrad, Kenneth Lau, Lie Ken Jie Remy Anthony Ket Heng and Ms. Suen Chung Yan, Julia, and three independent non-executive Directors, namely Messrs. Wong Man Chung, Francis, Cheung Pak To, Patrick and To Chun Wai.

Website: <http://www.greenheartgroup.com>

