



Greenheart Group
綠心集團

GREENHEART GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 94)

Interim Report 2021



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Ding Wai Chuen*
(Chief Executive Officer)

Tsang On-Yip, Patrick[#]

Simon Murray[#]

Wong Man Chung, Francis**

Cheung Pak To Patrick**

To Chun Wai**

Cheng Yang[#]
(Retired on 25 May 2021)

* *Executive Director*

[#] *Non-executive Director*

** *Independent non-executive Director*

AUDIT COMMITTEE

Wong Man Chung, Francis *(Chairman)*

Tsang On-Yip, Patrick

To Chun Wai

REMUNERATION COMMITTEE

Wong Man Chung, Francis *(Chairman)*

Tsang On-Yip, Patrick

To Chun Wai

NOMINATION COMMITTEE

Cheng Chi-Him, Conrad *(Chairman)*

Wong Man Chung, Francis

To Chun Wai

COMPANY SECRETARY

Tse Nga Ying

STOCK CODE

94

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10 Bermuda

AUTHORISED REPRESENTATIVES

Ding Wai Chuen

Tse Nga Ying

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Nos. 77-79 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2877 2989
Fax: (852) 2511 8998

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

SOLICITORS

LC Lawyers LLP
Simmons & Simmons



CORPORATE INFORMATION (continued)

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

Ocorian Management (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10 Bermuda

BRANCH SHARE REGISTRAR & TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

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

INVESTOR RELATIONS

ir@greenheartgroup.com



CHAIRMAN'S STATEMENT

Dear Shareholders,

Although the global economy has visible improvement in the first half of 2021, the worldwide shortage of containers and vessels has snarled global supply chain for almost all companies which need to move products by sea. Greenheart Group Limited ("Greenheart" or the "the Company") and its subsidiaries (together the "Group") is not immune to this unprecedented global logistic disruption.

Against this background, I am therefore very pleased with the business momentum that Greenheart moved through the first half of 2021. During the six months ended 30 June 2021 (the "Period") under review, Greenheart's total revenue increased notably by approximately 33.9% to approximately HK\$147,850,000, benefiting from the strong demand for New Zealand radiata pine in China and the increasing production and sales contribution from our Suriname division. Greenheart recorded a total adjusted EBITDA of HK\$31,746,000, a year on year increase of 132.5%. Together with the fair value gain arising from the New Zealand plantation forest assets, the Group's net loss was narrowed substantially by 96.5% to HK\$1,265,000 as compared with previous corresponding period.

NEW ZEALAND DIVISION

Although the port congestion at New Zealand has forced us to delay the June shipment to July, the New Zealand division still recorded sales of HK\$129,380,000, an increase of HK\$30,626,000, or 31.0%, as compared with the same period the year before, due to higher average log prices.

Benefited from the strong recovery of the demand from China and the continuing restriction on competing logs imports to China from Australia, the Cost and Freight ("CFR") export prices of New Zealand radiata pine to China climbed rapidly during the Period and A-grade log price once skyrocketed in May/June to US\$195 per m³, an increase of 48.9% as compared to the price at the end of last year. However, the soaring shipping costs, from US\$30.6 per m³ in late 2020 to US\$60 per m³ in June, had eaten up most of the price increment. As a result, the average Free on Board ("FOB") export price for A-grade New Zealand radiata pine increased only by 34.1% to US\$122 per m³ during the Period.



CHAIRMAN'S STATEMENT (continued)

NEW ZEALAND DIVISION (continued)

The Group's New Zealand division recorded a fair value gain on plantation forest assets of HK\$24,995,000 (2020: HK\$5,407,000) for the Period, reflecting the favorable adjustments on the future market price and demand based on the conditions as at 30 Jun 2021.

Overall, the adjusted EBITDA contributed by New Zealand division increased by HK\$10,174,000 or 33.2% to HK\$40,813,000 as compared to the same period in 2020.

SURINAME DIVISION

Turning to Suriname division, the global trade activities of tropical hardwood market had revived steadily as the epidemic receded in some major markets and the infrastructure and renovation programmes rolled out by governments around the world drove up demands. The prices of both logs and lumber saw a visible improvement during the Period.

Suriname division was originally expected to extend its momentum gathered late last year and leap further on account of improving market conditions and improved operational efficiency. However, while it did actually perform well during the first quarter, Suriname's progress was abruptly disrupted again by the new wave of the local epidemic during May and June alongside the continuing heavy rainfall which led to a country-wide flooding. Meanwhile, the persistent shortage of containers and the surging dry bulk rates further slowed and hampered the deliveries of our products.

Amid all these unfavorable influences, it is encouraging to see that Suriname division still managed to have noticeable increase of its revenue by 58.3% to HK\$18,470,000, for the Period. The negative adjusted EBITDA of Suriname division was also reduced to HK\$2,789,000 (2020: HK\$7,612,000).



CHAIRMAN'S STATEMENT (continued)

PROSPECT

Driven by the strong economic recovery of China, New Zealand radiata pine sector has performed remarkably well during the first half of 2021. However, the upward trend has taken a turn in July and the A-grade log price slid rapidly by US\$20 per m³ or 10.3% to US\$175 per m³. While it is not unusual to have a downturn in prices for this time of the year due to lower construction rates through the summer in China, data released recently did show that China's economic recovery seemed to have slowed down, with a much lower gross domestic product growth rate of 7.9% in the second quarter of 2021, dropping from 18.3% in the first quarter.

Easing growth in China is expected to add pressure on the prices of New Zealand radiata pine in the near-term. However, it is expected that there will be support to the existing price level as log demand in China usually ramps up quickly after the golden holiday week at the start of October and at the same time, many alternative supplying countries (e.g. Russia, Australia, Germany, the United States etc) are facing shortages due to various reasons. Barring any unforeseeable circumstances, such as resurgence of COVID-19 cases or further escalating the United States and China political tension, New Zealand radiata pine prices are likely to be stay at the current level for the rest of the year as supply struggles to keep up the demand from China.

We have been taking considerable efforts in securing appropriate forest assets to replenish the wood flow gap in the Group's New Zealand forests. The recent surging New Zealand carbon credit price, close to New Zealand dollars ("NZD") 50 per ton, along with high prices of logs this year, have pushed up the forest owners' expectation on price and attracted competition from domestic and international forestry investors. The Group will exercise caution in acquisition amid the high prices but at the same time, remain open-minded when looking for investment opportunities.

Regarding our Suriname division, overall market conditions for major tropical hardwood importing countries are improving. We anticipate that the demand for tropical hardwood will continue to hold pricing at or above first half year average for the rest of the year. However, the path for our Suriname division is not expected to be plain sailing and the outlook of Suriname division remains clouded with uncertainties, ranging from the resurgence of COVID-19 infections, adverse weather conditions (such as prolonged rainy seasons), fractured and unreliable supply chain, through to the constant change of policies and personnel of relevant local authorities under the new government.



CHAIRMAN'S STATEMENT (continued)

PROSPECT (continued)

Amid these uncertainties, the management will continue our efforts to increase our productivity and logistic efficiency. We will also continue our efforts to reduce our costs, rationalize our workforce and reallocate our existing resources to meet our operation needs while safeguarding our assets.

Looking ahead, COVID-19 will remain a high risk to the global economy and our operations. In fact, the recent resurgence of infectious cases in both New Zealand and Suriname has renewed calls for lockdowns and curfews and threaten to weaken our business performances of both divisions into the second half of 2021 significantly. In order to maintain the Group's resilience and agility amid COVID-19 headwinds, we will closely monitor the development of pandemic and continue our well-disciplined and prudent financial and cash flow management approach to prepare for any changes and challenges ahead.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders, customers and business partners for their continuous support. I also wish to thank the Board for their unwavering commitment and our dedicated staff for their valuable efforts and devotedness to the Group during this challenging period.

Cheng Chi-Him, Conrad

Non-executive Chairman

Hong Kong, 27 August 2021



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group's unaudited net loss reduced substantially to HK\$1,265,000, a decrease of 96.5% or HK\$34,841,000. Such decline in net loss was mainly attributable to the fair value gain on plantation forest assets, reflecting the general improvement of the New Zealand radiata pine market and the improvement of the underlying operating results ("Adjusted EBITDA") of both our New Zealand and Suriname divisions.

Revenue

The Group's total revenue increased by 33.9% to HK\$147,850,000 for the Period as compared to the corresponding period last year. Revenue contributed by the New Zealand division and the Suriname division was HK\$129,380,000 (2020: HK\$98,754,000) and HK\$18,470,000 (2020: HK\$11,671,000), respectively.

Revenue contributed by the New Zealand division increased by 31.0% or HK\$30,626,000 for the Period, resulting from the increase in A-grade logs price of New Zealand radiata pine driven by the demand from China. The effect of the increase of the average export selling price on FOB basis by 34.1% was partially offset by the reduction of 4.5% sales volume for the Period.

Apart from sales of logs, revenue contributed from forest management services increased by HK\$1,497,000 to HK\$2,668,000 during the Period. Such increase was mainly because the operation of the forestry industry in New Zealand had ceased for almost one month in the corresponding period last year due to the lockdown measures taken by New Zealand government.

Revenue from Suriname division also increased by 58.3% or HK\$6,799,000 for the Period because of the increase in sales volume of logs and lumber and average selling price of lumber, reflecting our strategy in switching to high-value export products, and the increase in subcontracting fee income due to the resumption of harvesting activities of the subcontractor as demand from its customers slowly recovered from COVID-19 pandemic.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Gross profit

The Group recorded a gross profit of HK\$26,267,000 (2020: loss of HK\$4,177,000). The gross profit contribution from the New Zealand division for the Period was HK\$31,368,000 (2020: HK\$8,572,000) while the Suriname division recorded a gross loss of HK\$5,101,000 for the Period (2020: HK\$12,749,000).

The Group's gross profit margin for the Period was 17.8% as compared to gross loss margin of 3.8% for the same period last year. The gross profit margin for the Group's New Zealand division for the Period was 24.2% (2020: 8.7%) while the Suriname division recorded a gross loss margin of 27.6% for the Period (2020: 109.2%).

The increase in gross profit margin of the New Zealand division was because of the net effect of the higher average export selling price on FOB basis as mentioned above and the increase in average unit direct operating costs as a result of the appreciation of NZD in first half of 2021.

The reduction of the gross loss margin for the Suriname division during the Period was mainly due to the increase in average selling price of lumber as well as the lower cost base in Suriname by rationalisation of its workforce.

Other income

Other income decreased to HK\$1,499,000 for the Period because there were one-off government grants in respect of COVID-19-related subsidies provided by the Hong Kong government and the New Zealand government in the same period last year.

Other gains and losses

Other gains and losses represented the loss on early termination of a lease.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Impairment losses recognised on financial assets, net

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

Fair value gain on plantation forest assets

The fair value gain on our plantation forest assets in New Zealand amounted to HK\$24,995,000 (2020: HK\$5,407,000) for the Period. The gain was calculated based on the valuation report at the end of the Period prepared by an independent valuer. The increase in the fair value gain was primarily attributable to the increase in near term forecasted selling price of logs, reflecting the general improvement of the New Zealand radiata pine market.

Selling and distribution costs

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

The increase in selling and distribution costs for the Period by HK\$3,135,000 or 20.8% was mainly due to the appreciation of NZD for New Zealand division and additional costs incurred by changing the sales strategy from domestic focus into export focus for Suriname division.

Administrative expenses

Administrative expenses remained stable at HK\$22,670,000 during the Period, but as a percentage to the revenue, fell from 20.5% for the same period last year to 15.3% for the Period. Such decrease was mainly because of various cost control measures imposed by the Group during the Period. The Group will continue to take a cautious and prudent approach in managing its expenditure.

Finance costs

The decrease of finance costs for the Period by HK\$1,266,000 or 14.0% was primarily due to the reduction in the interest on bank borrowings following the general reduction in London Interbank Offered Rates in the Period.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Income tax expense

Income tax expense for the Period mainly comprised of tax provision arising from our New Zealand division, deferred tax expense, and withholding tax resulting from the intercompany interest.

The deferred tax expense for the Period comprised of the deferred tax expense of HK\$5,113,000 (2020: credit of HK\$8,006,000) and the deferred tax credit of HK\$1,729,000 (2020: HK\$1,805,000) in the New Zealand and Suriname divisions, respectively.

The deferred tax expense in the New Zealand division was mainly due to the taxable temporary differences arising from the recognition of tax losses, fair value gain on New Zealand plantation forest assets and the period-end foreign currency translation adjustment for United States dollars denominated term loans and net exchange differences arising from the translation of foreign currency denominated deferred tax liabilities.

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.

EBITDA

The EBITDA of the Group increased by HK\$36,421,000 from HK\$20,751,000 in the same period last year to HK\$57,172,000 during the Period. In particular, the EBITDA of the New Zealand division and Suriname division recorded for the Period was HK\$65,664,000 (2020: HK\$36,076,000) and a loss of HK\$2,244,000 (2020: HK\$8,932,000), respectively.

The improvement of the Group's EBITDA was mainly driven by the increase in the fair value gain on plantation forest assets as mentioned above and the improvement of the underlying operating results of both New Zealand and Suriname during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

Profit for the Period attributable to owners of the Company

As a result of the aforementioned, the profit attributable to the owners of the Company increased to HK\$8,923,000 for the Period from a loss of HK\$24,322,000 in the same period last year.

LIQUIDITY AND FINANCIAL REVIEW

As at 30 June 2021, the Group's current assets and current liabilities were respectively HK\$250,101,000 and HK\$105,041,000 (31 December 2020: HK\$241,630,000 and HK\$114,387,000), HK\$154,384,000 (31 December 2020: HK\$167,684,000) of which were cash and bank balances. The Group's outstanding borrowings as at 30 June 2021 represented the loans from immediate holding company amounting to HK\$183,658,000 (31 December 2020: HK\$181,900,000), bank borrowings amounting to HK\$219,960,000 (31 December 2020: HK\$220,203,000) and lease liabilities of HK\$24,641,000 (31 December 2020: HK\$24,149,000). Accordingly, the Group's gearing ratio as of 30 June 2021, which was calculated on the basis of outstanding borrowings as a percentage of equity attributable to owners of the Company, was 44.7% (31 December 2020: 44.7%).

As at 30 June 2021, there were 1,854,991,056 ordinary shares ("Shares") of the Company in issue. The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in current 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. All 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 and the forest management fee income from the New Zealand division 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 2021. However, we will continue to closely monitor all possible exchange risk arising from the Group's existing operations and new investments in the future and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND FINANCIAL REVIEW (continued)

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.

PROSPECTS

Despite a steady recovery from the pandemic lockdown since the second half of 2020, another round of COVID-19 cases is back on the rise around the world as the new variant spreads in second quarter of 2021, putting the recovery at risk. The market conditions for global forestry sectors will remain challenging in 2021 and it may take more time to allow the economy to return to normal.

New Zealand Division

China continues to increase the volume of softwood logs imports and New Zealand became the top log supplier to China in the first half of 2021 accounting for 32% of total log imports. A total of 10.02 million m³ of logs imported from New Zealand in the first half of 2021, represented a 58% increase compared to the same period last year.

Despite the New Zealand A-grade radiata pine prices on CFR basis rose sharply and reached the record level the US\$195 - 200 per m³ range compared to the US\$131 per m³ in the beginning of the year, the exporters experience problems with securing such higher price for softwood. Beginning from July 2021, the CFR price fell US\$20 - 25 per m³ to US\$175 - 180 per m³ range and a further drop to US\$163 - 168 per m³ range in August 2021.

The above has also occurred while shipping freight charges continue to increase. Reportedly, a surge in shipping freight charges to both China and South Korea surpassed US\$61 per m³, which is almost double the amount being paid at the start of the year. And this does not factor in extra costs associated with the heavy congestion of all New Zealand ports.

It is expected the market would be stabilized after September 2021 and the rest of the market participants is watching to see the year-end bounce back when the China port log inventories level falls. The recent surging of the exports price to record level had pushed up the forest owners' expectation on asking price of selling their assets. We will remain open for different investment opportunities without being overly aggressive on bidding offer.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PROSPECTS (continued)

Suriname Division

Our Suriname division remained heavily focused on turning around into a sustainable operation. Despite the new variant spreads in South America in the second quarter of 2021 alongside with the continuing heavy rainfall which led a country-wide flooding which had inevitably slow down our turnaround progress, the management maintained its focus on efforts in improving the operational efficiency and the effectiveness of sales efforts in different markets in the first half of 2021.

We believe the benefits of the cost reductions from our Suriname operation will become noticeable in the second half of 2021 due to our continuous efforts in overhead cost reductions and pursue of better operational performance. Even though the external environment remains challenging, there are hopeful signs that our Suriname operation is moving towards to become a stable and sustainable operation.

In the view of the challenges and uncertainties ahead in the second half of 2021, the Group will continue to proactively monitor the situation, impose stringent cost control, and adopt a prudent approach to capital expenditures and investment project to drive sustainable financial performance improvements and deliver greater value to our shareholders.

CHARGE ON ASSETS

As at 30 June 2021 and 31 December 2020, 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\$134,610,000 (31 December 2020: HK\$138,401,000) ("Forestry Land");

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

CHARGE ON ASSETS (continued)

- (ii) (continued)
 - b. the Group's plantation forest assets (located in New Zealand) with carrying amount of approximately HK\$450,919,000 (31 December 2020: HK\$455,131,000) 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;
 - d. the Group's certain leasehold land (located in Suriname) with carrying amount of approximately HK\$nil (31 December 2020: HK\$7,220,000); and
 - e. the Group's certain motor vehicles with carrying amount of approximately HK\$nil (31 December 2020: HK\$1,036,000).

INTERIM DIVIDEND

The Board has resolved not to recommend any dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

CAPITAL EXPENDITURE

During the six months ended 30 June 2021, the Group spent approximately HK\$7,039,000 (year ended 31 December 2020: approximately HK\$8,554,000) 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 2021 and 31 December 2020, the Group did not have any significant contingent liabilities.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

SHARE OPTION SCHEME

As at 30 June 2021, there were share options for 15,923,600 ordinary shares of HK\$0.01 each in the share capital of the Company granted by the Company pursuant to the share option scheme, as adopted by the shareholders of the Company on 28 June 2012, which were valid and outstanding. Movements of the outstanding share options of the Company during the Period are set out below:

	Number of shares
As at 1 January 2021	15,923,600
Granted during the Period	–
Lapsed during the Period	–
Cancelled during the Period	–
Exercised during the Period	–
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As at 30 June 2021	15,923,600

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2021, the total number of employees of the Group was 179 (31 December 2020: 183). Employees' costs (including Directors' emoluments) amounted to approximately HK\$18,550,000 for the six months ended 30 June 2021 (30 June 2020: HK\$20,540,000). 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	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
REVENUE	4	147,850	110,425
Cost of sales and services		(121,583)	(114,602)
Gross profit (loss)		26,267	(4,177)
Other income	6	1,499	1,663
Other gains and losses	6	(302)	2
Impairment losses (recognised) reversed on financial assets, net	15	(123)	2,857
Fair value gain on plantation forest assets	13	24,995	5,407
Share of loss of an associate		(68)	(169)
Selling and distribution costs		(18,207)	(15,072)
Administrative expenses		(22,670)	(22,632)
Finance costs	7	(7,809)	(9,075)
PROFIT (LOSS) BEFORE TAX	8	3,582	(41,196)
Income tax (expense) credit	9	(4,847)	5,090
LOSS FOR THE PERIOD		(1,265)	(36,106)
OTHER COMPREHENSIVE EXPENSE			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(4,667)	(6,356)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD		(4,667)	(6,356)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(5,932)	(42,462)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

		For the six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
		Notes	
PROFIT (LOSS) FOR THE PERIOD			
ATTRIBUTABLE TO:			
	Owners of the Company	8,923	(24,322)
	Non-controlling interests	(10,188)	(11,784)
		(1,265)	(36,106)
TOTAL COMPREHENSIVE INCOME (EXPENSE)			
FOR THE PERIOD ATTRIBUTABLE TO:			
	Owners of the Company	4,256	(30,678)
	Non-controlling interests	(10,188)	(11,784)
		(5,932)	(42,462)
EARNINGS (LOSS) PER SHARE			
	Basic	11	HK\$0.005 HK\$(0.013)
	Diluted	11	HK\$0.005 HK\$(0.013)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		310,673	316,184
Right-of-use assets		42,000	42,291
Goodwill		5,651	5,651
Timber concessions and cutting rights	12	135,111	140,123
Finance lease receivables		1,924	4,716
Plantation forest assets	13	450,919	455,131
Prepayments, deposits and other assets		2,135	1,728
Interest in an associate		1,846	1,889
		950,259	967,713
CURRENT ASSETS			
Inventories		42,448	25,102
Trade receivables	14	18,113	16,359
Finance lease receivables		5,475	5,261
Prepayments, deposits and other assets		22,347	19,956
Amount due from a fellow subsidiary	19(b)(i)	140	213
Tax recoverable		7,194	7,055
Bank balances and cash		154,384	167,684
		250,101	241,630



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables	16	31,790	39,075
Other payables and accruals		47,145	48,771
Contract liabilities		2,187	1,329
Lease liabilities		3,745	4,406
Bank borrowings	17	–	243
Tax payable		20,174	20,563
		105,041	114,387
NET CURRENT ASSETS		145,060	127,243
TOTAL ASSETS LESS CURRENT LIABILITIES		1,095,319	1,094,956

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		30 June	31 December
		2021	2020
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		20,896	19,743
Loans from immediate holding company	19(a)(i)	183,658	181,900
Bank borrowings	17	219,960	219,960
Deferred tax liabilities		100,973	97,589
		525,487	519,192
NET ASSETS			
		569,832	575,764
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		18,550	18,550
Reserves		939,976	935,720
		958,526	954,270
Non-controlling interests		(388,694)	(378,506)
TOTAL EQUITY			
		569,832	575,764

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company											
	Share capital	Share premium account	Contributed surplus	Share option reserve	Capital reserve	Land revaluation reserve	Merger reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	18,550	2,091,657	83,274	4,687	846	50,853	265	7,562	(1,303,424)	954,270	(378,506)	575,764
Profit (loss) for the Period	-	-	-	-	-	-	-	-	8,923	8,923	(10,188)	(1,265)
Other comprehensive expense for the Period:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(4,667)	-	(4,667)	-	(4,667)
Total comprehensive (expense) income for the Period	-	-	-	-	-	-	-	(4,667)	8,923	4,256	(10,188)	(5,932)
At 30 June 2021 (unaudited)	18,550	2,091,657	83,274	4,687	846	50,853	265	2,895	(1,294,501)	958,526	(388,694)	569,832
At 1 January 2020 (audited)	18,550	2,091,657	83,274	10,135	846	42,304	265	(2,610)	(1,291,635)	952,786	(359,616)	593,170
Loss for the period	-	-	-	-	-	-	-	-	(24,322)	(24,322)	(11,784)	(36,106)
Other comprehensive expense for the period:												
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(6,356)	-	(6,356)	-	(6,356)
Total comprehensive expense for the period	-	-	-	-	-	-	-	(6,356)	(24,322)	(30,678)	(11,784)	(42,462)
At 30 June 2020 (unaudited)	18,550	2,091,657	83,274	10,135	846	42,304	265	(8,966)	(1,315,957)	922,108	(371,400)	550,708

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	6,639	9,228
NET CASH USED IN INVESTING ACTIVITIES	(9,301)	(17,595)
NET CASH USED IN FINANCING ACTIVITIES	(8,786)	(7,789)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,448)	(16,156)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	167,684	168,300
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,852)	(2,247)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	154,384	149,897
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS Bank balances and cash	154,384	149,897



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL

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 (“Newforest”), a company incorporated in Cayman Islands and its ultimate parent is Chow Tai Fook Enterprises Limited (“CTFE”), a company incorporated in Hong Kong. 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 financial statements are presented in Hong Kong dollars, which is different from the functional currency of the Company, United States dollars. 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 Hong Kong dollars 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 Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated 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 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 financial statements for the six months ended 30 June 2021 are the same as those followed in the presentation of the Group’s annual financial statements for the year ended 31 December 2020.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

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 annual periods beginning on or after 1 January 2021 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</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 financial statements.

3.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

3.1.1 Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 *Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (continued)*

3.1.1 *Accounting policies (continued)*

Financial instruments (continued)

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform (continued)

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 *Financial Instrument* on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

Leases

The Group as a lessee

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. PRINCIPAL ACCOUNTING POLICIES (continued)

3.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (continued)

3.1.1 Accounting policies (continued)

Leases (continued)

The Group as a lessor

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform for a finance lease that is not accounted for as a separate lease, the Group applies the same accounting policies as those applicable to financial instruments.

3.1.2 Transition and summary of effects

As at 1 January 2021, the Group has several financial liabilities and lease liabilities, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts. The amounts of financial liabilities and others are shown at their carrying amounts.

	HKD Hong Kong Interbank Offered Rate ("HIBOR") <i>HK\$'000</i>	GBP London Interbank Offered Rate ("LIBOR") <i>HK\$'000</i>
Financial liabilities		
Bank borrowings	–	219,960
Others		
Lease liabilities	1,959	22,190

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost and lease liabilities. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the Period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

4. REVENUE

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Types of goods or services		
Sales of logs and timber products	142,605	107,050
Forest management fee	2,668	1,171
Total revenue from contracts with customers	145,273	108,221
Subcontracting fee income	2,577	2,204
Total revenue	147,850	110,425

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

	For the six months ended 30 June 2021		
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	15,893	126,712	142,605
Forest management fee	–	2,668	2,668
Total	15,893	129,380	145,273

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

4. REVENUE (continued)

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

Segments	For the six months ended 30 June 2021		
	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Timing of revenue recognition		
A point in time	15,893	126,712	142,605
Over time	–	2,668	2,668
Total	15,893	129,380	145,273

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 2021		
	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
	Revenue from contracts with customers	15,893	129,380
Subcontracting fee income	2,577	–	2,577
Revenue disclosed in segment information	18,470	129,380	147,850

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

4. REVENUE (continued)

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

For the six months ended 30 June 2020

Segments	Suriname (Unaudited) <i>HK\$'000</i>	New Zealand (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Types of goods or services			
Sales of logs and timber products	9,467	97,583	107,050
Forest management fee	–	1,171	1,171
Total	9,467	98,754	108,221

For the six months ended 30 June 2020

Segments	Suriname (Unaudited) <i>HK\$'000</i>	New Zealand (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Timing of revenue recognition			
A point in time	9,467	97,583	107,050
Over time	–	1,171	1,171
Total	9,467	98,754	108,221

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

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 2020		
	Suriname	New Zealand	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue from contracts			
with customers	9,467	98,754	108,221
Subcontracting fee income	2,204	–	2,204
Revenue disclosed in segment information	11,671	98,754	110,425

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 2021		
	Suriname	New Zealand	Total
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
New Zealand*	–	129,380	129,380
Hong Kong	5,083	–	5,083
Suriname	4,010	–	4,010
India	1,978	–	1,978
Belgium	1,668	–	1,668
The Netherlands	1,290	–	1,290
Mauritius	1,215	–	1,215
Taiwan	819	–	819
Denmark	669	–	669
Other countries	1,738	–	1,738
Total	18,470	129,380	147,850

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

4. REVENUE (continued)

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

Segments	For the six months ended 30 June 2020		
	Suriname (Unaudited) HK\$'000	New Zealand (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
New Zealand*	–	98,754	98,754
Hong Kong	3,150	–	3,150
Suriname	3,040	–	3,040
Taiwan	1,819	–	1,819
Belgium	1,522	–	1,522
South Korea	1,280	–	1,280
Other countries	860	–	860
Total	11,671	98,754	110,425

* 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\$2,577,000 (2020: HK\$2,204,000) is included in the revenue from customers located in Suriname above for the six-months ended 30 June 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

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 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 (continued)

4. REVENUE (continued)

(iii) Subcontracting fee income

In 2019, the Group entered into a contract with a subcontractor pursuant to which the subcontractor is granted the right to operate in certain forest concession areas in Suriname division. The income received from the subcontractor varies and it is billed at a predetermined rate based on each volume of the output of logs and the subcontractor is committed to have a minimum output of logs and fixed payments in each year. It is accounted for as an operating lease arrangement under HKFRS 16.

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Lease payments that are fixed	2,577	2,204
Variable lease payments that do not depend on an index or a rate	-	-
Total revenue arising from leases	2,577	2,204



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

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, 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 Management based on reportable segment Adjusted EBITDA, which is a measure of (loss) profit 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 gain 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, EBITDA and (loss) profit before tax for each reportable segment.

Details of geographical segment information are disclosed in note 4.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

5. OPERATING SEGMENTS (continued)

The following table presents revenue and profit (loss) information regarding the Group's operating segments for the six months ended 30 June 2021:

For the six months ended 30 June 2021

	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	18,470	129,380	147,850	-	147,850
SEGMENT RESULTS ("Adjusted EBITDA")	(2,789)	40,813	38,024	(6,278)	31,746
Reconciliation of the segment results: Items other than finance costs, income tax expense, forest depletion cost as a result of harvesting, depreciation and amortisation					
Fair value gain on plantation forest assets	-	24,995	24,995	-	24,995
Interest income and finance lease income	357	4	361	30	391
Reversal (accrual) of impairment of trade receivables	25	(148)	(123)	-	(123)
Reversal of write-down of inventories*	163	-	163	-	163
EBITDA	(2,244)	65,664	63,420	(6,248)	57,172
Finance costs	(3,504)	(4,265)	(7,769)	(40)	(7,809)
Forest depletion cost as a result of harvesting*	-	(23,913)	(23,913)	-	(23,913)
Depreciation**	(4,001)	(6,432)	(10,433)	(1,989)	(12,422)
Harvest roading costs*	-	(3,872)	(3,872)	-	(3,872)
Amortisation of timber concessions and cutting rights***	(5,574)	-	(5,574)	-	(5,574)
(LOSS) PROFIT BEFORE TAX	(15,323)	27,182	11,859	(8,277)	3,582



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

5. OPERATING SEGMENTS (continued)

- * Included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.
- ** Depreciation of HK\$2,622,000 is included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.
- *** Amortisation of timber concessions and cutting rights of HK\$5,574,000 is included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

5. OPERATING SEGMENTS (continued)

For the six months ended 30 June 2020

	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	11,671	98,754	110,425	–	110,425
SEGMENT RESULTS ("Adjusted EBITDA")	(7,612)	30,639	23,027	(9,374)	13,653
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 gain on plantation forest assets	–	5,407	5,407	–	5,407
Interest income and finance lease income	556	5	561	240	801
Reversal of impairment of trade receivables	91	25	116	–	116
Reversal of impairment of other receivables	–	–	–	2,741	2,741
Write-down of inventories*	(1,967)	–	(1,967)	–	(1,967)
EBITDA	(8,932)	36,076	27,144	(6,393)	20,751
Finance costs	(3,544)	(5,407)	(8,951)	(124)	(9,075)
Forest depletion cost as a result of harvesting*	–	(28,376)	(28,376)	–	(28,376)
Depreciation**	(4,152)	(4,755)	(8,907)	(2,145)	(11,052)
Harvest roading costs*	–	(8,220)	(8,220)	–	(8,220)
Amortisation of timber concessions and cutting rights***	(5,224)	–	(5,224)	–	(5,224)
LOSS BEFORE TAX	(21,852)	(10,682)	(32,534)	(8,662)	(41,196)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

5. OPERATING SEGMENTS (continued)

- * Included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.
- ** Depreciation of HK\$2,623,000 is included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.
- *** Amortisation of timber concessions and cutting rights of HK\$4,611,000 is included in "Cost of sales" in the condensed consolidated statement of profit or loss and other comprehensive income.

Information on major customers

During the six months ended 30 June 2021, the Group had transactions with one (2020: one) customer from New Zealand segment who individually contributed over 10% of the Group's total revenue for the Period. A summary of revenue earned from this major customer is set out below:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Customer 1	109,984	87,390

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

6. OTHER INCOME, OTHER GAINS AND LOSSES

Other income:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Bank and other interest income	35	247
Finance lease income	356	554
Government grants*	–	492
Service fee income	914	323
Others	194	47
	1,499	1,663

* During the six months ended 30 June 2020, the Group recognised government grants of HK\$492,000 in respect of COVID-19-related subsidies, of which HK\$148,000 relates to Employment Support Scheme and HK\$344,000 relates to COVID-19 Wage Subsidy provided by the Hong Kong government and the New Zealand government, respectively.

Other gains and losses:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Loss on early termination of a lease	(302)	–
Exchange gain on refundable earnest money	–	2
	(302)	2

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

7. FINANCE COSTS

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on loans from immediate holding company	3,497	3,516
Interest on lease liabilities	749	720
Interest on bank borrowings	3,563	4,839
	7,809	9,075

8. PROFIT (LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Forest harvested as agricultural produce (note 13)	31,469	29,594
Amount capitalised in closing inventories	(8,868)	(5,816)
Amount released from opening inventories	1,312	4,598
	23,913	28,376
Amortisation of timber concessions and cutting rights	5,574	5,224

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

9. INCOME TAX EXPENSE (CREDIT)

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The income tax expense (credit) comprises:		
Current tax – Hong Kong		
Charge for the period	356	2,410
Current tax – other jurisdictions		
Charge for the period	523	464
Under provision in prior years	–	1,042
Withholding tax	584	805
Deferred tax	3,384	(9,811)
	4,847	(5,090)

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% (2020: 36%) and 28% (2020: 28%), respectively.

The New Zealand non-resident withholding tax is provided on the intercompany loans interest income received from subsidiaries incorporated in New Zealand.

10. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

11. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share attributable to owners of the Company	8,923	(24,322)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,854,991,056	1,854,991,056

The computation of diluted earnings (loss) per share for the six-months ended 30 June 2021 and 2020 did not assume the effect of the Group's share options since their assumed exercise would result in an increase (decrease) in earnings (loss) per share.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

12. TIMBER CONCESSIONS AND CUTTING RIGHTS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Cost		
At beginning of the Period/year	880,459	880,459
Amortisation and impairment		
At beginning of the Period/year	740,336	730,079
Amortisation during the Period/year	5,012	10,257
At end of the Period/year	745,348	740,336
Carrying values		
At end of the Period/year:	135,111	140,123

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 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.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

12. TIMBER CONCESSIONS AND CUTTING RIGHTS (continued)

The Group as lessor

As disclosed in note 4, the Group entered into a contract with a subcontractor pursuant to which the subcontractor is granted the right to operate in certain forest concession areas in Suriname division under operating lease arrangement in 2019. The cost of the relevant concession right is insignificant at 30 June 2021 and 31 December 2020.

One of the Group's timber concessions in west Suriname with land area of approximately 25,000 hectares expired on 19 May 2020. The Group has submitted application for the renewal of this concession according to the time specified by local Suriname forestry bureau. During the year ended 31 December 2020, the Group obtained the final renew concession license for a period of 10 years with effect from 8 November 2020 to 7 November 2030.

One of the Group's timber concessions in central Suriname with land area of approximately 25,000 hectares expired on 10 August 2020. The business operation related to this concession was minimal before the expiration. The Group has submitted application for this concession according to the time specified by local Suriname forestry bureau. As at the date of these financial statements, the application is still under review by local Suriname forestry bureau.

As at 30 June 2021, the Group's total timber concessions and cutting rights in Suriname covered a land area of approximately 340,000 hectares (31 December 2020: 340,000 hectares).

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

13. PLANTATION FOREST ASSETS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Net carrying amount at beginning of the Period/year	455,131	436,802
Acquisition of plantation forest assets	-	14,865
Additions	2,262	6,192
Harvested as agricultural produce (logs) (note 8)	(31,469)	(63,817)
Changes in fair value less costs to sell (recognised in profit or loss)	24,995	61,089
	450,919	455,131

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.

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 2020: 12,700 hectares), of which approximately 10,600 hectares (31 December 2020: 10,600 hectares) was productive area as at 30 June 2021. All the productive area was owned by the Group as freehold, except for approximately 66 hectares (31 December 2020: 66 hectares) which are subject to the restrictions as set out in relevant New Zealand regulations.

During the year ended 31 December 2020, the Group acquired certain plantation forest assets of approximately 170 hectares in New Zealand at a total cash consideration of NZ\$2.9 million (approximately HK\$14.9 million) and a freehold title land of approximately 81 hectares with a consideration of NZ\$0.5 million (approximately HK\$2.5 million) was acquired together with one of plantation forest assets.

As at 30 June 2021, the Group owned radiata pine plantation forests in New Zealand with aggregate land area of approximately 15,819 hectares (31 December 2020: 15,908 hectares).

For the six months ended 30 June 2021, the Group harvested a total of 152,000 m³ (2020: 128,000 m³) from the Group's plantation forest assets.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

13. PLANTATION FOREST ASSETS (continued)

As at 30 June 2021, the Group has mature biological assets (radiata pines aged 20 years or above) of 1,384 hectares (31 December 2020: 1,684 hectares) and immature biological assets (radiata pines aged below 20 years) of 11,443 hectares (31 December 2020: 11,231 hectares).

The harvested area of the Group's plantation forest assets as at 30 June 2021 is around 9,584 hectares (31 December 2020: 9,253 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 2021 and 31 December 2020. 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 fair value.

For the valuation of plantation forest assets in New Zealand as at 30 June 2021, Indufor updated the values from the full narrative valuation as at 31 December 2020 and relied on the field inspection results and base values provided in the valuation as at 31 December 2020. The plantation forest assets have not been re-inspected for valuation as at 30 June 2021, but the stocked area, log prices, production and transport costs have been updated for the valuation as at 30 June 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

13. PLANTATION FOREST ASSETS (continued)

The key inputs in the valuation of the plantation forest assets in New Zealand as at 30 June 2021 and 31 December 2020 comprised of plantation yield, log price projections, production costs, transport costs and discount rate. Below is a quantitative summary of the key inputs to the valuation of plantation forest assets under the discounted cash flow technique:

	Range	Average/Applied
As at 30 June 2021		
Significant unobservable input		
Forecast unit log price at wharf gate (AWG)	US\$87-104/m³	US\$90/m³
Yield (m ³ /ha) (stands planted prior to 1997)	214-850	534
Yield (m ³ /ha) (including young stands)	214-850	510
Production costs	US\$28-42/m³	US\$35/m³
Transport costs	US\$8-31/m³	US\$18/m³
Discount rate	7.25%	7.25%
As at 31 December 2020		
Significant unobservable input		
Forecast unit log price at wharf gate (AWG)	US\$89-107/m ³	US\$91/m ³
Yield (m ³ /ha) (stands planted prior to 1997)	218-848	518
Yield (m ³ /ha) (including young stands)	218-850	509
Production costs	US\$28-44/m ³	US\$36/m ³
Transport costs	US\$8-30/m ³	US\$18/m ³
Discount rate	7.25%	7.25%

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

13. PLANTATION FOREST ASSETS (continued)

A real pre-tax discount rate was used in the valuation of the plantation forest assets in New Zealand as at 30 June 2021 and 31 December 2020, 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.

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 profit (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 2021

	Increase (decrease) in production costs %	(Decrease) increase in profit before tax HK\$'000
Change in production costs		
If the production costs increase	5	(33,215)
If the production costs decrease	(5)	33,215
	Increase (decrease) in transport costs %	(Decrease) increase in profit before tax HK\$'000
Change in transport costs		
If the transport costs increase	5	(17,439)
If the transport costs decrease	(5)	17,439

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

13. PLANTATION FOREST ASSETS (continued)

For the six months ended 30 June 2021 (continued)

Change in log price	Increase (decrease) in log price %	Increase (decrease) in profit before tax HK\$'000
If the log price increases	5	86,914
If the log price decreases	(5)	(86,914)

Change in discount rate	Increase (decrease) in discount rate %	(Decrease) increase in profit before tax HK\$'000
If the discount rate increases	1	(67,665)
If the discount rate decreases	(1)	87,446

For the six months ended 30 June 2020

Change in production costs	Increase (decrease) in production costs %	Increase (decrease) in loss before tax HK\$'000
If the production costs increase	5	29,018
If the production costs decrease	(5)	(29,018)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

13. PLANTATION FOREST ASSETS (continued)

For the six months ended 30 June 2020 (continued)

	Increase (decrease) in transport costs %	Increase (decrease) in loss before tax HK\$'000
Change in transport costs		
If the transport costs increase	5	14,347
If the transport costs decrease	(5)	(14,347)
		(Decrease) increase in loss before tax HK\$'000
Change in log price	Increase (decrease) in log price %	
If the log price increases	5	(74,384)
If the log price decreases	(5)	74,384
		Increase (decrease) in discount rate %
Change in discount rate		
If the discount rate increases	1	61,929
If the discount rate decreases	(1)	(82,172)

As at 30 June 2021 and 31 December 2020, the Group's plantation forest assets with carrying amounts of HK\$450,919,000 (31 December 2020: HK\$455,131,000) were pledged to secure banking facilities granted to the Group (note 17).

As at 30 June 2021 and 31 December 2020, the Group has no commitment for the development and acquisition of biological assets.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

14. TRADE RECEIVABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade receivables		
– contracts with customers	23,918	22,718
– operating lease receivables	1,063	386
	24,981	23,104
Less: Allowance for credit losses		
– contracts with customers	(6,862)	(6,743)
– operating lease receivables	(6)	(2)
Net trade receivables	18,113	16,359

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 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 90 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 (continued)

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 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 1 month	17,130	15,488
From 1 to 3 months	909	870
Over 3 months	74	1
	18,113	16,359

As at 30 June 2021, included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK\$7,360,000 (31 December 2020: HK\$1,687,000) which were past due. Over 85% trade receivable balances at 30 June 2021 have been subsequently settled.

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

	For the six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Impairment loss recognised (reversed), net in respect of		
– trade receivables	123	(116)
– other receivables	–	(2,741)
	123	(2,857)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

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

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

During the six months ended 30 June 2020, the Group reversed the impairment allowance for other receivables of HK\$2,741,000, which had been made to refundable earnest money due to settlement of the respective outstanding was received.

16. TRADE PAYABLES

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 1 month	26,301	29,348
From 1 to 3 months	449	1,745
Over 3 months	5,040	7,982
	31,790	39,075

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

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

17. BANK BORROWINGS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Bank loans, secured	219,960	220,203

The carrying amounts of above borrowings are repayable:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within one year	-	243
Within a period of more than one year but not exceeding two years	219,960	219,960
Within a period of more than two years but not exceeding five years	-	-
	219,960	220,203
Less: Amounts due within one year shown under current liabilities	-	(243)
Amounts show under non-current liabilities	219,960	219,960

During the year ended 31 December 2020, the Group's bank loan facilities from Bank of New Zealand ("BNZ Loan Facilities") were renegotiated with the interest rate increased to base rate ("Based Rate") determined by the Bank of New Zealand plus 1.70% per annum, the final maturity date extended to 1 May 2022 and the total amount of loan facilities was reduced from US\$35,000,000 (approximately HK\$273,000,000) to US\$30,000,000 (approximately HK\$234,000,000), of which US\$28,200,000 (approximately HK\$219,960,000) was utilised as at 31 December 2020.

During the Period, the Group's BNZ Loan Facilities were renegotiated with final maturity date extended from 1 May 2022 to 1 November 2022. As at 30 June 2021, US\$28,200,000 (approximately HK\$219,960,000) of loan facilities was fully utilised.



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

17. BANK BORROWINGS (continued)

As at 30 June 2021, the Group's bank loans from BNZ Loan Facilities were denominated in United States dollars, bearing interest at the Base Rate plus 1.70% (31 December 2020: 1.70%) per annum and repayable on 1 November 2022 (31 December 2020: 1 May 2022).

The Group's bank loan facilities are subject to the fulfillment of certain financial covenants as required by the Bank of New Zealand ("Bank"). During the year ended 31 December 2020, one of the financial covenants was not complied with, caused by the short-term impact of the COVID-19 pandemic, resulting in an event of review according to the bank loan facilities agreement with the Bank. The Group had rectified the non-compliance and the Bank had confirmed the continuity of the bank loan facilities offered to the Group. During the Period and as at 30 June 2021 and 31 December 2020, all financial covenants related to the bank loan facilities were met.

As at 30 June 2021 and 31 December 2020, 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\$134,610,000 (31 December 2020: HK\$138,401,000);
 - b. the Group's plantation forest assets (located in New Zealand) with carrying amount of approximately HK\$450,919,000 (31 December 2020: HK\$455,131,000) (note 13) and all other estates and interests in the Forestry Land and all buildings, structures and fixtures on the Forestry Land; and
 - c. all other present and after-acquired property that is not Personal Property of the Selected Group Companies.

During the Period, US\$150,000 (approximately HK\$1,170,000) loan facilities from Hakrinbank in Suriname ("Hakrinbank Loan Facilities") were fully repaid while US\$850,000 overdraft facility was released during the year ended 31 December 2020.

As at 31 December 2020, the Group's bank loan from Hakrinbank Loan Facilities were denominated in United States dollars, bearing interest at 9.5% per annum.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

17. BANK BORROWINGS (continued)

As at 31 December 2020, the Group's Hakrinbank Loan Facilities are secured by a fixed charge over:

- (i) the Group's certain leasehold land (located in Suriname) with carrying amount of approximately HK\$7,220,000; and
- (ii) the Group's certain motor vehicles with carrying amount of approximately HK\$1,036,000.

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Floating rate		
– due after one year	219,960	219,960
Fixed rate		
– due within one year	–	243

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

18. FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Financial assets		
Amortised cost	177,517	187,940
Financial liabilities		
Amortised cost	470,912	476,069

19. RELATED PARTY DISCLOSURES

- (a) Other than as disclosed elsewhere in these 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	
			2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Immediate holding company	Interest expenses paid and payable on loans	(i)	3,497	3,516
Fellow subsidiary	Recharge of license fee and administrative expenses received and receivable	(ii)	1,119	1,133
Fellow subsidiary	Reimbursements of administrative expenses paid and payable	(iii)	-	400

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

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 30 June 2020, supplemental letters in relation to above loans were signed with immediate holding company to extend the maturity date of principal and interest payables as at 30 June 2020 of these loans from 31 March 2021 to 31 March 2022. On 26 August 2021, supplemental letters in relation to above loans were signed with immediate holding company to extend the maturity date of these loans from 31 March 2022 to 31 March 2023 with effect from 30 June 2021.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

19. RELATED PARTY DISCLOSURES (continued)

(a) (continued)

Notes: (continued)

- (ii) The license fee and administrative expenses were recharged to a fellow subsidiary with reference to the actual costs incurred.
- (iii) The reimbursements were recharged by a fellow subsidiary with reference to the actual costs incurred and paid on behalf of the Group in relation to certain administrative expenses.

(b) **Outstanding balances with related parties**

- (i) The amount due from a fellow subsidiary as at 30 June 2021 and 31 December 2020 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	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short-term employee benefits	5,197	5,916
Pension scheme contributions	27	36
	5,224	5,952



NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

20. CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2020, the Group did not have any significant contingent liabilities.

21. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in other sections of these 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 27 August 2021.



OTHER INFORMATION

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

As at 30 June 2021, 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 Hong Kong 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 pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions in shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares held	Approximate percentage of the total issued share capital of the Company
			%
Cheng Chi-Him, Conrad	Beneficial owner	3,300,000 (Note 1)	0.18
Simon Murray	Beneficial owner	3,339,477 (Note 2)	0.18
Tsang On-Yip, Patrick	Beneficial owner	3,300,000 (Note 1)	0.18
Wong Man Chung, Francis	Beneficial owner	1,100,000 (Note 1)	0.06

Notes:

1. It represents number of share options granted by the Company.
2. The number includes 1,100,000 share options granted by the Company.

OTHER INFORMATION (continued)

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

- (b) Long positions in ordinary shares and underlying shares of Integrated Waste Solutions Group Holdings Limited ("IWS"), an associated corporation of the Company:

Under the share option scheme of IWS, a fellow subsidiary of the Company, the following Directors of the Company have personal interests in share options to subscribe for the ordinary shares of IWS. Details of the share options of IWS granted to the relevant Directors are as follows:

Name of Director	Capacity	Number of shares held and underlying shares interested	Approximate percentage of the total issued share capital of IWS
			%
Tsang On-Yip, Patrick	Beneficial owner	15,000,000 (Note 1)	0.31
Wong Man Chung, Francis	Beneficial owner	8,800,000 (Note 1)	0.18

Note:

1. It represents number of share options granted by IWS.

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.

OTHER INFORMATION (continued) SHARE OPTION SCHEME

The share option scheme (the “Share Option Scheme”) of the Company was adopted by the Company at the special general meeting held on 28 June 2012 in compliance with Chapter 17 of the Listing Rules. The Share Option Scheme is valid and effective for a period of 10 years ending on the tenth anniversary of the date of adoption of the Share Option Scheme, i.e. 28 June 2022.

Movements of the share options of the Company during the Period are as follows:

Name or category of participant	At 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	As at 30 June 2021	Exercise period of share options	Vesting period	Exercise price of share options HK\$	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options HK\$	Weighted average closing price of the Company's shares immediately before the exercise date HK\$
Directors, chief executive and a substantial shareholder and their associates												
Cheng Chi-Hoi, Conrad	3,300,000	-	-	-	-	3,300,000	13 Sep 2016 to 12 Sep 2021	N/A	0.71	13 Sep 2016	0.76	-
Tsang Or-hip, Patrick	3,300,000	-	-	-	-	3,300,000	13 Sep 2016 to 12 Sep 2021	N/A	0.71	13 Sep 2016	0.76	-
Simon Murray	1,100,000	-	-	-	-	1,100,000	13 Sep 2016 to 12 Sep 2021	N/A	0.71	13 Sep 2016	0.76	-
Nguyen Van Tu, Peter (Passed away on 16 June 2020)	1,100,000	-	-	-	-	1,100,000	13 Sep 2016 to 12 Sep 2021	N/A	0.71	13 Sep 2016	0.76	-
Wong Man Chung, Francis	1,100,000	-	-	-	-	1,100,000	13 Sep 2016 to 12 Sep 2021	N/A	0.71	13 Sep 2016	0.76	-



OTHER INFORMATION (continued)

SHARE OPTION SCHEME (continued)

Movements of the share options of the Company during the Period are as follows: (continued)

Name or category of participant	At 1 January 2021	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	As at 30 June 2021	Exercise price of share options HK\$	Vesting period	Exercise period of share options	Date of grant of share options	Closing price of the Company's share immediately before the date of grant of share options HK\$	Weighted average closing price of the Company's shares immediately before the exercise date HK\$
Employees (other than Directors)												
In aggregate	1,623,600	-	-	-	-	1,623,600	0.71	Note	13 Sep 2016 to 12 Sep 2021	13 Sep 2016	0.76	-
Others	4,400,000	-	-	-	-	4,400,000	0.71	N/A	13 Sep 2016 to 12 Sep 2021	13 Sep 2016	0.76	-
Total	15,923,600	-	-	-	-	15,923,600						



OTHER INFORMATION (continued)

SHARE OPTION SCHEME (continued)

Movements of the share options of the Company during the Period are as follows:
(continued)

Note:

1. The share options are subject to a vesting schedule and can be exercised in the following manner:
 - (a) In respect of employees who have joined the Company for more than 2 years as at the date of grant, all share options granted will be vested on the date of grant;
 - (b) In respect of employees who have joined the Company for less than 2 years but more than 1 year as at the date of grant, 50% of the share options granted will be vested on the date of the grant and the other 50% will be vested on the first anniversary of the date of grant. For example, if the date of grant is 13 September 2016, the other 50% of the share options will be vested on the first anniversary of the date of the grant, i.e. 13 September 2017; and
 - (c) In respect of employees who have joined the Company for less than 1 year as at the date of the grant, 50% of the share options granted will be vested on the first anniversary of the date of grant, and the other 50% will be vested on the second anniversary of the date of grant. For example, if the date of grant is 13 September 2016, the other 50% of the share options will be vested on the second anniversary of the date of the grant, i.e. 13 September 2018.

OTHER INFORMATION (continued)

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 2021, 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 1,3 & 4)	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
Wu Wai Leung, Danny	Interest of controlled corporation (Notes 1 & 2)	1,122,005,927	–	60.49
Chow Tai Fook (Holding) Limited	Interest of controlled corporation (Notes 1&4)	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 Enterprises Limited	Interest of controlled corporation (Notes 1&4)	1,122,005,927	–	60.49

OTHER INFORMATION (continued)

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

Long Positions in Shares and underlying Shares: (continued)

Name of Shareholder	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of Issued share capital of the Company %
Gateway Asia Resources Limited	Interest of controlled corporation (Notes 1&2)	1,122,005,927	-	60.49
Sharpfield Holdings Limited	Interest of controlled corporation (Notes 1,3&4)	1,122,005,927	-	60.49
China Forestry Group Corporation	Interest of controlled corporation (Note 5)	110,000,000	-	5.93
Hong Kong Genghis Khan Group Limited	Interest of controlled corporation (Note 6)	110,000,000	-	5.93
Ge Jian	Beneficial owner (Note 6)	110,000,000	-	5.93
Koo Chi Sum and Simon Rhys Thomas	Agent of Charged Shares (Note 7)	1,122,005,927	-	60.49
Idea Perfect Holdings Limited	Person having a security interest in shares (Note 8)	448,802,370	-	24.19
VMS Investment Group Limited	Interest of controlled Corporation (Note 8)	473,588,370	-	25.53
Mak Siu Hang Viola	Interest of controlled Corporation (Note 8)	473,588,370	-	25.53



OTHER INFORMATION (continued)

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

Long Positions in Shares and underlying Shares: (continued)

Notes:

1. Newforest Limited is directly and beneficially owned as to 40% by Gateway Asia Resources Limited (a direct wholly-owned company of Mr. Wu Wai Leung, Danny) and as to 60% by Sharpfield Holdings Limited (a direct wholly-owned subsidiary of Chow Tai Fook Enterprises Limited). Chow Tai Fook Enterprises Limited is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited, an 81.03% owned subsidiary of 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, Mr. Wu Wai Leung, Danny, 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 is interested by virtue of Part XV of the SFO.
2. Mr. Wu Wai Leung, Danny is a director of Gateway Asia Resources Limited.
3. Mr. Cheng Chi-Him, Conrad is a director of Newforest Limited and Sharpfield Holdings Limited.
4. Mr. Tsang On-Yip, Patrick is a director of Chow Tai Fook (Holding) Limited, Chow Tai Fook Enterprises Limited, Newforest Limited and Sharpfield Holdings Limited.
5. 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.



OTHER INFORMATION (continued)

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

Long Positions in Shares and underlying Shares: (continued)

Notes: (continued)

6. 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.
7. Mr. Koo Chi Sum and Mr. Simon Rhys Thomas were appointed as joint and several receivers in respect of (i) 400 shares of Newforest Limited representing 40% of the entire issued share capital of the Newforest Limited and (2) the entire issued share capital of Gateway Asia Resources Limited. As such, Mr. Koo Chi Sum and Mr. Simon Rhys Thomas are deemed to be interested in the Shares in which Newforest Limited is interested by virtue of Part XV of the SFO.
8. Idea Perfect Holdings Limited acquired a security interest in 40% of the entire issued share capital of Newforest Limited. Idea Perfect Holdings Limited is a wholly-owned subsidiary of VMS Investment Group Limited, which is in turn 100% controlled by Ms. Mak Siu Hang Viola. As such, VMS Investment Group Limited and Ms. Mak Siu Hang Viola are deemed to be interested in the Shares in which Newforest Limited is interested by virtue of Part XV of the SFO.

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 2021 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.

CHANGE IN THE COMPOSITION OF THE BOARD

Mr. Cheng Yang retired as non-executive Director on 25 May 2021.



OTHER INFORMATION (continued)

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has three members comprising two independent non-executive Directors ("INED"), namely Mr. Wong Man Chung, Francis (Chairman) and Mr. To Chun Wai and one non-executive Director, namely, Mr. Tsang On-Yip, Patrick. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial and internal controls, accounting policies and practices with management and external auditors; and; to review the Company's compliance with the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has reviewed and discussed with the management the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and the 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 the applicable code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors ("Code of Conduct") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code"). All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Code of Conduct for the six months ended 30 June 2021.



OTHER INFORMATION (continued)

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements 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 uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board
Greenheart Group Limited
Ding Wai Chuen
*Executive Director and
Chief Executive Officer*

Hong Kong, 27 August 2021

As at the date hereof, the Board comprises one executive Director, namely Mr. Ding Wai Chuen, three non-executive Directors, namely Messrs. Cheng Chi-Him Conrad, Tsang On-Yip Patrick and Simon Murray, 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>