



Greenheart Group

綠心集團

GREENHEART GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

2025

ANNUAL REPORT



Contents



	Page
Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	6
Biographical Details of Directors and Senior Management	15
Corporate Governance Report	20
Directors' Report	48
Independent Auditor's Report	68
Consolidated Statement of Profit or Loss and Other Comprehensive Income	73
Consolidated Statement of Financial Position	75
Consolidated Statement of Changes in Equity	77
Consolidated Statement of Cash Flows	78
Notes to the Consolidated Financial Statements	80



Corporate Information

BOARD OF DIRECTORS

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

Ding Wai Chuen*
(Chief Executive Officer)

Kenneth Lau[#]

Lie Ken Jie Remy Anthony Ket Heng[#]

Suen Chung Yan, Julia[#]

Wong Man Chung, Francis**

Cheung Pak To, Patrick**

To Chun Wai**

* Executive Director
[#] Non-executive Director
** Independent non-executive Director

AUDIT COMMITTEE

Wong Man Chung, Francis *(Chairman)*

Lie Ken Jie Remy Anthony Ket Heng

To Chun Wai

REMUNERATION COMMITTEE

Wong Man Chung, Francis *(Chairman)*

Kenneth Lau

To Chun Wai

NOMINATION COMMITTEE

To Chun Wai *(Chairman)*
(re-designated on 10 June 2025)

Cheung Pak To, Patrick

Suen Chung Yan, Julia
(appointed on 10 June 2025)

Cheng Chi-Him, Conrad
(ceased to be the chairman and member on 10 June 2025)

COMPANY SECRETARY

Fung Ka Man

AUTHORISED REPRESENTATIVES

Ding Wai Chuen

Fung Ka Man

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM 12, Bermuda

STOCK CODE

94

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

32A, 32/F., Fortis Tower
Nos. 77-79 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2877 2989
Fax: (852) 2511 8998

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

Corporate Information



PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

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

BRANCH SHARE REGISTRAR & TRANSFER OFFICE IN HONG KONG

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

WEBSITE

<http://www.greenheartgroup.com>

INVESTOR RELATIONS

ir@greenheartgroup.com



Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Greenheart Group Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present to the shareholders of the Company the annual results of the Group for the year ended 31 December 2025.

This year marked a significant turning point for the Group. We took decisive actions to streamline our operations, strengthen our financial position and enhance our strategic flexibility for the future.

DISPOSAL OF SURINAME OPERATION

After several years of recurring losses and operational challenges, the Group completed the disposal of the majority of its loss-making Suriname subsidiaries to an independent third party during the year. The Suriname division had recorded negative results for consecutive years, requiring substantial financial and management resources.

This disposal enables the Group to orderly exit from a non-performing segment and eliminate the ongoing financial burden associated with these operations. Following the cessation of the Suriname business, the Group is now better positioned to focus its resources on the opportunities that can offer stronger long-term prospects and sustainable returns.

VERY SUBSTANTIAL DISPOSAL OF NEW ZEALAND ASSETS

In September 2025, the Group announced the very substantial disposal of its New Zealand plantation forest assets and land. The transaction of the SPA 1 of the very substantial disposal, which represents the bulk of the transaction value, was successfully completed on 30 January 2026.

The completion of this transaction represents a significant milestone. It has enabled the Group to immediately unlock value from its long-term forestry assets. This move significantly strengthens our liquidity position and provides meaningful capital for future deployment.

Importantly, the proceeds from the disposal also allow the Group to reduce debt in the current high interest rate environment. By lowering leverage and finance costs, the Group enhances its financial resilience and capacity to respond effectively to future market developments and opportunities.

Chairman's Statement



PROSPECTS

Following these initiatives, the Group enters 2026 with a strengthened balance sheet. We will continue to take appropriate steps to streamline the remaining legacy arrangements associated with the Suriname business, with the objective of further simplifying the Group's corporate and operational structure.

Looking ahead, the Group will actively seek suitable investment opportunities capable of generating sustainable returns. While New Zealand remains a market the Group possesses deep operational experience, we will also explore opportunities across the broader Asia-Pacific region.

The Board remains committed to a disciplined investment approach, carefully evaluating potential opportunities with a focus on risk management, capital efficiency and long-term value creation for our shareholders.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to our shareholders, business partners and employees for their continued support. I would also like to extend my gratitude to our management team and staff for their dedication and perseverance in executing these transformative strategic initiatives during the year.

Cheng Chi-Him, Conrad

Non-executive Chairman

Hong Kong, 20 March 2026



Management Discussion and Analysis

BUSINESS REVIEW

During the year ended 31 December 2025, the Group recorded a net loss of HK\$83,891,000 (2024: HK\$173,249,000) from continuing and discontinuing operations. The reduction in net loss was primarily attributable to (i) a fair value gain on plantation forest assets located in New Zealand recognised in connection with the very substantial disposal announced on 10 September 2025; and (ii) the corresponding deferred income tax credit arising from such disposal. These factors were partially offset by (iii) disposal-related costs incurred in relation to the disposal; and (iv) a loss from discontinued operation from Suriname division.

Discontinued Operation – Suriname Division

The Suriname segment recorded negative results for each of the years ended 31 December 2022, 2023 and 2024 and, consequently, suffered from a significant decline in asset value over the years, despite continuous management efforts to improve its operations and results. To improve the financial sustainability and enable the management to focus resources on the Group's other businesses, the Group disposed of the majority of its loss-making subsidiaries in Suriname during the year ended 31 December 2025 and then ceased the operation in Suriname. The aforementioned disposal was made to an independent third party and the proceeds from the disposal were insignificant. A loss of HK\$88,751,000 (2024: HK\$73,803,000, re-presented) from the discontinued operation was recorded during the year ended 31 December 2025.

Continuing Operations

Revenue

The Group's total revenue from continuing operations (i.e. New Zealand division) for the year ended 31 December 2025 increased by 8.0% to HK\$42,360,000. The increase was primarily due to the increase in sales volume as shipments originally scheduled for December 2024 were deferred to January 2025 due to vessel scheduling. However, the average export selling price on free on board reduced by 5.0% to US\$76 per m³ (2024: US\$80 per m³) because the demand from China remained low in 2025.

Meanwhile, revenue from forest management services decreased slightly by 7.8% or HK\$416,000 because of the decrease in harvesting activities in third party forests managed by the Group.

Gross profit

The Group recorded a gross profit from continuing operations (i.e. New Zealand division) of HK\$5,387,000 (2024: HK\$4,477,000, re-presented) during the year ended 31 December 2025. The Group's gross profit margin for the year ended 31 December 2025 was 12.7% (2024: 11.4%, re-presented), benefiting from lower operating costs due to the depreciation of New Zealand dollars ("NZD") in 2025.

Management Discussion and Analysis



Other income

Other income from continuing operations primarily represented bank interest income.

Other gains and losses

Other gains and losses from continuing operations for the year ended 31 December 2025 mainly represented impairment of property, plant and equipment under assets classified as held for sale located in New Zealand.

Impairment losses reversed on financial assets, net

Impairment losses reversed on financial assets from continuing operations mainly represented reversal of the expected credit losses (“ECL”) on trade receivables as a result of settlements received during the year ended 31 December 2025.

Fair value gain on plantation forest assets

The fair value gain on our plantation forest assets in New Zealand amounted to HK\$35,354,000 (2024: loss of HK\$65,847,000). The fair value gain was primarily a reflection of the premium embedded in the purchaser’s offer price for the plantation forest assets under the very substantial disposal announced on 10 September 2025.

Selling and distribution costs

The selling and distribution costs from continuing operations (mainly including trucking, export handling expenses and logistic-related costs arising from the sale of logs) for the year ended 31 December 2025 increased by HK\$157,000 or 2.7%. Such increase was the net effect of the increase in sales volume and the depreciation of NZD for the year ended 31 December 2025.

Administrative expenses

Administrative expenses from continuing operations for the year ended 31 December 2025 increased by 48.9% or HK\$15,356,000, primarily due to (i) impairment losses recognised on certain property, plant and equipment classified as held for sale; (ii) increase in forest maintenance fee caused by the completion of harvesting cycle in one of our largest plantation forest assets; and (iii) legal and professional fees incurred in connection with the very substantial disposal announced on 10 September 2025.

Finance costs

Finance costs from continuing operations for the year ended 31 December 2025 increased by 31.1% or HK\$5,119,000. Such increase was primarily due to the increase in the amount advanced from a fellow subsidiary in 2025 and the increase in the interest on loans from immediate holding company allocated to continuing operations, which were allocated to Suriname division in previous years.



Management Discussion and Analysis

Income tax credit

Income tax credit from continuing operations for the year ended 31 December 2025 was mainly deferred tax credit from New Zealand division. It was mainly due to the taxable temporary differences arising from the de-recognition of tax losses, fair value gain on New Zealand plantation forest assets, different amortisation/depreciation rates for tax and accounting purposes in relation to the New Zealand forest roads assets and foreign currency denominated deferred tax liabilities.

Negative EBITDA

The negative EBITDA from continuing operations decreased from HK\$79,520,000 (re-presented), in 2024 to HK\$835,000 in 2025. The improvement was mainly attributable to the fair value gain on plantation forest assets in New Zealand as mentioned above.

Profit for the year attributable to owners of the Company

As a result of the aforementioned, the profit attributable to owners of the Company from continuing operations was HK\$7,038,000 for the year ended 31 December 2025 (2024: loss of HK\$99,446,000, re-presented).

Additional information related to valuations of plantation forest assets

Except for the plantation forest assets under assets classified as held for sale as at 31 December 2025, the Group's plantation forest assets were independently valued by Indufor Asia Pacific Limited ("Indufor") as at 31 December 2025. Indufor is an independent professional forest specialist consulting firm. The key valuers involved in the valuations are members of the New Zealand Institute of Forestry, they have no present or prospective interest in the Group's plantation forest assets, and have no personal interest or bias with respect to the Group. In the opinion of the Directors, Indufor is independent and competent to determine the fair value of the Group's plantation forest assets.

As part of the independent valuation, a ground inspection was conducted by Indufor in relation to certain areas of the Group's plantation forest assets to verify their physical existence and quality in 2025. In addition, a high level area validation exercise using satellite imagery was performed for the Group's plantation forest assets with a total land area of 2,595 hectares (2024: 15,306 hectares). The area verification covered the entire planted forest area.

Management Discussion and Analysis



The quality of the radiata pine is also assessed based on three criteria: the forest health, yield and grade mix. A high-level review of the status and general health and quality of the plantation forest assets mainly included:

- (a) comparing the status of plantation information provided by the forest manager with the results of the ground inspection in relation to the health and quality of the plantation conducted by Indufor;
- (b) assessment of the yield and grade mix of the plantation forest assets based on (i) the actual harvesting records obtained from the forest manager since the acquisition of the plantation forest assets; and (ii) the yield tables prepared by the previous owners of the plantation forest assets which the Group obtained during due diligence in previous years; and
- (c) comparing the forest planted area maps provided by the forest manager with a sample of newly planted stands inspected by Indufor during the field inspection.

LIQUIDITY AND FINANCIAL REVIEW

As at 31 December 2025, the Group's current assets and current liabilities were HK\$622,771,000 and HK\$229,948,000 respectively (31 December 2024: HK\$44,928,000 and HK\$37,495,000), HK\$39,846,000 (31 December 2024: HK\$19,508,000) of which were bank balances and cash. The Group's outstanding borrowings as at 31 December 2025 represented the loans from immediate holding company amounting to HK\$217,992,000 (31 December 2024: HK\$210,667,000), loans from a fellow subsidiary amounting to HK\$225,461,000 (31 December 2024: HK\$191,863,000), bank borrowing amounting to HK\$22,456,000 (31 December 2024: HK\$21,817,000) and lease liabilities of HK\$12,738,000 (31 December 2024: HK\$13,869,000). Accordingly, the Group's gearing ratio as of 31 December 2025, which was calculated on the basis of outstanding borrowings as a percentage of equity attributable to owners of the Company, was 81.4% (31 December 2024: 72.9%).

As at 31 December 2025, there were 2,782,486,584 (2024: 1,854,991,056) ordinary shares of the Company in issue. The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in United States dollars and Hong Kong dollars. The Group's liquidity and financing requirements are reviewed regularly.



Management Discussion and Analysis

Most of the Group's sales are denominated in United States dollars, to which the Hong Kong dollars is pegged. The majority of the Group's outstanding borrowings, and the majority of costs and expenses incurred in Hong Kong and Suriname are also denominated in United States dollars. The domestic sales generated from the New Zealand plantation forest assets, the forest management fee income from the New Zealand division and bank borrowing from the Bank of New Zealand are denominated in New Zealand dollars, which helps to partially offset the Group's operating expenses payable in New Zealand dollars. During the year ended 31 December 2025, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 December 2025. However, we will continue to closely monitor all possible exchange risk arising from the Group's existing operations and any new investments and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.

The Group's bank loan facilities are subject to the fulfilment of certain financial covenants as required by the Bank of New Zealand. During the year ended 31 December 2025, all financial covenants related to the bank loan facilities were met.

PROSPECTS

As we move through 2026, the global forestry market continues to present a mixed environment. While the domestic indicators in New Zealand have shown signs of gradual recovery, the Group's primary export markets continue to experience structural adjustments and macroeconomic headwinds.

New Zealand Division

The New Zealand softwood log market remained challenging at the beginning of 2026. In China, the Group's largest export market, the cost and freight prices for A-grade logs have declined to approximately US\$110 per JAS m³ to US\$112 per JAS m³, representing one of the weakest starts to a year in the past two decades. This reflects subdued demand in the Chinese property sector while the log supply from New Zealand has remained relatively stable.

Domestically, the New Zealand market has shown signs of recovery. Demand for structural timber has improved alongside a recovery in residential construction activity. Building consents increased by approximately 21% year-on-year in late 2025, although this improvement has yet to fully translate into higher wharf-gate log prices, which currently range between NZ\$110 per JAS m³ and NZ\$121 per JAS m³ in the North Island.

Management Discussion and Analysis



Suriname Division

Following the disposal of the majority of its Suriname operating subsidiaries in March 2025, the Group has eliminated a significant source of historical operating losses and operational complexity.

In 2026, the management intends to continue the orderly wind-down of the remaining dormant Suriname entities. This process will involve the gradual liquidation or striking off of residual holding entities where appropriate.

The completion of this exit strategy will allow the Group to fully redirect management resources and financial capital toward its New Zealand operations and potential new investment opportunities.

Outlook

Looking ahead, the Group will focus on strengthening its financial position and enhancing operational flexibility. Following the completion of SPA 1 of the very substantial disposal on 30 January 2026, the Group received gross proceeds of approximately NZ\$133,470,000, part of which was used to fully repay its NZ\$5,000,000 bank loan with the Bank of New Zealand, thereby reducing finance costs.

The Group also plans to repay outstanding related party loans associated with its New Zealand operations as they fall due, further strengthening the balance sheet. At the same time, the management will continue to pursue its asset-light approach by selectively acquiring forest cutting rights in New Zealand to supplement woodflow and support revenue generation alongside the Group's existing forestry cutting rights.

In addition, the Group will explore selective plantation investment opportunities within the Asia Pacific region to diversify geographical exposure and support long-term growth.

CHARGE ON ASSETS

As at 31 December 2025 and 2024, 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



Management Discussion and Analysis

- (ii) a fixed charge over:
 - a. the Group's forestry land (located in New Zealand) with carrying amount of approximately HK\$190,521,000 (2024: HK\$132,265,000) ("Forestry Land");
 - b. the Group's plantation forest assets (located in New Zealand) with carrying amount of approximately HK\$329,180,000 (2024: HK\$295,750,000) and all other estates and interests in the Forestry Land and all buildings, structures and fixtures on the Forestry Land;
 - c. all other present and after-acquired property that is not Personal Property of the Selected Group Companies; and
 - d. the Group's pledged bank deposit with carrying amount of approximately HK\$2,246,000 (2024: HK\$2,182,000).

CAPITAL EXPENDITURE

During the year ended 31 December 2025, the Group incurred capital expenditure of approximately HK\$760,000 (2024: HK\$1,187,000) on investment in property, plant and equipment.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (2024: nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the significant events after the end of the reporting period of the Group are set out in note 45 to the consolidated financial statements.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2025, the total number of employees of the Group was 20 (2024: 125) with employment costs (including Directors' emoluments) amounted to approximately HK\$19,493,000 (2024: HK\$30,660,000). 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.

Management Discussion and Analysis



BUSINESS ACQUISITION AND DISPOSAL

On 28 March 2025, the Group entered into a master sale and purchase agreement with an independent third party to dispose of the entire equity interests of 15 indirectly wholly-owned subsidiaries and 60% equity interest of an indirectly owned subsidiary of the Company in Suriname at a nominal consideration (the “Suriname Disposal”). These disposed subsidiaries in Suriname recorded losses for each of the years ended 31 December 2022, 2023 and 2024 and, consequently, suffered from a significant decline in asset value over the years, and each carried net liabilities. For further details, please refer to note 15 to the consolidated financial statements.

On 29 August 2025, Greenheart Mangakahia Forest Land Limited and Greenheart Papakorakora Forest NZ Limited, each being an indirect wholly-owned subsidiary of the Company, and the Company entered into the agreement for sale and purchase of real estate (the “SPA 1”) with Ingka Investments Forest Assets NZ Limited, an independent third party, in relation to the disposal of 78 parcels of land located in the Mangakahia Forest, Northland region of New Zealand (the “Sale Assets 1”) and a parcel of land located in the Ormond Valley, Gisborne region of New Zealand (the “Sale Assets 2”).

On the same date, Greenheart Mangakahia Forest Māori Land Limited, being an indirect wholly-owned subsidiary of the Company, and the Company entered into the agreement for sale and purchase of real estate (the “SPA 2”) with Ingka Investments Forest Assets NZ Limited, an independent third party, in relation to the disposal of a parcel of land located in the Mangakahia Forest, Northland region of New Zealand (the “Sale Assets 3”).

The SPA 1 and the SPA 2 were approved by shareholders at the special general meeting held on 24 November 2025. As at 31 December 2025, the disposal of the Sale Assets 1, the Sale Assets 2 and the Sale Assets 3 were not yet completed.

Subsequent to the end of the reporting period, on 30 January 2026, the disposal of the Sale Assets 1 and the Sale Assets 2 was completed.

Further details are set out in (i) the Company’s announcements dated 10 September 2025, 30 September 2025, 19 December 2025 and 2 February 2026; (ii) the circular of the Company dated 7 November 2025; and (iii) the poll results announcement of the Company for the special general meeting dated 24 November 2025. For further details, please refer to note 17 to the consolidated financial statements.

Save as disclosed above, the Group had no other material business acquisitions or disposals for the year ended 31 December 2025.



Management Discussion and Analysis

CAPITAL STRUCTURE

Rights issue

During the year ended 31 December 2025, the Company issued 927,495,528 rights shares at the subscription price of HK\$0.0363 per rights share on the basis of one rights share for every two existing shares. The gross proceeds from the rights issue were approximately HK\$33,668,000, and the net proceeds from the rights issue after deducting all relevant expenses in relation to the rights issue were approximately HK\$31,667,000.

The Company intended to apply the net proceeds raised from the rights issue as to (i) approximately 74% of net proceeds for the Group's New Zealand division to support ongoing operations, particularly in relation to the realization of existing cutting rights; and (ii) approximately 26% for the Group's corporate-level overhead expenses, including compliance, regulatory, and administrative costs necessary to maintain the Company's status as a listed entity.

As at 31 December 2025, the net proceeds were applied as follows:

	Proposed use of net proceeds as disclosed in the prospectus HK\$'000	Actual amount utilised during the year ended 31 December 2025 HK\$'000	Unutilised net proceeds as at 31 December 2025 HK\$'000
New Zealand division to support ongoing operations	23,500	20,910	2,590
Group's corporate-level overhead expenses	8,167	7,550	617
Total	31,667	28,460	3,207

Subsequent to the end of the reporting period, by the end of January 2026, the remaining net proceeds were fully utilised in accordance with the original purpose disclosed.

Further details are set out in the Company's announcements dated 10 June 2025, 12 June 2025, 24 July 2025 and 11 August 2025 and the prospectus of rights issue dated 7 July 2025.

Biographical Details of Directors and Senior Management



DIRECTORS

Mr. Cheng Chi-Him, Conrad, aged 47, has been a non-executive Director of the Company since 4 June 2015 and non-executive Chairman of the Board since 22 March 2016. Mr. Cheng graduated from University of Toronto in Canada with a Bachelor of Arts degree in Statistics and has been specializing in project management of property projects in China since 2005.

Mr. Ding Wai Chuen, aged 66, has been an executive Director and Chief Executive Officer of the Company since 5 November 2018. Mr. Ding graduated from the University of Birmingham with a Bachelor's degree in Commerce. He is a fellow member of the Institute of Chartered Accountants in England and Wales. Mr. Ding has over 30 years of experience in professional accountancy with international firms in England and Hong Kong. Before joining the Company, he served as the chief executive of the Hong Kong Institute of Certified Public Accountants ("HKICPA") for six years. Mr. Ding was an independent non-executive director, non-executive director and executive director of Lam Soon (Hong Kong) Limited (stock code: 411) and an independent non-executive director and the executive director of Guoco Group Limited (stock code: 53). He was a member of the Commission on Strategic Development of the HKSAR Government from November 2005 to June 2007. Mr. Ding was a council member of HKICPA and a member of the Financial Reporting Review Panel of the Financial Reporting Council between 2007 and 2012. In 2016, he was appointed as a member of the First Accounting Standards Advisory Committee of the Ministry of Finance of the PRC. Between November 2014 and October 2018, Mr. Ding represented Hong Kong to serve on the board of International Federation of Accountants, the global organization for the accountancy profession with over 170 members and associates in 130 countries and jurisdictions.



Biographical Details of Directors and Senior Management

Mr. Kenneth Lau, aged 50, has been a non-executive Director of the Company since 24 May 2022. Mr. Lau is a member of remuneration committee of the Company (the “Remuneration Committee”). He is the managing principal of Chow Tai Fook Enterprises Limited. Mr. Lau is currently an alternate director of Melbourne Enterprises Limited (stock code: 158), being a listed public company in Hong Kong. He is also a director of Yunnan Jinggu Forestry Co., Ltd. (stock code: 600265.SH), being a company listed on the Shanghai Stock Exchange. Mr. Lau has 20 years of experience in corporate finance, real estate and private equity investments. Prior to joining Chow Tai Fook Enterprises Limited, he was the co-founder and managing director at Pinnacle Real Estate Capital Partners Limited and the director in charge of China acquisitions at Aetos Capital LLC. Mr. Lau also previously worked in the Global Real Estate Group and the Investment Banking Division of Lehman Brothers Asia Limited. He holds a Master of Engineering degree from the University of Oxford in the United Kingdom.

Mr. Lie Ken Jie Remy Anthony Ket Heng, aged 46, has been a non-executive Director of the Company since 24 May 2022. Mr. Lie Ken Jie is a member of audit committee of the Company (the “Audit Committee”). He is currently an alternate director of i-CABLE Communications Limited (stock code: 1097), being a listed public company in Hong Kong. Mr. Lie Ken Jie is a senior vice president of Chow Tai Fook Enterprises Limited with responsibilities in making strategic investments globally. He is also a director of Newforest Limited which is a substantial shareholder of the Company. Mr. Lie Ken Jie holds a Master’s degree in Finance and a Master’s degree in Civil Engineering, both from Imperial College London in the United Kingdom. He formerly served as an executive director of i-CABLE Communications Limited (stock code: 1097).

Ms. Suen Chung Yan, Julia, aged 44, has been a non-executive Director of the Company since 31 May 2023. Ms. Suen is a member of nomination committee of the Company (the “Nomination Committee”). She is currently a director of The Force Production Company Limited, an indirectly wholly-owned subsidiary of i-CABLE Communications Limited (stock code: 1097). Ms. Suen is an experienced professional with a diverse background in marketing and TV production. She is in charge of the Cable TV Horse Racing Channel and serves as a TV program producer. Prior to her present roles, Ms. Suen was the head of marketing at FTLife Insurance Company Limited (currently known as Chow Tai Fook Life Insurance Company Limited). She holds a Master’s degree in Business Administration from Pebble Hills University in the United States of America.

Biographical Details of Directors and Senior Management



Mr. Wong Man Chung, Francis, aged 61, has been an independent non-executive Director of the Company since 2 July 2015. Mr. Wong is the chairman of each of the Audit Committee and the Remuneration Committee of the Company. He holds a Master's degree in Management conferred by Guangzhou Jinan University, the People's Republic of China. Mr. Wong is a fellow member of the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants of the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Society of Chinese Accountants and Auditors and a Certified Tax Advisor of the Taxation Institute of Hong Kong. He is a Certified Public Accountant (Practising) and has over 30 years of experience in auditing, taxation, corporate internal control and governance, acquisition and financial advisory, corporate restructuring and liquidation, family trust and wealth management.

Previously, Mr. Wong worked for KPMG, an international accounting firm, for 6 years and the Hong Kong Securities Clearing Company Limited for 2 years. He is currently an independent non-executive director of each of Integrated Waste Solutions Group Holdings Limited (stock code: 923), China Oriental Group Company Limited (stock code: 581), Wai Kee Holdings Limited (stock code: 610) and Hilong Holding Limited (stock code: 1623), all being listed public companies in Hong Kong. Mr. Wong previously served as an independent non-executive director of GCL Technology Holdings Limited (stock code: 3800), Kunming Dianchi Water Treatment Co., Ltd. (stock code: 3768), China New Higher Education Group Limited (stock code: 2001), Digital China Holdings Limited (stock code: 861), IntelliCentrics Global Holdings Limited (stock code: 6819, currently delisted), Shanghai Dongzheng Automotive Finance Co., Ltd. (stock code: 2718, currently delisted) and Qeeka Home (Cayman) Inc. (stock code 1739).



Biographical Details of Directors and Senior Management

Mr. Cheung Pak To, Patrick *BBS*, aged 76, has been an independent non-executive Director of the Company since 5 June 2019. Mr. Cheung is a member of Nomination Committee of the Company. He holds a Master's degree in Public Administration from the University of Hong Kong. Mr. Cheung has extensive management and administrative experience. Between 1969 and 1989, he served with the United Kingdom Government, British Forces in Hong Kong for 21 years, with his final post as a Civilian Executive Officer. Thereafter from 1989, Mr. Cheung was employed by the Securities and Futures Commission of Hong Kong for 20 years, with his final position as senior manager of the Finance & Administration Department. On the social and community responsibilities front, he was a devoted volunteer officer in the Hong Kong Civil Aid Service for 30 years during which he was appointed as honorary Aide-de-Camp to Governors Lord Wilson and Mr. Christopher Patten; and Chief Executive Mr. Tung Chee-hwa for 10 consecutive years from 1990 to 1999. Mr. Cheung achieved the rank of Assistant Commissioner in the Hong Kong Civil Aid Service and was awarded the Bronze Bauhinia Star by the Hong Kong Government in 2003. He is currently an independent non-executive director of each of Minshang Creative Technology Holdings Limited (stock code: 1632), China Financial Services Holdings Limited (stock code: 605) and Virtual Mind Holding Company Limited (stock code: 1520), all being listed public companies in Hong Kong. Mr. Cheung formerly served as an executive director of 3DG Holdings (International) Limited (stock code: 2882, formerly known as Hong Kong Resources Holdings Company Limited) and re-designated as its non-executive director. He was also an independent non-executive director of National Agricultural Holdings Limited (stock code: 1236, currently delisted) and Amasse Capital Holdings Limited (stock code: 8168).

Mr. To Chun Wai, aged 70, has been an independent non-executive Director of the Company since 30 July 2020. Mr. To is the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee of the Company. He is an independent non-executive director of each of Auto Italia Holdings Limited (stock code: 720), ISP Holdings Limited (stock code: 2340) and DeTai New Energy Group Limited (stock code: 559), all being listed public companies in Hong Kong. Mr. To formerly served as an executive director and a non-executive director of Integrated Waste Solutions Group Holdings Limited (stock code: 923) and an independent non-executive director of NOVA Group Holdings Limited (stock code: 1360, currently delisted). He spent most of his career, beginning in 1974, with the Hong Kong Police, rising up the ranks to Assistant Commissioner of Police (Crime) overseeing crime operations and policies of the Hong Kong Police, until his retirement in 2011. Mr. To was awarded the Police Meritorious Service Medal in recognition of his long years of service and contribution to the Hong Kong society. He has wide administrative and management experience. Mr. To holds a Master's degree in Public Administration from the University of Hong Kong and also tutored public administration on a part-time basis from 2011 to 2012 at the University of Hong Kong.

Biographical Details of Directors and Senior Management



SENIOR MANAGEMENT

Mr. Lai Kwok Hung, Danny, aged 52, is the overseas operations director of the Company. Since joining the Company in 2015, Mr. Lai has been focusing on the overseas business operations, assessing and shaping transformational projects, execution and delivery of key targets and the development of new business growth initiatives. He is also responsible for the turnaround of Suriname operations and the business development in New Zealand. Mr. Lai has over 20 years of global experience from various industries covering oil and gas, advertising and technology spanning across Africa, Middle East, Asia and North and South America.

Mr. Chen Chun Ho, Chris, aged 41, is the financial controller of the Company. Mr. Chen joined the company in 2012 and served until 2016, before re-joining at the end of 2018. He has more than 10 years of experience in financial and accounting operations. Mr. Chen holds a Bachelor's degree in Accountancy from the Hong Kong Baptist University. He is a member of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Prior to joining the Company, Mr. Chen worked in the audit profession with an international accounting firm.

Ms. Fung Ka Man, aged 45, is the company secretary of the Company (the "Company Secretary"). Ms. Fung joined the Company in 2021. She is an associate of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Ms. Fung holds a Bachelor of Laws Degree from the University of London. She has over 10 years of experience in corporate governance, legal and compliance areas.



Corporate Governance Report

The Board and management of the company are committed to maintaining a high standard of corporate governance to promote and safeguard the interests of shareholders and other stakeholders through increasing transparency and disclosure in order to enhance their confidence. The Company has adopted and applied all applicable corporate governance principles and practices in day-to-day management and operation of the Company. Such application is monitored, reviewed and strengthened by the Board from time to time in an ever-changing global trend and business environment. The Company has complied with all applicable code provisions set out in Part 2 of Appendix C1 Corporate Governance Code (the “CG Code”) to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year, except with the deviation set out below:

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

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

CORPORATE PURPOSE

The purposes of the Company are to promote success of the Group by visionary and effective leadership by the Board and upholding high standards of corporate governance to create and enhance long-term return for shareholders as well as stakeholders while undertaking corporate social responsibility with green sustainability.

Corporate Governance Report



CORPORATE VALUES AND CULTURE

The Group's value and culture are based on sustainability principles. They are comprised of four different scopes, namely, environmental protection, our people, operating practices, and community involvement.



Environmental Protection – We adopt sustainable forestry practices in our operations.

Our People – We respect every person is unique and has his own talent in different aspects. We treasure lives of our workers and follow stringent safety measures in our forestry operations.

Operating Practices – We do business lawfully, ethically and responsibly.

Community Involvement – We listen, care and support our community.



Corporate Governance Report

CORPORATE STRATEGY

The Group embeds the sustainability principles into its core business strategy, including the focus on ways to protect our forests for the future, to create long-term economic value for our shareholders and to ensure a safe and healthy working environment for our employees.

Environmental Protection – Management monitors closely the Group’s greenhouse gas emissions and energy consumption and stays abreast of environment-related regulatory developments in the respective areas where the Group operates. Only trees that aged to certain years will be harvested. Harvested land will be replanted within 12 months after harvesting.

Our People – Recruitment is under open and transparent process. We prohibit the use of child labour and forced labour in any workplace. Personal protective equipment is provided to workers. Workers are asked to use available and applicable protection measures at all times to avoid accidents.

Operating Practices – Whistleblowing Policy, Anti-Corruption Policy and Anti-Money Laundering and Counter-Terrorist Financing Policy outline the Group’s business culture on maintaining high standards of ethics and integrity.

Community Involvement – We actively participate in activities that promote green lives. We make donations to support the less privileged. We encourage our staff to participate in voluntary work for the benefit of the community.

Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, values and strategy of the Group are aligned.

Corporate Governance Report



THE BOARD

The Board currently comprises eight Directors, including one executive Director, namely Mr. Ding Wai Chuen; four non-executive Directors, namely Mr. Cheng Chi-Him, Conrad (Chairman), Mr. Kenneth Lau, Mr. Lie Ken Jie Remy Anthony Ket Heng and Ms. Suen Chung Yan, Julia, and three independent non-executive Directors, namely Mr. Wong Man Chung, Francis, Mr. Cheung Pak To, Patrick and Mr. To Chun Wai. All of the non-executive Directors and independent non-executive Directors come from various commercial sectors who possess different knowledge, skills and experience which enable them to discharge their director's duties, exercise independent judgement and give constructive opinions on the Company's strategy and policies. There is a strong independent element on the Board as a result of the number of non-executive Directors (including independent non-executive Directors) is far more than that of executive Director. Non-executive Directors are of sufficient calibre and number for their views to carry weight.

The Board has three independent non-executive Directors. One of the independent non-executive Directors, Mr. Wong Man Chung, Francis, is a certified public accountant (practising) and has appropriate professional qualifications or accounting or related financial management expertise. The Company has complied with rules 3.10(1) and 3.10(2) of the Listing Rules throughout the year. The number of independent non-executive Directors represents more than one-third of the Board which complies with the requirement under rule 3.10A of the Listing Rules. The Company has received annual written confirmation from each of the independent non-executive Directors regarding his independence as required under rule 3.13 of the Listing Rules. None of the Directors has family relationship with one another and none of them has family relationship with senior management of the Company. In addition, neither of them is involved in the day-to-day management of the Company nor any circumstances which would materially interfere with their exercise of independent judgement. Having regard to their confirmations and contributions to the Board, the Company considers all the independent non-executive Directors to be independent and they are capable of effectively exercising independent judgment. The Board has a balanced structure, size and composition with various skills and expertise necessary for the Company's business.

The Board is supported by three board committees: the Audit Committee, the Nomination Committee and the Remuneration Committee. Each of the Committees has its own terms of reference approved by the Board clearly explaining its role and the authority delegated to it by the Board. All these Committees are chaired by independent non-executive Directors. All these Committees are given sufficient resources by the Company to perform their duties. Meetings of these Committees are convened and conducted in accordance with their respective terms of reference and each board committee reports the outcome of the committee's meetings to the Board. The terms of reference for each of these Committees are available on both the websites of the Company and the Stock Exchange ("HKEXnews") (www.hkexnews.hk).



Corporate Governance Report

The names of all the Directors are identified in various corporate communications and in all announcements. Biographical details of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 15 to 19. An updated list of Directors identifying their roles and functions is available on both the websites of the Company and HKEXnews. During the year, the Company has arranged appropriate directors and officers liability insurance in respect of potential costs and liabilities arising from claims that may be brought against its Directors and officers.

CHANGES IN THE INFORMATION OF DIRECTORS

The following changes in information of Directors as required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules have taken place since the date of interim report 2025 and up to the date of this report:

1. Mr. Lie Ken Jie Remy Anthony Ket Heng resigned as an executive director of i-CABLE Communications Limited (stock code: 1097) on 13 December 2025. He was appointed as an alternate director of i-CABLE Communications Limited (stock code: 1097) on the same date.
2. Mr. Cheung Pak To, Patrick was appointed as an independent non-executive director of Virtual Mind Holding Company Limited (stock code: 1520) on 12 November 2025. He resigned as an independent non-executive director of Amasse Capital Holdings Limited (stock code: 8168) on 6 February 2026.

ROLES OF THE BOARD AND MANAGEMENT

The Board is accountable to shareholders for the long-term success of the Company. The Board is responsible for making decisions on the objectives, strategic plans, budgets and management structure of the Company; overseeing the management of the business and affairs of the Group with the objective of enhancing the performance of the Company and shareholders’ value; ensuring appropriate delegation of authority to, coupled with commensurate accountability of, management to manage day-to-day operations of the Group and to implement the budgets and strategic plans of the Board.

Corporate Governance Report



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. During the year and up to the date of this report, the Chairman of the Board and the Chief Executive Officer are Mr. Cheng Chi-Him, Conrad and Mr. Ding Wai Chuen respectively. The Chairman's responsibility is to provide leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. The Chief Executive Office is responsible for formulating the Group's strategies and focuses on implementing objectives, policies and strategies approved and delegated by the Board, and is in charge of the Company's day-to-day management and operations.

OPERATION OF THE BOARD

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional Board meetings are held whenever deemed necessary. In 2025, the Company held four regular meetings (2024: four meetings) with 100% attendance. The Board has delegated responsibility for day-to-day management of the Group to the executive Director and senior management. Sufficient notice is given for regular Board meetings and reasonable notice is given for non-regular Board meetings to all Directors to ensure that each of them has an opportunity to attend the meetings, and agendas and accompanying Board papers are given to all Directors in a timely manner before the date of the meeting in compliance with the CG Code. Directors are able, at the Company's expense, to seek independent professional advice in appropriate circumstances. Directors are kept apprised of all major changes that may affect the Group's business between scheduled Board meetings to enable them to make informed decisions. Draft minutes of the Board meetings are prepared by the Company Secretary to record in sufficient detail the matters considered and decisions reached by the Board, including any concerns raised or dissenting views voiced by any Director and they are circulated to all Directors for comments within a reasonable time.

Full minutes of the Board meetings are also maintained by the Company Secretary and they are available for inspection by all Directors upon request. All queries, advices and suggestions raised by non-executive Directors (including independent non-executive Directors) in the Board meeting are followed up by the executive Director and senior management of the Company promptly and provide appropriate feedback in timely manner.



Corporate Governance Report

BOARD MEETING, GENERAL MEETING AND ATTENDANCE

In 2025, four regular Board meetings were held with 100% attendance. The table below sets out the Directors' attendance at Board meetings and the annual general meeting (the "AGM") and the special general meeting (the "SGM") of the Company held on 10 June 2025 and 24 November 2025 respectively.

Directors	Board meetings attended/ eligible to attend	AGM attended/ eligible to attend	SGM attended/ eligible to attend
Executive Director			
Mr. Ding Wai Chuen	4/4	1/1	1/1
Non-executive Directors			
Mr. Cheng Chi-Him, Conrad	4/4	1/1	1/1
Mr. Kenneth Lau	4/4	1/1	1/1
Mr. Lie Ken Jie Remy Anthony Ket Heng	4/4	1/1	1/1
Ms. Suen Chung Yan, Julia	4/4	1/1	1/1
Independent non-executive Directors			
Mr. Wong Man Chung, Francis	4/4	1/1	1/1
Mr. Cheung Pak To, Patrick	4/4	1/1	1/1
Mr. To Chun Wai	4/4	1/1	1/1

Notices for convening the AGM and the SGM and the circulars containing the necessary information for shareholders to familiarize with the poll procedures and to make informed decision were dispatched to shareholders in accordance with the time frame allowed by the Listing Rules and the Bye-laws. All current Directors, including independent non-executive Directors, and the Company Secretary had attended the AGM and the SGM in person respectively. Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee also attended both the AGM and the SGM. The Company's auditor, Deloitte Touche Tohmatsu ("Deloitte"), also attended the AGM and the SGM respectively to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies, auditor's independence and issues in relation to the financial matters of the very substantial disposal of the sale assets in New Zealand. An explanation for the detailed procedures for conducting a poll was given and a session for answering questions from shareholders on voting by poll was conducted. All of the resolutions proposed at both the AGM and the SGM were taken by a poll and they were separate without bundling. All resolutions proposed were duly passed as ordinary resolutions. The poll results of the AGM and the SGM were published on the websites of the Company and HKEXnews on the same date afterwards.

Corporate Governance Report



BOARD DIVERSITY AND SKILLS MATRIX

The Company believes that the Board should possess the necessary skills, knowledge, expertise and experience to ensure effective governance of the Group and the Board's oversight of management. The summary below provides an overview of the structure of the Board the skills and experiences held by the Directors as at 31 December 2025:

Directors	Structure of the Board				Skills and experiences held by Directors						
	Designation	Gender	Age	Length of service (years)	Strategy	Leadership	Industry knowledge and experience	Financial literacy	Business acumen	Legal, risk management and compliance	Qualifications
Mr. Ding Wai Chuen	ED	M	66	7	E	E	E	E	E	E	B
Mr. Cheng Chi-Him, Conrad	NED	M	47	10	E	E	E	E	E	E	B
Mr. Kenneth Lau	NED	M	50	3	E	E	G	E	E	A	M
Mr. Lie Ken Jie Remy Anthony Ket Heng	NED	M	46	3	E	E	E	E	E	E	M
Ms. Suen Chung Yan, Julia	NED	F	44	2	A	A	E	G	A	A	M
Mr. Wong Man Chung, Francis	INED	M	61	10	A	A	A	E	E	E	M
Mr. Cheung Pak To, Patrick	INED	M	76	6	A	A	A	A	A	A	M
Mr. To Chun Wai	INED	M	70	5	A	A	A	A	A	A	M

Remarks:

ED – Executive Director

NED – Non-executive Director

INED – Independent non-executive Director

M – Male

F – Female

E – Expert level

A – Advanced level

G – General knowledge

B – Bachelor's degree

M – Master's degree

Currently the Board is comprised of male and female representation with different skills and expertise and achieved a diverse and inclusive Board. This fulfilled stakeholders' expectation and international and local recommended best practices. The Board has approved and revised its Board Diversity Policy on 10 June 2025 in accordance with the recommendations made by the Nomination Committee, with a goal to have both male and female representatives on its Board with no less than 10% is female representation. Having considered the Company has already complied with all the applicable rules of the Listing Rules in relation to gender diversity and achieved the target set by the Company's Board Diversity Policy, the Board concluded that the current gender mix is considered appropriate for the year. The Company recognises that the 10% threshold does not represent a "ceiling" as the Company will continue to look for opportunities to further enhance diversity when appropriate candidates are identified. The Company will always wish to ensure appointments reflect the best skills available for the role. The Company will review the composition and size of the Board annually.



Corporate Governance Report

Apart from academic qualifications, soft skills of Directors are also important. An appropriate mix of skills of the Board plays a crucial role in board effectiveness. Identifying the skills areas that are essential to the Board and the existing skills mix assists the Company to find out any imperfections and room for its enhancement. The Board is a team well-built on strong business management, swift strategic planning to the dynamic external environment and equipped with financial expertise which can direct and lead the Company to operate effectively to achieve its goals and targets. Having regards to the nature of forestry, talents that are proficient in this industry are limited. The Company is always looking for suitable candidate to join the Board to ensure the Board has adequate in-depth industry knowledge. Having considered the factors above, the Board believes that the skills and experiences the Directors possessed and an appropriate gender mix of the Board are capable of leading the Company to achieve its corporate purpose by formulating well-planned corporate strategies and making the right decisions.

DIVERSITY OF SENIOR MANAGEMENT AND WORKFORCE

The Company further adopted a Workforce Diversity Policy (a summary is set out in the sub-section headed “Workforce Diversity Policy” under Nomination Committee section below) on 10 June 2025 to promote gender diversity throughout the Group. It outlines the approach and commitment to inclusion and diversity in the workforce (including senior management) of the Group. The Company encourages gender diversity at all departmental and working levels. Having regards to the nature of the forestry business, the Company does not have any quantitative target regarding gender diversity for the frontline workforce and will strive to maintain a level of no less than 30% female representatives for staff performing management and support functions. As at 31 December 2025, the total number of employees of the Group was 20, of which approximately 33.3% were female at senior management (excluding executive Director) and approximately 43.8% at the workforce (excluding senior management), which exceeds the target set by the Workforce Diversity Policy. In order to nurture women leadership, the Company encourages its employees to participate in activities on gender equality.



BOARD INDEPENDENCE

The Board conducted a review annually to assess its independence by virtue of the belief of the Company that independence is a critical component of good corporate governance. The Board comprises one executive Director and seven non-executive Directors, in which three of them are independent non-executive Directors. The percentage of independent non-executive Directors on the Board is 37.5%, which exceeds the independence requirements under the Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence. None of the Directors has family relationship with one another and none of them has family relationship with senior management of the Company. Independent non-executive Directors receive fixed fees in the form of cash payment and none of them receive remuneration based on performance of the Group. Senior management is invited to present to the Board on different topics and give advice to the Board. External independent specialists were invited in two Board meetings in 2025 to give professional advice to the Board. All Directors are entitled to obtain independent professional advice at the expense of the Company. Furthermore, all Directors are required to declare any actual or potential conflicts of interests that may arise in relation to any agenda items to be discussed at Board meeting. The relevant director(s) shall abstain from voting on such agenda item(s) where such conflicts exist. The conclusion of this review was, after consideration of all relevant circumstances that are likely to impair, or could appear to impair, independence, sufficient measures have been taken by the Company to ensure independent views and input are available to the Board and such measures remained effective throughout the year.

BOARD PERFORMANCE

The Company recognises a high-performing and well-functioning board is essential for the Company's success and good corporate governance. An evaluation of the board enables it to pinpoint those areas where it excels and those areas are in need of more attention. In 2025, the Board conducted an internal self-assessment regarding the effectiveness of its operations. The goal of the evaluation was to ensure the Board and its Committees to continue to act effectively and to identify opportunities for improving their effectiveness. The self-assessment, conducted through a detailed questionnaire completed by each of the Directors, was carried out under the supervision of the executive Director delegated by the Chairman and supported by the Company Secretary. The thematic areas examined in this self-assessment included, among others, the appropriateness of the Board's structure, dynamics of the boardroom, the Board's oversight of the Company's strategic direction, risk management and performance monitoring, and the relationship and communication between the Board, senior management and stakeholders. The tools used during the evaluation process included examination of documents and procedures, observation of meetings and a self-assessment questionnaire. The final results regarding its operational effectiveness were discussed in the Nomination Committee and presented to the Board. The conclusion of the self-assessment was that no material deficiencies were found in the performance of the Board for the year 2025. Overall, the 2025 review reaffirmed that the Board operates effectively and is well functioning. Nevertheless, the Board will continue to find the potential for enhancement. The Board performance evaluation will be conducted once for every two years.



Corporate Governance Report

DIRECTORS' INDUCTION AND DEVELOPMENT

The Board recognises the importance of induction and training for its Directors. New Directors are provided with comprehensive induction training upon appointment to the Board to ensure that they have a thorough understanding of the Group's operations and governance policies, as well as their roles and responsibilities. These orientation materials are presented by the executive Director and senior management in the form of a detailed induction to the Group's businesses, strategic direction and governance practice.

Directors are encouraged to participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills necessary for the performance of their duties and keep abreast of current trends and issues facing the Group. This is to ensure that their contribution to the Board remains informed and relevant. Directors are appropriately briefed on the latest changes to, and development of, the Listing Rules, corporate governance practices and other regulatory regimes with written materials. They are also encouraged to participate in professional seminars relating to director's duties and responsibilities.

Directors are committed to complying with rule 3.09F of the Listing Rules on Directors' CPD. All of the Directors confirmed that they have participated in CPD during the year and provided a record of CPD they received to the Company.

Corporate Governance Report



The individual CPD record of each Director received for the year is set out below:

Directors	Mode of CPD taken	Topics					Total number of hours CPD completed
		Roles, functions and responsibilities of the Board and its committees	Directors' duties under the Listing Rules and Hong Kong law	Corporate governance and ESG matters	Risk management and internal controls	Industry and business updates	
Executive Director							
Mr. Ding Wai Chuen	Self-study	✓	✓	✓	✓	✓	20.5
Non-executive Directors							
Mr. Cheng Chi-Him, Conrad	Self-study	✓	✓	✓	✓	✓	20.5
Mr. Kenneth Lau	Self-study	✓	✓	✓	✓	✓	20.5
Mr. Lie Ken Jie Remy Anthony Ket Heng	Self-study	✓	✓	✓	✓	✓	20.5
Ms. Suen Chung Yan, Julia	Self-study	✓	✓	✓	✓	✓	20.5
Independent non-executive Directors							
Mr. Wong Man Chung, Francis	Self-study	✓	✓	✓	✓	✓	20.5
Mr. Cheung Pak To, Patrick	Self-study	✓	✓	✓	✓	✓	20.5
Mr. To Chun Wai	Self-study	✓	✓	✓	✓	✓	20.5

NON-EXECUTIVE DIRECTORS

All non-executive Directors (including the independent non-executive Directors) have been appointed for a specific term of three years, subject to retirement by rotation and re-election at least once every three years at the AGM in accordance with the Bye-laws and the Listing Rules (with the exception of the deviation from code provision B.2.2 disclosed above).

In compliance with rules 3.10(1) and (2) and 3.10A of the Listing Rules, the Company has appointed at least three independent non-executive Directors, who represent more than one-third of the Board and one of the independent non-executive Directors possesses appropriate professional qualifications, or accounting or related financial management expertise. They are expected to scrutinize the Company's performance in achieving agreed corporate goals and objectives, and ensure that the exercise of the board authority is within the powers conferred to the Board under the Bye-laws and applicable laws, rules and regulations.



Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Code of Conduct") on terms no less exacting than the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code"). Having made specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct regarding their securities transactions throughout their tenure during the year.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policies and procedures are followed, advising the Board on governance matters and facilitating induction and professional development of Directors. The Company Secretary is also responsible for preparing and maintaining minutes of all Board and Board committee meetings. The Company Secretary is an employee of the Company and reports to the Chief Executive Officer directly. The selection, appointment or dismissal of the Company Secretary is subject to the approval of the Board. The Company Secretary confirmed that she has fulfilled the requirements of rules 3.28 and 3.29 of the Listing Rules and has attended not less than 15 hours of relevant professional training during the year. All Directors have access to the advice and services of the Company Secretary to ensure that the Board's procedures, and all applicable law, rules and regulations, are followed.

NOMINATION COMMITTEE

The Nomination Committee currently has three members comprising two independent non-executive Directors, namely Mr. To Chun Wai (Chairman) and Mr. Cheung Pak To, Patrick, and one non-executive Director Ms. Suen Chung Yan, Julia.

During the year, the following changes in the composition of the Nomination Committee have taken place with effect from 10 June 2025: (i) Ms. Suen Chung Yan, Julia, was appointed as a member; (ii) Mr. Cheng Chi-Him, Conrad ceased to act as the chairman and member; and (iii) Mr. To Chun Wai, who was already a member, has been re-designated to be the chairman.

The primary responsibilities of the Nomination Committee are, among other matters, to assist the Board to review the size and structure of the Board and make recommendations to the Board on the selection of individuals nominated for directorships and on the appointment or re-appointment of Directors to the Board. The Nomination Committee is also responsible for assessing the independence of independent non-executive Directors and reviewing the Nomination Policy and the Board Diversity Policy of the Company (as defined under the sub-sections below) periodically and making recommendation on any proposed revisions to the Board where necessary.

Corporate Governance Report



During the year, the Nomination Committee has (i) reviewed the size, composition and structure of the Board and made recommendations to the Board for approval for the changes in its composition; (ii) reviewed the independence of independent non-executive Directors; (iii) discussed and recommended the Board the retiring Directors to stand for re-election at the AGM; (iv) assessed the time commitment and contribution to the Board of each of the Directors and their ability to discharge directors' responsibilities effectively; (v) reviewed the implementation of the Nomination Policy and the Board Diversity Policy; (vi) reviewed its terms of reference and made recommendations to the Board for approval for the changes; (vii) reviewed the Board Diversity Policy and made recommendations to the Board for approval for the changes; and (viii) discussed and reviewed the Workforce Diversity Policy and made recommendations to the Board for approval.

Two meetings were held by the Nomination Committee during the year. Attendance of the members is set out below:

Members of Nomination Committee	Number of meeting(s) attended/eligible to attend
Mr. To Chun Wai (<i>Chairman</i>)	2/2
Ms. Suen Chung Yan, Julia ^{Note 1}	N/A
Mr. Cheung Pak To, Patrick	2/2
Mr. Cheng Chi-Him, Conrad ^{Note 2}	2/2

Notes:

1. Ms. Suen Chung Yan, Julia was appointed as a member of the Nomination Committee on 10 June 2025.
2. Mr. Cheng Chi-Him, Conrad ceased to be the chairman and member of the Nomination Committee on 10 June 2025.

The Nomination Committee has written terms of reference explaining its role and authority delegated to it by the Board. The terms of reference of the Nomination Committee were revised and approved by the Board on 10 June 2025 and the latest version is available on the websites of the Company and HKEXnews.



Corporate Governance Report

NOMINATION POLICY

The Company has adopted a nomination policy of the Company (the “Nomination Policy”), setting out the nomination procedure and the process and criteria to nominate suitable candidates to the Board for it to consider and make recommendations to shareholders for election as Director(s) at general meetings.

In assessing the suitability of a proposed candidate, the Nomination Committee will consider a number of factors, including but not limited to the candidate’s reputation for integrity, accomplishment and experience, commitment in respect of available time and relevant interest, the Company’s Board Diversity Policy (as defined below), independence of the candidate (where applicable); and any other factors that the Nomination Committee considers appropriate.

Nomination Procedures

1. *Appointment of New and Replacement Directors*

If the Nomination Committee determines that an additional or replacement Director is required, it will arrange multiple channels for identifying suitable candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive recruitment firms.

Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates and make recommendation based on the selection criteria and such other factors that it considers appropriate for consideration by the Board. The Board has the final authority on determining suitable director candidate for appointment.

2. *Re-election of Directors*

Where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee shall consider and, if consider appropriate, make recommendations to the Board for consideration, for such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

3. *Nomination from Shareholders*

Any shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary within the lodgement period specified in the relevant shareholder circular (a) a written nomination of the candidate; (b) a written confirmation from such nominated candidate of his or her willingness to stand for election; and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all shareholders for information by a supplemental circular.

Corporate Governance Report



BOARD DIVERSITY POLICY

The Company also adopted a board diversity policy of the Company (the “Board Diversity Policy”) setting out the approach to achieve diversity in the Board composition. As set out in the policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. All Board appointments will be based on merit, ability and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board.

The Board will ensure that appropriate balance of gender diversity is achieved with reference to stakeholders’ expectation and international and local recommended best practices, with the goal to have both male and female representatives on its Board with no less than 10% is female representation. The Company recognises that this target does not represent a “ceiling” as the Company will continue to look for opportunities to further enhance diversity when appropriate candidates are identified.

WORKFORCE DIVERSITY POLICY

In addition to the policies above, the Company further adopted a workforce diversity policy of the Company (the “Workforce Diversity Policy”). This Workforce Diversity Policy aims to set out the approach and commitment to inclusion and diversity in the workforce (including senior management) of the Company and its subsidiaries from time to time. The Company believes a diversified and inclusive working environment can promote a harmonious working atmosphere among employees, where employees are treated with dignity. A diverse workplace attracts and retains top talent, builds a high performance team, enhances creativity and innovation and improves decision making. All these perspectives are aligned with the Company’s value and culture.

The Company is committed to fostering gender diversity across its workforce. In order to create and maintain a heterogeneous workforce, the Company will make all employment-related decisions, including recruitment, employment, development, promotion and compensation, based on meritocracy regardless of gender, age, race, ethnicity, religion, sexual orientation, disability as well as cultural background.

The Company is committed to upholding gender diversity across its workforce where appropriate. Having regards to the nature of the forestry business, the Company does not have any quantitative target regarding gender diversity for the frontline workforce and will strive to maintain a level of no less than 30% female representatives for staff performing management and support functions.



Corporate Governance Report

The Nomination Policy, the Board Diversity Policy and the Workforce Diversity Policy can be accessed from the website of the Company. The Nomination Committee will review and monitor the implementation of these policies regularly to ensure their continued effectiveness and makes recommendations on any proposed revisions as may be required to the Board for approval.

REMUNERATION COMMITTEE

The Remuneration Committee currently has three members comprising two independent non-executive Directors, namely Mr. Wong Man Chung, Francis (Chairman) and Mr. To Chun Wai, and one non-executive Director, namely Mr. Kenneth Lau.

The primary objectives of the Remuneration Committee are to formulate the remuneration policy based on the responsibilities, qualifications and performance of senior management and Directors; to review and make recommendations to the Board on the remuneration packages of individual Directors and senior management; and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The major objective of the remuneration policy is to ensure that the Company is able to attract, retain, and motivate a high-calibre team which is essential to the success of the Company. No Director should be involved in deciding his own remuneration.

During the year, the Remuneration Committee has (i) reviewed and approved the remuneration policy of the Group; (ii) assessed the performance of executive Director and senior management; and (iii) reviewed and made recommendations to the Board for approval for a staff retention scheme of senior management and senior staff of the Group.

Two meetings were held by the Remuneration Committee during the year. Attendance of the members is set out below:

Members of Remuneration Committee	Number of meeting(s) attended/eligible to attend
Mr. Wong Man Chung, Francis (<i>Chairman</i>)	2/2
Mr. Kenneth Lau	2/2
Mr. To Chun Wai	2/2

The Remuneration Committee has written terms of reference explaining its role and authority delegated to it by the Board. The terms of reference of the Remuneration Committee are available on the websites of the Company and HKEXnews.

Corporate Governance Report



REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the recommendation from the Remuneration Committee based on the Directors' duties, responsibilities and performance and the results of the Group. The remuneration policy of the Company is set out in the sub-section headed "Employment and Remuneration Policy" under Management Discussion and Analysis on page 12. Directors' and Chief Executive Officer's emoluments are set out in note 11 to the consolidated financial statements. The table below sets out the remuneration paid to the members of senior management by bands during the year:

Remuneration bands	Number of individuals
HK\$2,000,001 – HK\$3,000,000	1
HK\$1,000,001 – HK\$2,000,000	1
HK\$0 – HK\$1,000,000	1

AUDIT COMMITTEE

The Audit Committee currently has three members comprising two independent non-executive Directors, namely Mr. Wong Man Chung, Francis (Chairman) and Mr. To Chun Wai and one non-executive Director, namely Mr. Lie Ken Jie Remy Anthony Ket Heng. None of them are partners of the former or existing auditor of the Company.

The primary duties of the Audit Committee include, among other matters, to assist the Board in fulfilling its duties through the review and supervision of the Company's financial reporting and the judgment contained therein; risk management and internal control systems and taking on any other responsibility as may be delegated by the Board from time to time. The Audit Committee is also responsible for reviewing accounting policies and practices with management and external auditor, reviewing and monitoring the independence of the external auditor and reviewing the Company's compliance with CG Code.

During the year, the Audit Committee has (i) reviewed the interim and annual results, the interim and annual reports and other financial, internal control, corporate governance and risk management matters of the Group; (ii) reviewed the independence and performance of external auditor, Deloitte, and recommended the Board on the re-appointment of Deloitte as the external auditor; and (iii) reviewed and discussed with Deloitte annual audit planning for the year.



Corporate Governance Report

Three meetings were held by the Audit Committee during the year, two of which were attended by the external auditor. Attendance of the members is set out below:

Members of Audit Committee	Number of meeting(s) attended/eligible to attend
Mr. Wong Man Chung, Francis (<i>Chairman</i>)	3/3
Mr. Lie Ken Jie Remy Anthony Ket Heng	3/3
Mr. To Chun Wai	3/3

The Audit Committee has written terms of reference explaining its role and authority delegated to it by the Board. The terms of reference of the Audit Committee are available on the websites of the Company and HKEXnews.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors acknowledge their responsibility for preparing financial statements which give a true and fair view of the state of affairs of the Group. Meanwhile, the Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. In preparing the financial statements for the year, accounting principles generally accepted in Hong Kong have been adopted and the requirements of the HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and the applicable laws were complied with. Senior management provides explanations and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval.

Corporate Governance Report



The financial statements of the Group for the year have been reviewed by the Audit Committee and audited by the external auditor, Deloitte. For the year ended 31 December 2025, the audit fee was HK\$2,180,000 and the non-audit service fees paid and payable to Deloitte were HK\$870,000. The non-audit services mainly comprised reporting in relation to the rights issue, very substantial disposal of the sale assets in New Zealand, report on the continuing connected transactions of the Group and review on the preliminary announcement of the Group's annual results. The responsibilities of the external auditor with respect to financial reporting are set out in the section "Independent Auditor's Report" on pages 68 to 72.

Risk management and internal control

Board Oversight

The Board has overall responsibility for maintaining a sound and effective risk management and internal control systems for the Group. The Group's risk management and internal control systems feature a well-defined management structure with limited authority at each operational unit. Internal control policies and procedures are in place to safeguard assets against unauthorized use or disposition, and ensure maintenance of proper records, reliability of financial information for internal use or publication and compliance with relevant legislation and regulations. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatements or loss.

The Board oversees the Group's risk management and internal control policies, which are aimed at evaluating and determining the nature and extent of the risks that are compatible with the Group's business environment and risk appetite. The Board has delegated to management the implementation of such systems of internal controls as well as the annual review of relevant financial, operational and compliance controls and risk management procedures.

Framework of Risk Management and Internal Control

The Board has the overall responsibility to ensure that sound and effective internal controls are maintained, while management of the Group is charged with the responsibility to design and implement internal control system to manage risks. The Board through its Audit Committee oversees and reviews the adequacy and effectiveness of relevant financial, operational and compliance controls and risk management procedures that have been in place. The Audit Committee reviews the emerging risks of the Group, and the risk management and internal control measures in place to address those risks. Qualified personnel within the business maintain and monitor the system of controls on an ongoing basis.



Corporate Governance Report

The internal control and risk management framework of the Group covers three main areas. They are (i) internal controls model; (ii) risk profile and mitigating measures; and (iii) internal audit and external audits.

The Group's internal controls model is based on the framework set down by the Committee of Sponsoring Organisations of the U.S. Treadway Commission ("COSO") for internal controls, and has five components, namely control environment; risk assessment; control activities; information and communication; and monitoring activities. In developing the Group's internal controls model, management have taken into consideration the Group's organisational structure and the nature of business activities.

The Group continues to drive improvements to the Group's risk management process and the quality of risk information generated, while at the same time maintains a simple and practical approach. Instead of setting up a separate risk management department, the Group seeks to have risk management features embedded within its operations and functional areas (including sales, production, finance, human resources and administration). The Group has a risk management system that is practiced on a day-to-day basis by its operating units. Department heads identify potential risks during the daily operation and ensure that effective controls are in place. Management also sets the relevant policies and monitors potential weaknesses and action items regularly. The Group's approach for managing risk is underpinned by identifying the current risk exposures and understanding how the risks are changing over time and how they are managed. In conjunction with the Audit Committee, management regularly monitors and updates the Group's risk profile and reviews the effectiveness of the system of internal control in mitigating risks.

Management conducted internal control assessment by reviewing system documentation and testing of the related key controls on business operations and accounting functions. The internal control self-assessment is performed in a two-year cycle program to cover all business operations. The Group's external auditor, Deloitte, performs independent statutory audit of the Group's accounts. To facilitate the audit, the external auditor initiates meetings with the Audit Committee. The external auditor also reports to the Audit Committee any significant weaknesses in our internal control procedures which might come to its notice during the course of audit. Deloitte noted no significant internal control weaknesses in its audit for 2025.

Corporate Governance Report



In light of the scale of operation, the Group is currently of the view that there is no immediate need to have a separate internal audit department. The Group's internal audit and risk management functions are currently carried out by selected members from the financial department of the head office in Hong Kong who are free from the influence of those being audited. An annual audit plan will be prepared and reviewed by the Audit Committee every year. The audit plan is derived from risk assessment basis and is aimed at covering each significant business unit within a reasonable period. Major audit findings and recommendations are reported to the Audit Committee, which in turn reports to the Board. Management is responsible for ensuring appropriate actions are taken to rectify any control deficiencies highlighted in the internal audit reports within a reasonable period. The status of the implementation of the appropriate actions is reported to the Audit Committee.

Based on the assessment which covers all material controls including financial, operational and compliance controls and risk management functions, management believes that for the year, the Company's systems of risk management and internal control were effective. The Board is satisfied that there are adequate resources with appropriate qualifications and experience in its accounting and financial reporting team and that sufficient training and budget have been provided.

The risk management and internal control systems of the Group are reviewed annually. The Audit Committee received the internal control and risk management report for the year and has taken such report into consideration when it makes recommendation to the Board for approval of the interim and annual results of the Group.

The Group has zero tolerance on corruption and bribery. The Company has adopted an anti-corruption policy and procedures (the "Anti-Corruption Policy") which nurtures a culture of integrity within the workplace. The Company also adopted a whistleblowing policy and procedure (the "Whistleblowing Policy") which encourages whistleblowers to expose to the Audit Committee malpractices in the workplace in good faith without the fear of retaliation. All these policies further underpin the effectiveness of internal control and risk management systems of the Group. The Anti-Corruption Policy and the Whistleblowing Policy are available on the website of the Company.

Handling and Dissemination of Inside Information

Confidentiality of unpublished inside information is essential to risk management for the Company. The Group has adopted proper measures to handle and disseminate the inside information in order to ensure the Group is in compliance with the regulatory requirements. Access to inside information is restricted to employees on a need-to-know basis only. Inside information will be handled and communicated to outsider by designated employees. Employees are absolutely prohibited at all times from dealing in the securities of the Company when they are in possession of unpublished price sensitive or inside information. When the Group enters into significant negotiations or dealings with an outsider, appropriate confidentiality agreements are in place before the Group discloses any inside information to the outsider.



Corporate Governance Report

DELEGATION OF CORPORATE GOVERNANCE FUNCTION BY THE BOARD

The Board is responsible for performing the corporate governance duties. It has delegated its corporate governance duties for determining the policy for the corporate governance of the Company to the Audit Committee. The Audit Committee has written terms of reference explaining its duties and functions in relation to corporate governance functions delegated to it by the Board under code provision A.2.1 of Part 2 of the CG Code to the Listing Rules. The terms of reference of the Audit Committee are available on the websites of the Company and HKEXnews.

SHAREHOLDERS' RIGHTS

Convening a special general meeting ("SGM") by shareholders

Bye-laws of the Company

- 1.1 Bye-law 55 sets out the position under the Bye-laws where a requisition is made by shareholders of the Company (the "Shareholders" and each a "Shareholder"). Bye-law 55 provides that a SGM shall be convened on requisition, as provided by the Companies Act (as defined therein), or, in default, may be convened by the requisitionists.

Companies Act 1981 (as amended) of Bermuda ("Companies Act")

- 1.2 Pursuant to section 74 of the Companies Act, a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may make requisition to the directors of the Company (the "Directors" and each a "Director") to forthwith proceed duly to convene a SGM by depositing a written requisition at the registered office of the Company.
- 1.3 The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

Corporate Governance Report



- 1.4 If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.
- 1.5 A SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.
- 1.6 Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the Directors duly to convene a meeting shall be reimbursed to the requisitionist(s) by the Company.

Companies Act

- 2.1 Sections 79 and 80 of the Companies Act allow certain Shareholder(s) to make requisitions to the Company to give notice to the shareholders in respect of any resolution which is intended to be moved at an AGM or circulate a statement in respect of any proposed resolution or business to be considered at a general meeting of the Company. Under section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:
 - (a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;
 - (b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- 2.2 The number of Shareholders necessary to make the above-mentioned requisitions to the Company shall be:
 - (a) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
 - (b) not less than one hundred Shareholders.



Corporate Governance Report

- 2.3 Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.
- 2.4 Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give any notice of resolution or to circulate any statement. Pursuant to section 80 of the Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned in paragraph 2.1 above unless:
- (a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company:
 - (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
 - (ii) in the case of any other requisition, not less than one week before the meeting; and
 - (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect to the procedures in paragraph 2.1 above (i.e. the giving of notice of resolution and/or circulation of statement).

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

With respect to proposing a person for election as a Director, the procedures can be found on the Company's website at www.greenheartgroup.com.

Corporate Governance Report



Making enquiries to the Board

Shareholders may send written enquiries, either by post, facsimile or email, together with their contact details, such as postal address, email or fax, addressed to the head office of the Company at the following address, facsimile number or via email:

Address: 32A, 32/F., Fortis Tower, Nos. 77-79 Gloucester Road, Wanchai, Hong Kong

Fax: (852) 2511 8998

Email: ir@greenheartgroup.com

Shareholders may also make enquiries of the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a shareholders' communication policy (the "Shareholders' Communication Policy") in order to maintain an ongoing dialogue with the shareholders and the investment community. The Shareholders' Communication Policy aims to set out the provisions with the objective of ensuring that the Company's shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company. Communication strategy includes publication of the Company's financial reports, convening annual general meeting and other shareholders' meetings and other corporate publications on the Company's website.



Corporate Governance Report

The Company published its interim and annual reports in accordance with the timeframe of the Listing Rules. Shareholders can understand the business of the Company in a timely manner. The Company indicated its corporate website address in all of the announcements for shareholders' easy reference. The Company convened an AGM on 10 June 2025 and a SGM on 24 November 2025. Notices of the AGM and SGM were given to shareholders in accordance with the timeframe of the Listing Rules and the Bye-laws to encourage shareholders' attendance. Proxy forms for attending the general meetings mentioned above were provided to further encourage shareholders' participation. Directors and external auditor attended both the AGM and the SGM to answer questions from the shareholders which further enhance effective communication. Contact details of the Company were disclosed in all corporate documents and shareholders can make enquiries to the Company easily. All corporate documents are available in both English and Chinese to facilitate shareholders' understanding. The Dividend Policy of the Company (as defined below) is published in the annual report and the Company is committed to maintaining an optimal capital structure. Taking into account the above measures, the Board is of the opinion that sufficient measures have been implemented by Company to ensure the Shareholders' Communication Policy was effective throughout the year. A full version of the Shareholders' Communication Policy is available on the website of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") and may from time to time declare interim dividends and may recommend annual dividends, subject to the approval by the shareholders of the Company, in a general meeting but must not exceed the amount recommended by the Board, in accordance with the provision of the Bye-laws and the Companies Act.

In accordance with the applicable requirements of the Bye-Laws and the Companies Act, the Company may only declare or pay a dividend, or make a distribution out of profits available for distribution if:

- (a) the Company is, or after the payment be, able to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets will not thereby be less than its liabilities.

In addition to cash, dividends may be distributed in the form of shares. Any dividend satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to the shareholders to elect to receive such dividend in cash in lieu of such allotment must be approved by a special resolution of the shareholders.

Corporate Governance Report



The declaration of dividends is subject to the discretion of the Board, which will take into account, inter alia, the following factors when considering the payment or declaration of dividends:

- (a) the Group's actual and expected operations, financial performance and conditions and liquidity position;
- (b) the shareholder's interests;
- (c) the retained earnings and distributable reserves of the Company and each of the members of the Group;
- (d) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (e) the Group's expected working capital requirements and future expansion plans;
- (f) statutory and regulatory restrictions;
- (g) general economic conditions and other internal or external factors that may have any impact on the business or financial performance and position of the Company; and
- (h) any other factors that the Board deems appropriate.

The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continue to review the Dividend Policy and reserve the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy from time to time, and the Dividend Policy shall in no way constitute an assurance or a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend in any particular amount for any given period. A full version of the Dividend Policy is available on the website of the Company.



Directors' Report

The Directors have pleasure to present their report and the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company comprise log harvesting, timber processing, marketing, sales and trading of logs and timber products and provision of forest management services. Except for the discontinued operation in Suriname mentioned in note 15 to the consolidated financial statements, there were no other significant changes in the nature of the Group's principal activities during the year.

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) comprising a discussion and analysis of the Group's performance and an analysis using financial key performance indicators during the year, particulars of important events affecting the Group that have occurred since the end of the year as well as an indication of likely future development in the Group's business can be found in the Chairman's Statement and Management Discussion and Analysis set out on pages 4 to 14 of this annual report. The discussions form part of this directors' report.

PRINCIPAL RISK AND UNCERTAINTIES

The Group's normal course of business is exposed to a variety of key risks including interest rate risk, foreign currency risk, credit risk and liquidity risk. Details of the aforesaid key risks and risk mitigation are elaborated in note 40 to the consolidated financial statements. The discussion forms part of this directors' report.

As the Group conducts substantial business operations around the world, and hold all its plantation assets in New Zealand, its business, prospects, financial condition and results of operations may be affected by political, economic and social developments in New Zealand, by regional events affecting New Zealand, as well as heightened global environmental consciousness. In addition, the general global economy may affect the Group's business, financial condition and results of operations.



ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to conducting its business in an environmentally conscious manner and minimizing the adverse effects caused by its operations on the environment. The Group continues to make endeavours in saving energy and reducing unnecessary waste by adopting various green measures in its workplace. Such measures include using energy-efficient light tubes, encouraging the use of recycle papers and duplex printing and copying and keeping office temperature at a reasonable level. The Group reviews the environmental policy from time to time and will consider implementing further environmentally friendly measures and practices in the operation of the Group's business. Further discussions on the Company's environmental policies and performance for the year can be found in the "Environmental, Social and Governance Report" on the websites of the Company and HKEXnews, which is published separately.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board paid attention to the Group's policies and practices on compliance with all significant legal and regulatory requirements essential to its business operations. The Group would seek professional advice from its external legal advisers and consultants to ensure that transactions and business to be performed by the Group are in compliance with applicable environmental policies, laws and regulations. During the year, as far as the Company is aware, it has complied in all material respects of the laws or regulations that have a significant impact on the Group's business and operation. Discussions on the Company's compliance with the relevant laws and regulations for the year can also be found in the "Environmental, Social and Governance Report" on the websites of the Company and HKEXnews, which is published separately.



Directors' Report

KEY RELATIONSHIPS WITH THE GROUP'S EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS

The Group believes that employees are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain its competitiveness in the market. The Group has developed a desirable working environment and provided a variety of benefits and career development to its employees. Share options may also be granted for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations.

The Group also recognises that maintaining a good and stable relationship with its existing and potential customers, suppliers and other stakeholders is the key to the sustainable development of the Group. Accordingly, management has kept good communication with its suppliers and customers in order to monitor the credit quality of the customers and to make timely adjustments to its operating strategies to conform to the market trends. In addition, the Group places effort in building up and maintaining good relationships with various commercial banks and financial institutions as the businesses of the Group are capital intensive and require on-going funding to maintain continuous growth.

RESULTS

The Group's financial position and results for the year are set out in the consolidated financial statements on pages 73 to 196.

DIVIDENDS

Special Dividend

During the year ended 31 December 2025, the Company announced that the Board intended to declare a special dividend of HK\$0.01 per share to the shareholders subject to the fulfillment of special dividend conditions and the details are set out in the announcement of the Company dated 10 September 2025 and the circular of the Company dated 7 November 2025.

An ordinary resolution was duly passed by the shareholders by way of poll at the special general meeting held on 24 November 2025 to approve the declaration and payment of the special cash dividend of HK\$0.01 per share subject to the fulfilment of the special dividend conditions stated in the circular of the Company dated 7 November 2025. The special dividend was distributed to shareholders on 17 March 2026.



Final Dividend

The Directors do not recommend the payment of final dividend for the year (2024: nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and the annual reports of the Company and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000 (Re-presented)	2023 HK\$'000 (Re-presented)	2022 HK\$'000 (Re-presented)	2021 HK\$'000 (Re-presented)
Results					
Revenue					
– continuing operations	42,360	39,220	65,200	132,777	283,758
– discontinued operation	1,557	12,652	25,782	31,528	36,763
	43,917	51,872	90,982	164,305	320,521
Loss for the year	(83,891)	(173,249)	(139,674)	(97,746)	(59,231)
Attributable to:					
Owners of the Company	(100,348)	(139,238)	(93,075)	(68,152)	(36,938)
Non-controlling interests	16,457	(34,011)	(46,599)	(29,594)	(22,293)
	(83,891)	(173,249)	(139,674)	(97,746)	(59,231)



Directors' Report

	31 December				
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities and non-controlling interests					
Total assets	685,856	609,514	799,301	968,017	1,110,112
Total liabilities	(500,503)	(519,296)	(512,247)	(547,205)	(593,432)
Non-controlling interests	402,812	511,003	476,992	430,393	400,799
Equity attributable to owners of the Company					
	588,165	601,221	764,046	851,205	917,479

PROPERTY, PLANT AND EQUIPMENT

Particulars of movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

BANK LOAN AND OTHER BORROWINGS

Details of borrowings of the Group during the year are set out in notes 32 and 38 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

During the year, the Company issued 927,495,528 rights shares (aggregate nominal value: HK\$9,274,955.28) to its qualifying shareholders at a subscription price of HK\$0.0363 per rights share on the basis of one rights share for every two shares held on the rights issue record date (the "Rights Issue").

The net subscription price per Rights Share is approximately HK\$0.0343. The gross proceeds from the Rights Issue were approximately HK\$33,668,000, and the net proceeds from the Rights Issue after deducting all relevant expenses in relation to the Rights Issue were approximately HK\$31,667,000.



The Company intends to utilise the net proceeds from the Rights Issue for supporting on-going operations, particularly in relation to the realisation of existing cutting rights, and funding of the Group's corporate-level overhead expenses to maintain the Company's status as a listed entity. The net proceeds from the Rights Issue has been fully utilised according to the intentions by the end of January 2026.

Details of the Rights Issue were set out in the announcements of the Company dated 10 June 2025, 12 June 2025, 24 July 2025 and 11 August 2025 and the prospectus dated 7 July 2025.

Details of movements in the Company's issued share capital and share options during the year are set out in notes 34 and 35 to the consolidated financial statements.

As at 31 December 2025 and up to the date of this report, the total number of issued shares of the Company is 2,782,486,584.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year and up to date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DISTRIBUTABLE RESERVES

The Company's contributed surplus, which arose from the group reorganisation on 2 July 1991, represents the difference between the nominal value of the Company's shares issued under the reorganisation scheme, in exchange for the shares in the subsidiaries and the consolidated net asset value of the acquired subsidiaries, reduced by distributions to shareholders.

Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus is distributable to shareholders. The Companies Act of Bermuda also stipulates that a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued capital and share premium account.



Directors' Report

However, the Company's share premium account, in the amount of HK\$2,114,049,000 (2024: HK\$2,091,657,000) may be distributed only in the form of fully paid bonus shares.

As at 31 December 2025, the Company had no other reserves available for distribution in accordance with the Companies Act.

PERMITTED INDEMNITY PROVISION

During the year and up to date of this report, the permitted indemnity provision as defined in section 469 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the benefit of the Directors of the Company was in force. The Company has arranged for appropriate insurance cover for directors and officers liabilities in respect of legal action against its Directors and senior management arising out of corporate activities.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for 89.5% of the total revenue and sales to the largest customer included therein amounted to 66.3%. Purchases from the Group's five largest suppliers accounted for 67.1% of the total purchases for the year and purchases from the largest supplier included therein amounted to 26.9%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Mr. Cheng Chi-Him, Conrad[#]
Mr. Ding Wai Chuen^{*}
Mr. Kenneth Lau[#]
Mr. Lie Ken Jie Remy Anthony Ket Heng[#]
Ms. Suen Chung Yan, Julia[#]
Mr. Wong Man Chung, Francis^{**}
Mr. Cheung Pak To, Patrick^{**}
Mr. To Chun Wai^{**}

* Executive Director

[#] Non-executive Director

^{**} Independent non-executive Director

Directors' Report



In accordance with the Company's Bye-laws, Mr. Ding Wai Chuen, Mr. Kenneth Lau, Mr. Lie Ken Jie Remy Anthony Ket Heng and Mr. Wong Man Chung, Francis will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Company has received annual confirmation of independence from each of Mr. Wong Man Chung, Francis, Mr. Cheung Pak To, Patrick and Mr. To Chun Wai regarding their independence pursuant to rule 3.13 of the Listing Rules. The Company considers all of them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Company are set out on pages 15 to 19 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Having made specific enquiry by the Company, all Directors have confirmed that they did not have any interests that competes or is likely compete, either directly or indirectly, with the Group's business pursuant to rule 8.10(2) of the Listing Rules throughout the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Neither a Director nor his/her connected entity had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party during the year.



Directors' Report

CONNECTED TRANSACTIONS

During the year ended 31 December 2025 and up to the date of this report, the Company and the Group had the following connected and continuing connected transactions:

Continuing connected transactions

Provision of Facility by Silver Mount to Greenheart Resources

On 14 May 2008, Greenheart Resources Holdings Limited ("Greenheart Resources"), a 60.39% indirect subsidiary of the Company, and Silver Mount Group Limited ("Silver Mount"), an indirect wholly-owned subsidiary of the Company, entered into a facility agreement in relation to the provision of a revolving loan facility of up to HK\$50,000,000 (the "Facility Limit") by Silver Mount to Greenheart Resources (the "Facility"). The Facility is unsecured, bears interest at prime rate for Hong Kong dollars per annum from time to time as quoted by The Hongkong & Shanghai Banking Corporation Limited (or such other bank as may be designated by Silver Mount) and was due on 14 May 2011 or such later day as Silver Mount and Greenheart Resources agreed in writing. Sino-Forest Corporation ("Sino-Forest") became a substantial shareholder of the Company from 2007 until January 2013. Sino-Capital Global Inc. ("Sino-Capital") was a wholly-owned subsidiary of Sino-Forest and holds 39.61% of the issued share capital of Greenheart Resources ("Greenheart Resources Shares") following the acquisition of an aggregate of 2,638,469,000 ordinary shares of Greenheart Resources by Sino-Capital in June 2010. After the completion of such acquisition, Greenheart Resources became a connected person of the Company under the Listing Rules and the provision of the Facility from Silver Mount to Greenheart Resources constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

On 22 November 2010, Silver Mount entered into a supplemental facility agreement with Greenheart Resources pursuant to which the parties agreed to increase the Facility Limit to HK\$215,000,000 and extend the drawdown period and repayment date of the Facility to 22 November 2013 or such later day as Silver Mount and Greenheart Resources may agree in writing.

On 4 November 2013, Silver Mount entered into a second supplemental facility agreement with Greenheart Resources pursuant to which the parties agreed to, among other things, (a) extend the repayment date of the outstanding amount drawn under the Facility for three years to 22 November 2016; (b) extend the drawdown period; and (c) change the interest payments from monthly payments in arrears to six-monthly payments in arrears, or such other interest payment date as may be mutually agreed.



Following the completion of Newforest Limited's ("Newforest") acquisition of the Greenheart Resources Shares from Sino-Capital and its acquisition of 496,189,028 shares of the Company from Sino-Capital on 7 May 2015, Greenheart Resources became a connected subsidiary of the Company by virtue of Newforest's shareholding in Greenheart Resources.

On 12 December 2016, Silver Mount entered into a third supplemental facility agreement with Greenheart Resources pursuant to which the parties agreed to, among other things, (a) extend the repayment date of the outstanding amount drawn under the Facility for three years to 22 November 2019; and (b) extend the drawdown period. This renewal of continuing connected transaction was approved by the independent shareholders at the special general meeting of the Company held on 23 January 2017.

On 26 January 2018, Silver Mount entered into a fourth supplemental facility agreement with Greenheart Resources pursuant to which the parties agreed to, among other things, (a) increase the Facility Limit to HK\$371,000,000; (b) extend the repayment date of the outstanding amount drawn under the Facility to 30 November 2020; and (c) extend the drawdown period. This renewal of continuing connected transaction was approved by the independent shareholders at the special general meeting of the Company held on 12 March 2018.

On 15 June 2020, Silver Mount entered into a fifth supplemental facility agreement with Greenheart Resources pursuant to which the parties agreed to, among other things, (a) increase the Facility Limit to HK\$400,000,000; (b) extend the repayment date of the outstanding amount drawn under the Facility to 4 August 2023; and (c) extend the drawdown period. This renewal of continuing connected transaction was approved by the independent shareholders at the special general meeting of the Company held on 4 August 2020.

On 14 July 2023, Silver Mount entered into a sixth supplemental facility agreement with Greenheart Resources pursuant to which the parties agreed to, among other things, (a) extend the repayment date of the outstanding amount drawn under the Facility to 4 August 2026; and (b) extend the drawdown period. This renewal of continuing connected transaction was approved by the independent shareholders at the special general meeting of the Company held on 4 August 2023.

As at 31 December 2025, a total of HK\$396,417,000 had been drawn down by Greenheart Resources from the Facility and the related interest incurred for the year amounted to HK\$20,563,000.



Directors' Report

The INEDs have reviewed the continuing connected transactions set out above and have confirmed that the continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders as a whole.

Deloitte, the Company's external auditor, was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Deloitte has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transaction disclosed above by the Group in accordance with rule 14A.56 of the Listing Rules. The auditor's letter has been provided to the Board of the Company.

In respect of each related party transaction disclosed in note 38 to the consolidated financial statements, the Company confirms that it has reviewed the transaction and complied with the relevant requirements under the Listing Rules (if applicable). Save as disclosed above and the following continuing connected transactions mentioned below which are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, the related party transactions set out in note 38 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions under the Listing Rules.

- (i) Pursuant to seven loan agreements between a non-wholly-owned subsidiary of the Company, namely Greenheart Resources and the immediate holding company of the Company, namely Newforest, a loan facility of an aggregate principal amount of US\$8,000,000, a loan facility of an aggregate principal amount of US\$3,500,000, a loan facility of an aggregate principal amount of US\$3,000,000, a loan facility of an aggregate principal amount of US\$911,000, a loan facility of an aggregate principal amount of US\$792,000, a loan facility of an aggregate principal amount of US\$1,100,000 and a loan facility of an aggregate principal amount of US\$1,030,000 were granted by Newforest to Greenheart Resources. As the loan facilities are on normal commercial terms and no security over the assets of the Group was granted in respect of the loan facilities, the grant of the loan facilities by Newforest to Greenheart Resources is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated thereunder constitute a related party transaction as disclosed in note 38(a)(i) to the consolidated financial statements.



- (ii) Pursuant to the loan agreement between a wholly-owned subsidiary of the Company and a fellow subsidiary of the Company, a loan facility of an aggregate principal amount of US\$20,000,000 were granted by the fellow subsidiary to the wholly-owned subsidiary of the Company. As the loan facility is on normal commercial terms and no security over the assets of the Group was granted in respect of the loan facilities, the grant of the loan facilities by the fellow subsidiary is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated thereunder constitute a related party transaction as disclosed in note 38(a)(ii) to the consolidated financial statements.
- (iii) Pursuant to the loan agreement between a wholly-owned subsidiary of the Company and a fellow subsidiary of the Company, a loan facility of an aggregate principal amount of US\$4,500,000 were granted by the fellow subsidiary to the wholly-owned subsidiary of the Company. As the loan facility is on normal commercial terms and no security over the assets of the Group was granted in respect of the loan facilities, the grant of the loan facilities by the fellow subsidiary is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated thereunder constitute a related party transaction as disclosed in note 38(a)(ii) to the consolidated financial statements.
- (iv) The Group has granted to its fellow subsidiary (the "Licensee") a license to enter into, use and occupy part of the Group's Hong Kong office premises. In connection with the license, the Group shares certain administrative expenses with the Licensee. The Group recharges the Licensee the rent of the licensed area of the premises together with administrative expenses attributable to the Licensee monthly. As the recharge is on a cost basis, it is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated thereunder constitute related party transactions as disclosed in note 38(a)(iii) to the consolidated financial statements.



Directors' Report

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

As at 31 December 2025, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to notify the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules.

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 year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective 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.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2025, save for the Share Option Scheme as defined below, the Company has not entered into any equity-linked agreement, nor did any equity-linked agreement subsist at the end of the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.



SHARE OPTION SCHEME

The Company has adopted a share option scheme approved by the shareholders at the AGM held on 24 May 2022 (the "Share Option Scheme"). A summary of the Share Option Scheme is set out below:

1. Purpose

The purpose of the Share Option Scheme is to grant options to selected participants as incentives or awards for their contribution to the Group.

2. Eligible participants

The eligible participants are individuals or entities who or which may participate in the Share Option Scheme. The following individuals or entities who, in the absolute discretion of the Board have contributed to the development and growth of the Group may participate in the Share Option Scheme: (i) an employee or executive director of the Group ("Employee Participant"); (ii) a non-executive director or an independent non-executive director of any member of the Group; and (iii) an employee or director of any holding company, fellow subsidiary or associated company of the Company.

3. Maximum number of shares available for subscription

Mandate limit: Subject to the paragraph below, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue as of 24 May 2022, being 185,499,105 shares.

Overriding limit: The Company may by ordinary resolutions of the shareholders refresh the Mandate Limit as referred to in the above paragraph provided that the Company shall issue a circular in accordance with and containing such information as required under the Listing Rules to the shareholders before such approval is sought. Subject to the Listing Rules, the maximum number of shares subject to outstanding unvested or vested options and outstanding other scheme options must not exceed 30% of the shares in issue from time to time. No option or other scheme options may be granted if it will result in this Overriding Limit being exceeded.



Directors' Report

4. **Maximum entitlement of each eligible participant**

Unless approval of shareholders is obtained under a specific mandate in general meeting with such eligible participant and his close associates (or associates if the eligible participant is a connected person) abstaining from voting and subject to the Listing Rules including but not limited to rules relating to grant of options to connected persons, the Board cannot grant any option ("Triggering Option") to any eligible participant which, if exercised, would result in that eligible participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him upon exercise of all options and other scheme options granted to him in the 12-month period immediately preceding the grant date of the Triggering Option to exceed 1% of the number of shares in issue as at that grant date.

5. **Option period**

The period during which an option may be exercised as determined by the Board in its absolute discretion at the time of grant, save that such period must not exceed 10 years from the date of grant of the relevant option.

6. **Vesting period**

Subject to the other provisions in the Share Option Scheme, all applicable laws, rules and regulations and with its terms and conditions, an option will vest on the date or dates as specified in the letter of grant, subject to satisfaction of vesting conditions (if any).

7. **Subscription price and the basis of its determination**

The Board will determine the subscription price and will notify the grantee such subscription price in the letter of grant. The Board will comply with such basis of determination of the price for exercising any option as set out in the Listing Rules unless otherwise approved or permitted by the Stock Exchange, such exercise price, pursuant to the Listing Rules, shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of a share.

8. **Scheme period**

The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption and will expire on 23 May 2032.



9. Termination

The Share Option Scheme may be terminated at any time: (i) by approval of Shareholders; or (ii) by the Board when it resolves that no further options will be granted under the Share Option Scheme.

From the date of adoption of the Share Option Scheme up to 31 December 2025, no share option has been granted, exercised, cancelled or lapsed. The number of share options available for grant under the Share Option Scheme mandate at the beginning and the end of the year ended 31 December 2025 was both 185,499,105. Since no share options were granted under the Share Option Scheme, the number of shares that may be issued in respect of share options granted under the Share Option Scheme during the year divided by the weighted average number of shares in issue (excluding treasury shares) for the year is nil.

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 31 December 2025, the interests and short positions of persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange are as follows:



Directors' Report

Long positions in shares and underlying shares:

Shareholders	Capacity	Number of shares	Number of underlying shares	Approximate percentage of issued share capital of the Company %
Newforest Limited	Beneficial owner (Notes 1 & 2)	1,683,008,890	–	60.49
Cheng Yu Tung Family (Holdings) Limited	Interest of controlled corporation (Note 1)	1,683,008,890	–	60.49
Cheng Yu Tung Family (Holdings II) Limited	Interest of controlled corporation (Note 1)	1,683,008,890	–	60.49
Chow Tai Fook Capital Limited	Interest of controlled corporation (Note 1)	1,683,008,890	–	60.49
Chow Tai Fook (Holding) Limited	Interest of controlled corporation (Note 1)	1,683,008,890	–	60.49
Chow Tai Fook Nominee Limited	Interest of controlled corporation (Note 1)	1,683,008,890	–	60.49
Sharpfield Holdings Limited	Interest of controlled corporation (Notes 1 & 2)	1,683,008,890	–	60.49
Gallant Elite International Limited	Interest of controlled corporation (Notes 1 & 3)	1,683,008,890	–	60.49



Notes:

1. Newforest Limited is directly and beneficially owned as to 40% by Gallant Elite International Limited and as to 60% by Sharpfield Holdings Limited. Both Gallant Elite International Limited and Sharpfield Holdings Limited are wholly-owned subsidiaries of Chow Tai Fook Nominee Limited. Chow Tai Fook Nominee Limited is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited. Chow Tai Fook (Holding) Limited is owned as to 81.03% by Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. As such, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited are deemed to be interested in the shares in which Newforest Limited is interested by virtue of Part XV of the SFO.
2. Mr. Cheng Chi-Him, Conrad and Mr. Lie Ken Jie Remy Anthony Ket Heng are directors of each of Newforest Limited and Sharpfield Holdings Limited.
3. Mr. Lie Ken Jie Remy Anthony Ket Heng is a director of Gallant Elite International Limited.

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 31 December 2025 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.



Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public throughout the year and up to the date of this report.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

DONATIONS

Charitable donation made by the Group during the year ended 31 December 2025 amounted to HK\$20,000 (2024: HK\$7,000).

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 45 to the consolidated financial statements.

AUDITOR

The financial statements for the year ended 31 December 2025 have been audited by Deloitte, who will retire and, being eligible, offer itself for re-appointment at the AGM in 2026. A resolution to re-appoint Deloitte as auditor of the Company and to authorise the Board to fix its remuneration will be proposed at the forthcoming AGM in 2026.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operations of the Group in the past years as contained in this annual report are historical in nature and past performance can be no guarantee of future results of the Group. This annual report contains forward looking statements and opinions with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Neither the Group nor the Directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this annual report; and (b) any liability in the event that any of the forward-looking statements or opinions do not materialize or prove to be incorrect.

Directors' Report



APPRECIATION

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

ON BEHALF OF THE BOARD
GREENHEART GROUP LIMITED

Cheng Chi-Him, Conrad
Non-executive Chairman

Hong Kong, 20 March 2026



Independent Auditor's Report

Deloitte.

德勤

TO THE MEMBERS OF GREENHEART GROUP LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Greenheart Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 73 to 196, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report



KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Valuation of plantation forest assets in New Zealand

We identified the valuation of plantation forest assets in New Zealand as a key audit matter as it is significant to the consolidated financial statements and significant judgements and estimates are involved in the valuation of the plantation forest assets. As disclosed in note 22 to the consolidated financial statements, the carrying amount of the plantation forest assets at 31 December 2025 was HK\$39,891,000.

The Group engaged Indufor Asia Pacific Limited ("Valuer") to estimate the fair value less costs to sell of the plantation forest assets. As detailed in note 22 to the consolidated financial statements, the determination of the fair value of the plantation forest assets is dependent on certain key inputs, including discount rate and log price projections, which are highly judgemental.

Our procedures in relation to assessing the valuation of the plantation forest assets in New Zealand included:

- Assessing the competence, capabilities and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work;
- Obtaining the valuation report provided by the management for the determination of the fair value less costs to sell of plantation forest assets;
- Obtaining the detailed work of the Valuer, particularly the key inputs to the valuation including discount rate and log price projections; and
- Working with our internal valuation expert and evaluating the appropriateness of the Valuer's valuation approach, accuracy and relevance of key inputs underpinning the valuation and assessing the reasonableness of the key assumptions applied based on available market data and our knowledge of the business and industry.



Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report



AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is LEUNG, Po Shan (practising certificate number: P07300).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025



	NOTES	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations			
Revenue	5	42,360	39,220
Cost of sales and services		(36,973)	(34,743)
Gross profit		5,387	4,477
Other income	7	894	1,432
Other gains and losses	7	(1,805)	2,831
Impairment losses reversed (recognised)			
on financial assets, net	8	163	(31)
Fair value gain (loss) on plantation forest assets	22	35,354	(65,847)
Share of loss of an associate	23	(27)	(43)
Selling and distribution costs		(6,039)	(5,882)
Administrative expenses		(46,753)	(31,397)
Finance costs	9	(21,598)	(16,479)
Loss before tax	10	(34,424)	(110,939)
Income tax credit	13	39,284	11,493
Profit (loss) for the year from continuing operations		4,860	(99,446)
Discontinued operation			
Loss for the year from discontinued operation	15	(88,751)	(73,803)
Loss for the year		(83,891)	(173,249)
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Revaluation gain (loss) on forestry land		56,306	(3,575)
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		7,089	(20,012)
Other comprehensive income (expense) for the year		63,395	(23,587)
Total comprehensive expense for the year		(20,496)	(196,836)



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Profit (loss) for the year attributable to owners of the Company:			
From continuing operations		7,038	(99,446)
From discontinued operation		(107,386)	(39,792)
		(100,348)	(139,238)
(Loss) profit for the year attributable to non-controlling interests:			
From continuing operations		(2,178)	–
From discontinued operation		18,635	(34,011)
		16,457	(34,011)
		(83,891)	(173,249)
Total comprehensive income (expense) for the year attributable to owners of the Company:			
From continuing operations		70,433	(123,033)
From discontinued operation		(107,386)	(39,792)
		(36,953)	(162,825)
Total comprehensive (expense) income for the year attributable to non-controlling interests:			
From continuing operations		(2,178)	–
From discontinued operation		18,635	(34,011)
		16,457	(34,011)
		(20,496)	(196,836)
(Loss) earnings per share:			
From continuing and discontinued operations			
Basic	16	HK\$(0.043)	HK\$(0.067)
From continuing operations			
Basic	16	HK\$0.003	HK\$(0.048)

Consolidated Statement of Financial Position

At 31 December 2025



	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	3,750	239,877
Right-of-use assets	19	12,003	21,581
Goodwill	20	5,651	5,651
Timber concessions and cutting rights	21	–	–
Plantation forest assets	22	39,891	295,750
Prepayments, deposits and other assets	26	349	323
Interest in an associate	23	1,441	1,404
		63,085	564,586
CURRENT ASSETS			
Inventories	24	–	4,285
Trade receivables	25	5,272	4,720
Prepayments, deposits and other assets	26	4,675	8,172
Amount due from a fellow subsidiary	38(b)	373	352
Tax recoverable		69	5,709
Pledged bank deposit	27	–	2,182
Bank balances and cash	27	39,846	19,508
		50,235	44,928
Assets classified as held for sale	17	572,536	–
		622,771	44,928
CURRENT LIABILITIES			
Trade payables	28	9,024	8,042
Other payables and accruals	29	6,660	27,225
Contract liabilities	30	–	128
Lease liabilities	31	2,141	2,029
Loans from a fellow subsidiary	38(a)(ii)	189,667	–
Tax payable		–	71
		207,492	37,495
Liabilities directly associated with assets classified as held for sale	17	22,456	–
		229,948	37,495
NET CURRENT ASSETS		392,823	7,433
TOTAL ASSETS LESS CURRENT LIABILITIES		455,908	572,019



Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities	31	10,597	11,840
Loans from immediate holding company	38(a)(i)	217,992	210,667
Loans from a fellow subsidiary	38(a)(ii)	35,794	191,863
Bank borrowing	32	–	21,817
Deferred tax liabilities	33	6,172	45,614
		270,555	481,801
NET ASSETS			
		185,353	90,218
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	34	27,825	18,550
Reserves		560,340	582,671
		588,165	601,221
Non-controlling interests	36	(402,812)	(511,003)
TOTAL EQUITY		185,353	90,218

The consolidated financial statements on pages 73 to 196 were approved and authorised for issue by the board of directors on 20 March 2026 and are signed on its behalf by:

DING WAI CHUEN
DIRECTOR

LIE KEN JIE REMY ANTHONY KET HENG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025



	Attributable to owners of the Company										
	Share capital	Share premium account	Contributed surplus	Capital reserve	Land revaluation reserve	Merger reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000 (note (b))	HK\$'000	HK\$'000	HK\$'000 (note (a))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	18,550	2,091,657	83,274	846	79,926	265	(13,570)	(1,496,902)	764,046	(476,992)	287,054
Loss for the year	-	-	-	-	-	-	-	(139,238)	(139,238)	(34,011)	(173,249)
Other comprehensive expense for the year											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(20,012)	-	(20,012)	-	(20,012)
Revaluation loss on forestry land	-	-	-	-	(3,575)	-	-	-	(3,575)	-	(3,575)
Total comprehensive expense for the year	-	-	-	-	(3,575)	-	(20,012)	(139,238)	(162,825)	(34,011)	(196,836)
At 31 December 2024	18,550	2,091,657	83,274	846	76,351	265	(33,582)	(1,636,140)	601,221	(511,003)	90,218
(Loss) profit for the year	-	-	-	-	-	-	-	(100,348)	(100,348)	16,457	(83,891)
Other comprehensive income for the year											
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	7,089	-	7,089	-	7,089
Revaluation gain on forestry land	-	-	-	-	56,306	-	-	-	56,306	-	56,306
Total comprehensive income (expense) for the year	-	-	-	-	56,306	-	7,089	(100,348)	(36,953)	16,457	(20,496)
Issue of new shares upon rights issue (note 34)	9,275	24,393	-	-	-	-	-	-	33,668	-	33,668
Share issue costs (note 34)	-	(2,001)	-	-	-	-	-	-	(2,001)	-	(2,001)
Disposal of subsidiaries (note 15)	-	-	-	-	-	-	-	-	-	83,964	83,964
Acquisition of additional interests in a non-wholly-owned subsidiary (note (c))	-	-	-	-	-	-	-	(7,770)	(7,770)	7,770	-
At 31 December 2025	27,825	2,114,049	83,274	846	132,657	265	(26,493)	(1,744,258)	588,165	(402,812)	185,353

Notes:

- (a) The merger reserve represents the difference between the fair value of the consideration given for the acquisition of a subsidiary in prior years pursuant to a business combination under common control and the total amount of the historical carrying amount of the consolidated net assets of the acquiree at the date of acquisition and the amount of certain liabilities of the acquiree assumed by the Group in connection with the business combination.
- (b) The Group's contributed surplus, which arose from the Group reorganisation on 2 July 1991, represents the difference between the nominal value of the Company's shares issued under the reorganisation scheme, in exchange for the shares in the subsidiaries and the consolidated net asset value of the acquired subsidiaries, reduced by distributions to shareholders.
- (c) The Group acquired additional interests in Greenheart Grand Forest Limited, a non-wholly-owned subsidiary of the Group, on 27 November 2025 at a cash consideration of HK\$1. The difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid is recognised directly in accumulated losses and attributable to owners of the Company.



Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	NOTE	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES			
Loss before tax		(123,175)	(192,323)
Adjustments for:			
Finance costs		23,424	24,634
Interest income and finance lease income		(641)	(1,276)
Gain on disposal of property, plant and equipment		(15)	–
Loss on disposal of Suriname operation	15	82,506	–
Depreciation of property, plant and equipment		3,354	6,469
Depreciation of right-of-use assets		2,598	4,853
Amortisation of:			
Forest depletion cost		4,618	6,615
Harvest roading costs		1,646	825
Timber concessions and cutting rights		–	1,680
Net write-down of inventories		344	245
Impairment (reverse of impairment) of:			
Property, plant and equipment		8,321	22,378
Timber concessions and cutting rights		–	20,055
Trade receivables		(163)	(8)
Right-of-use assets		–	5,842
Fair value (gain) loss on plantation forest assets		(35,354)	65,847
Share of loss of an associate		27	43
Operating cash flows before movements in working capital		(32,510)	(34,121)
Decrease in inventories		1,991	3,705
(Increase) decrease in trade receivables		(887)	13,209
Increase in prepayments, deposits and other assets		(1,649)	(339)
(Increase) decrease in amount due from a fellow subsidiary		(21)	52
Increase (decrease) in trade payables		2,772	(3,790)
Decrease in other payables and accruals		(1,607)	(2,095)
Decrease in contract liabilities		(128)	(258)
Cash used in operations		(32,039)	(23,637)
Interest received		616	1,190
Overseas taxes refunded		5,778	322
NET CASH USED IN OPERATING ACTIVITIES		(25,645)	(22,125)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025



	NOTE	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES			
Additions of plantation forest assets		(2,334)	(8,125)
Purchases of property, plant and equipment		(760)	(1,187)
Net cash outflow on disposal of Suriname operation	15	(99)	–
Proceeds from disposal of property, plant and equipment		32	–
NET CASH USED IN INVESTING ACTIVITIES		(3,161)	(9,312)
FINANCING ACTIVITIES			
Proceeds from issue of new shares upon rights issue		33,668	–
Loan advanced from a fellow subsidiary		20,982	12,636
Repayments of lease liabilities		(2,128)	(2,468)
Share issue costs		(2,001)	–
Interest paid on borrowings		(1,356)	(1,899)
Interest paid on lease liabilities		(972)	(1,010)
NET CASH FROM FINANCING ACTIVITIES		48,193	7,259
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		19,387	(24,178)
CASH AND CASH EQUIVALENT AT 1 JANUARY		19,508	47,714
Effect of foreign exchange rate changes		951	(4,028)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		39,846	19,508
Represented by:			
Bank balances and cash		39,846	19,508



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

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

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

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 46.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 *Lack of Exchangeability*

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11²</i>
Amendments to HKAS 21 and HKFRS 18	<i>Translation to a Hyperinflationary Presentation Currency³ and Presentation and Disclosure in Financial Statements³</i>

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

Except for the new HKFRS Accounting Standard mentioned below, the Directors anticipate that the application of all the amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

New and amendments to HKFRS Accounting Standards in issue but not yet effective *(continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Basis of consolidation *(continued)*

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Non-current assets classified as held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for plantation forest assets measured at fair value less costs to sell and pledged bank deposit measured at amortised costs which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Revenue from contracts with customers *(continued)*

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: quoted interest rates for borrowings with similar durations and current interest rates from bank borrowing.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

Variable lease payments that reflect changes in market rental rate are initially measured using the published consumers price index in New Zealand as at the commencement date.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Leases *(continued)*

The Group as a lessee (continued)

Lease liabilities *(continued)*

The Group re-measures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is re-measured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in published consumers price index in New Zealand under annual review in which cases the related lease liability is re-measured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group re-measures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the re-measurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments for operating leases that do not depend on an index or a rate are recognised as income when they arise.

Rental income derived from the Group's ordinary course of business is presented as revenue.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, (i) the assets and liabilities of the Group's foreign operations are translated into US\$; and (ii) the assets and liabilities of the Group denominated or translated into US\$ are then translated into the presentation currency of the Group (i.e., HK\$), using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or assets for non-depreciable assets (i.e. freehold land), the carrying amounts of such assets are presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Taxation (continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Plantation forest assets

Plantation forest assets predominately consist of standing trees in forests on which the Group undertakes agricultural activities to transform the standing trees into logs for sale. The forest maintenance expenses are charged to profit or loss in the period in which they are incurred.

Plantation forest assets are stated at fair value less costs to sell at the end of each reporting period and the gain or loss arising from the changes in the fair value less costs to sell of the plantation forest assets is recognised in profit or loss in the period in which it arises.

At the time the tree is harvested, the log is measured at its fair value less costs to sell at the point of harvest, which will be accounted for as depletion of the plantation forest assets (non-current assets) with corresponding increase in inventories (current assets). Depletion of plantation forest assets is calculated based on the net present value of the harvest in the current year from the most recent forest revaluation, spread over the planned harvest volume for the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information (continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than forestry land and construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Forestry land of the Group is freehold land, which is stated in the consolidated statement of financial position at revalued amount, being the fair value less subsequent accumulated impairment losses, if any at the date of revaluation.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Any revaluation increase arising from revaluation of forestry land is recognised in other comprehensive income and accumulated in land revaluation reserve, except to the extent that it reverses a revaluation decrease of the forestry land previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of forestry land is recognised in profit or loss to the extent that it exceeds the balance, if any, on the land revaluation reserve relating to a previous revaluation of the forestry land. On the subsequent sale or retirement of the forestry land, the attributable revaluation surplus is transferred to accumulated losses.

Depreciation is recognised so as to write off the cost of assets (other than forestry land and construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Property, plant and equipment *(continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets *(other than goodwill)*

Timber concessions and cutting rights

Timber concessions and cutting rights acquired in a business combination with finite useful lives, which give the Group's rights to harvest trees in the allocated concession forests in designated areas in the Republic of Suriname ("Suriname") are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Timber concessions and cutting rights are amortised on a straight-line basis, over the terms of license of respective timber concessions and cutting rights.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information (continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (continued)

Impairment loss on property, plant and equipment, right-of-use assets and intangible assets other than goodwill is classified in the consolidated statement of profit or loss and other comprehensive income within the functions to which the asset relates, consistent with how the depreciation or amortisation of the relevant asset is classified.

Bank balances and cash

Bank balances and cash presented on the consolidated statement of financial position and cash and cash equivalents for the purposes of the consolidated statement of cash flows include cash, which comprises of cash on hand and demand deposits; and cash equivalents, which comprise of short-term deposits (generally with original maturity of three months or less).

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Cost of the Group's logs and timber products in Suriname is determined on a weighted average cost basis. The cost comprises direct materials, direct labour and an appropriate proportion of overheads and amortisation of timber concessions and cutting rights.

Cost of the Group's logs in New Zealand is determined on a first-in, first-out basis. In respect of felled trees harvested from the plantation forest assets, their costs are measured on initial recognition at their fair value less costs to sell at the point of harvest.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contract with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments *(continued)*

*Financial assets *(continued)**

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables for contracts with customers, other receivables and deposits, refundable earnest money, amount due from a fellow subsidiary, pledged bank deposit and bank balances) and lease receivables, which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(i) Significant increase in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a de-recognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on certain trade receivables using a provision matrix taking into consideration debtors' aging, historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward looking information, including time value of money where appropriate, that is available without undue cost or effort. Debtors with significant balances or credit-impaired balances are assessed individually.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

De-recognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade payables, other payables, loans from immediate holding company and a fellow subsidiary and bank borrowing) are subsequently measured at amortised cost, using the effective interest method.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination on lease term of contracts with renewal options

The Group applies judgment to determine the lease term for lease contracts in which it is a lessee that include renewal option, specifically, the leases relating to offices and leasehold lands. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The assessment of whether the Group is reasonably certain to exercise renewal options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Re-assessment is performed upon the occurrence of either a significant event or a significant change in circumstances that is within the control of lessee and that affects the assessment.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Critical judgement in applying accounting policies *(continued)*

Determination on lease term of contracts with renewal options *(continued)*

When assessing reasonable certainty, the Group considers all relevant facts and circumstances including economic incentives/penalties for exercising or not exercising the options. Factors considered include the conditions and quality of the forestry land and the future harvesting plans of the Group.

During the year ended 31 December 2025, the undiscounted potential future lease payments for extension options in which the Group is not reasonably certain to exercise, which is detailed in note 19, amount to HK\$28,307,000 (2024: HK\$27,577,000).

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of forestry land and plantation forest assets other than that classified as held for sale

The Group's forestry land and plantation forest assets are stated at revaluated amount and at fair value less costs to sell, respectively. In determining the fair value of the plantation forest assets, except for those under assets classified as held for sale as at 31 December 2025, the professional valuer has applied income approach according to HKFRS 13 *Fair Value Measurement*. The methodologies require key assumptions and estimates regarding discount rate and log price projections. Some weighting has also been given to a cost-based approach for young stands, where the cost of establishing and tending those stands is considered. The professional valuer of the underlying forestry land, except for those under assets classified as held for sale as at 31 December 2025, has carried out the fair value assessment by using sales comparison approach. The methodologies require key estimates regarding market sales price per plantable area.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Fair value of forestry land and plantation forest assets other than that classified as held for sale (continued)

Except for those under assets classified as held for sale as at 31 December 2025, any change in the valuation assumptions may affect the fair value of the forestry land and the plantation forest assets significantly.

The management reviews the assumptions and estimates periodically to identify any significant change in the fair value of the forestry land and the plantation forest assets, except for those under assets classified as held for sale as at 31 December 2025. The carrying amounts of the Group's forestry land and plantation forest assets as at 31 December 2025 were nil and HK\$39,891,000 (2024: HK\$132,265,000 and HK\$295,750,000), respectively. Further details of these are set out in notes 18 and 22.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable possible change in production costs, transport costs, log price and discount rate, with all other variables held constant, of the Group's loss before tax (due to changes in the sensitivity factors on the fair value of plantation forest assets (excluding the plantation forest assets classified as held for sale as at 31 December 2025)).



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of forestry land and plantation forest assets other than that classified as held for sale (continued)

Year ended 31 December 2025

Change in production costs	Increase (decrease) in production costs	Increase (decrease) in loss before tax
	%	HK\$'000
If the production costs increase	5	6,040
If the production costs decrease	(5)	(6,040)
Change in transport costs	Increase (decrease) in transport costs	Increase (decrease) in loss before tax
	%	HK\$'000
If the transport costs increase	5	4,833
If the transport costs decrease	(5)	(4,833)
Change in log price	Increase (decrease) in log price	(Decrease) increase in loss before tax
	%	HK\$'000
If the log price increases	5	(14,485)
If the log price decreases	(5)	14,485
Change in discount rate	Increase (decrease) in discount rate	Increase (decrease) in loss before tax
	%	HK\$'000
If the discount rate increases	1	5,313
If the discount rate decreases	(1)	(6,728)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of forestry land and plantation forest assets other than that classified as held for sale (continued)

Year ended 31 December 2024

	Increase (decrease) in production costs %	Increase (decrease) in loss before tax HK\$'000
Change in production costs		
If the production costs increase	5	35,469
If the production costs decrease	(5)	(35,469)
	Increase (decrease) in transport costs %	Increase (decrease) in loss before tax HK\$'000
Change in transport costs		
If the transport costs increase	5	18,850
If the transport costs decrease	(5)	(18,850)
	Increase (decrease) in log price %	(Decrease) increase in loss before tax HK\$'000
Change in log price		
If the log price increases	5	(80,578)
If the log price decreases	(5)	80,578
	Increase (decrease) in discount rate %	Increase (decrease) in loss before tax HK\$'000
Change in discount rate		
If the discount rate increases	1	49,685
If the discount rate decreases	(1)	(65,189)



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and other costs necessary to sell inventories. These estimates are based on the analysis of the status of the subsequent sales and the current market price of inventories. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The Directors reassess the estimations at the end of each reporting period. At 31 December 2025, the carrying amount of inventories is nil (2024: HK\$4,285,000).

Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on past due status of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 40 and 25.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
Types of goods or services		
Sales of logs	37,416	33,860
Forest management fee	4,944	5,360
Total revenue from contracts with customers	42,360	39,220
Timing of revenue recognition		
A point in time	37,416	33,860
Over time	4,944	5,360
Total	42,360	39,220

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:

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
New Zealand*	42,360	39,220

* The revenue from customers located in New Zealand mainly related to sales under free on board terms with destinations in Mainland China, sales to domestic customers and forest management fee in New Zealand.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE (*continued*)

(ii) Performance obligations for contracts with customers

Sales of logs

The Group sells logs to the domestic customers in New Zealand and overseas customers. Revenue from domestic customers is recognised at a point in time when control of the goods has been transferred at an agreed location. For overseas sales, revenue is recognised at a point in time when control of the goods has been transferred to the customers, when the goods have been delivered to port of discharge or the loading port to which the related shipping is arranged by the customers. Any shipping and handling activities before the customer obtains control of goods are considered as fulfilment activities and are not regarded as a separate performance obligation. Significant payment terms are disclosed in note 25.

Sales-related warranties associated with logs 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.

During the years ended 31 December 2025 and 2024, all performance obligations for sales of products and forest management fee are for the period less than one year. As permitted under HKFRS 15, the transaction price allocated to unsatisfied performance obligations as at 31 December 2025 and 2024 are not disclosed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



6. 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 operating and reportable segment:

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

An operating and reportable segment regarding Suriname was discontinued during the year ended 31 December 2025. The segment information reported in this note does not include any amounts for this discontinued operation, which is described in more detail in note 15.

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

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

Segment assets exclude assets classified as held for sale, assets relating to discontinued operation, unallocated head office and unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude liabilities directly associated with assets classified as held for sale, liabilities relating to discontinued operation, unallocated head office and unallocated corporate liabilities as these liabilities are managed on a group basis.

The Group allocates property, plant and equipment, plantation forest assets, harvest roading costs included in prepayments, deposits and other assets, inventories and financial assets to segment assets whereas the related depreciation, forest depletion cost, fair value changes, amortisation and impairment losses are excluded in the segment results (“Adjusted EBITDA”).

Details of geographical segment information of the Group’s revenue from continuing operations are disclosed in note 5.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. OPERATING SEGMENTS (continued)

Segment revenue and results

The following table presents revenue, results, assets and liabilities and other information regarding the Group's operating segment for the year:

For the year ended 31 December 2025

Continuing operations

	New Zealand HK\$'000	Unallocated corporate items HK\$'000	Consolidated total HK\$'000
SEGMENT REVENUE – EXTERNAL	42,360	–	42,360
SEGMENT RESULTS (“Adjusted EBITDA”)	(12,370)	(16,302)	(28,672)
Reconciliation of the segment results:			
Items other than finance costs, income tax credit, forest depletion cost as a result of harvesting, depreciation and amortisation	35,354	–	35,354
Fair value gain on plantation forest assets	616	25	641
Interest income	163	–	163
Reversal of impairment losses on trade receivables	(8,321)	–	(8,321)
Impairment of property, plant and equipment			
EBITDA	15,442	(16,277)	(835)
Finance costs	(14,042)	(7,556)	(21,598)
Forest depletion cost as a result of harvesting*	(4,618)	–	(4,618)
Depreciation	(4,513)	(1,214)	(5,727)
Harvest roading costs*	(1,646)	–	(1,646)
LOSS BEFORE TAX	(9,377)	(25,047)	(34,424)
ASSETS			
Segment assets	97,652	15,668	113,320
Assets classified as held for sale			572,536
			685,856
LIABILITIES			
Segment liabilities	219,042	259,005	478,047
Liabilities directly associated with assets classified as held for sale			22,456
			500,503
Other segment information			
Capital expenditures [‡]	(5,379)	(24)	(5,403)

[‡] Capital expenditures consist of additions to property, plant and equipment, right-of-use assets, harvest roading and plantation forest assets.

* Included in “Cost of sales and services” in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



6. OPERATING SEGMENTS (continued)

Segment revenue and results (continued)

For the year ended 31 December 2024 (re-presented)

Continuing operations

	New Zealand HK\$'000	Unallocated corporate items HK\$'000	Consolidated total HK\$'000
SEGMENT REVENUE – EXTERNAL	39,220	–	39,220
SEGMENT RESULTS (“Adjusted EBITDA”)	628	(15,477)	(14,849)
Reconciliation of the segment results:			
Items other than finance costs, income tax credit, forest depletion cost as a result of harvesting, depreciation and amortisation			
Fair value loss on plantation forest assets	(65,847)	–	(65,847)
Interest income	1,186	21	1,207
Impairment losses recognised on trade receivables	(31)	–	(31)
EBITDA	(64,064)	(15,456)	(79,520)
Finance costs	(16,035)	(444)	(16,479)
Forest depletion cost as a result of harvesting*	(6,615)	–	(6,615)
Depreciation	(6,199)	(1,301)	(7,500)
Harvest roading costs*	(825)	–	(825)
LOSS BEFORE TAX	(93,738)	(17,201)	(110,939)
ASSETS			
Segment assets	579,812	7,905	587,717
Assets relating to discontinued operation			21,797
			609,514
LIABILITIES			
Segment liabilities	266,841	20,273	287,114
Liabilities directly relating to discontinued operation			232,182
			519,296
Other segment information			
Capital expenditures [#]	(10,976)	(3,635)	(14,611)

[#] Capital expenditures consist of additions to property, plant and equipment, right-of-use assets, harvest roading and plantation forest assets.

* Included in “Cost of sales and services” in the consolidated statement of profit or loss and other comprehensive income.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. OPERATING SEGMENTS (continued)

Geographical information

Information about the Group's non-current assets other than assets relating to discontinued operation and assets classified as held for sale (excluding those relating to prepayments, deposits and other assets and interest in an associate) is presented based on the geographical location of the assets.

	Non-current assets	
	2025 HK\$'000	2024 HK\$'000 (Re-presented)
New Zealand	59,552	545,514
Hong Kong	1,743	2,933
	61,295	548,447

Information about major customers

During the year ended 31 December 2025, the Group had transactions with one (2024: two) customer(s) who individually contributed over 10% of the Group's total revenue from continuing operations for the year ended 31 December 2025. A summary of revenue earned from each of these major customers is set out below:

	2025 HK\$'000	2024 HK\$'000
Continuing operations		
Customer 1	29,148	21,097
Customer 2	N/A*	5,872

* The corresponding revenue of the related customer did not contribute over 10% of the Group's total revenue from continuing operations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



7. OTHER INCOME, GAINS AND LOSSES

Other income:

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
Bank and other interest income	641	1,207
Others	253	225
	894	1,432

Other gains and losses:

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
Gain on disposal of property, plant and equipment	15	–
Exchange (loss) gain	(641)	2,831
Impairment of property, plant and equipment	(1,179)	–
	(1,805)	2,831



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. IMPAIRMENT LOSSES REVERSED (RECOGNISED) ON FINANCIAL ASSETS, NET

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
Net impairment losses reversed (recognised) on:		
– trade receivables in respect of goods and services	163	(31)

Details of ECL assessment for the years ended 31 December 2025 and 2024 are set out in note 40.

9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
Interest on loans from immediate holding company	5,499	–
Interest on loans from a fellow subsidiary	13,808	13,639
Interest on bank borrowing	1,319	1,830
Interest on lease liabilities	972	1,010
	21,598	16,479

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



10. LOSS BEFORE TAX

The Group's loss before tax for the year from continuing operations has been arrived at after charging (crediting):

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
Cost of inventories sold*	31,807	30,152
Cost of services rendered*	3,520	3,766
Forest harvested as agricultural produce	4,258	6,975
Amount capitalised in closing inventories	–	(360)
Amount released from opening inventories	360	–
Forest depletion cost as a result of harvesting***	4,618	6,615
Depreciation of:		
– property, plant and equipment	3,212	4,569
– right-of-use assets	2,515	2,931
Harvest roading costs*	1,646	825
Impairment of property, plant and equipment****	8,321	–
Foreign exchange losses (gains), net**	1,407	(4,113)
Auditor's remuneration		
– Audit service	2,060	2,170
– Non-audit services	870	700
	2,930	2,870
Employee benefits expenses (including Directors' remuneration)***:		
– Salaries and allowances	17,032	16,655
– Pension scheme contributions (defined contribution scheme)	227	246
	17,259	16,901



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. LOSS BEFORE TAX (continued)

- * Included in “Cost of sales and services” in the consolidated statement of profit or loss and other comprehensive income.
- ** Foreign exchange losses (gains), net are classified based on the nature of the transactions or events which give rise to those foreign exchange gains or losses. Foreign exchange loss of HK\$713,000 (2024: gain of HK\$1,623,000), foreign exchange loss of HK\$641,000 (2024: gain of HK\$2,831,000), and foreign exchange loss of HK\$53,000 (2024: HK\$341,000, re-presented) are included in “Cost of sales and services”, “Other gains and losses”, and “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income, respectively.
- *** These costs and employee benefits expenses of HK\$4,340,000 (2024: HK\$4,962,000, re-presented) are included in “Cost of inventories sold” and “Cost of services rendered”.
- **** Impairment of property, plant and equipment of HK\$7,142,000 and HK\$1,179,000 are included in “Administrative expenses” and “Other gains and losses”, respectively.

11. DIRECTORS’ AND CHIEF EXECUTIVE OFFICER’S EMOLUMENTS

Directors’ and chief executive officer’s remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	2025 HK\$’000	2024 HK\$’000
Fees	2,880	2,880
Other emoluments:		
Salaries, allowances and benefits in kind	2,760	2,760
Pension scheme contributions	6	18
	2,766	2,778
	5,646	5,658

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (continued)

An analysis of Directors' remuneration, on a named basis, is as follows:

Year ended 31 December 2025

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Executive director:				
Mr. Ding Wai Chuen (Chief Executive Officer)	360	2,760	6	3,126
Non-executive directors:				
Mr. Cheng Chi-Him, Conrad	360	–	–	360
Mr. Kenneth Lau	360	–	–	360
Mr. Lie Ken Jie Remy Anthony Ket Heng	360	–	–	360
Ms. Suen Chung Yan, Julia	360	–	–	360
	1,440	–	–	1,440
Independent non-executive directors:				
Mr. Wong Man Chung, Francis	360	–	–	360
Mr. Cheung Pak To, Patrick	360	–	–	360
Mr. To Chun Wai	360	–	–	360
	1,080	–	–	1,080
Total	2,880	2,760	6	5,646



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (continued)

Year ended 31 December 2024

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Executive director:				
Mr. Ding Wai Chuen (Chief Executive Officer)	360	2,760	18	3,138
Non-executive directors:				
Mr. Cheng Chi-Him, Conrad	360	–	–	360
Mr. Kenneth Lau	360	–	–	360
Mr. Lie Ken Jie Remy Anthony Ket Heng	360	–	–	360
Ms. Suen Chung Yan, Julia	360	–	–	360
	1,440	–	–	1,440
Independent non-executive directors:				
Mr. Wong Man Chung, Francis	360	–	–	360
Mr. Cheung Pak To, Patrick	360	–	–	360
Mr. To Chun Wai	360	–	–	360
	1,080	–	–	1,080
Total	2,880	2,760	18	5,658

The executive director's remuneration shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' remuneration shown above were for their services as the Directors of the Company and its subsidiaries, if applicable. The independent non-executive directors' remuneration shown above were for their services as Directors.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 December 2025 included one (2024: one) director, details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are neither a Director nor chief executive officer of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	4,707	4,855
Pension scheme contributions	38	39
	4,745	4,894

The number of highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$0 to HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	1
	4	4

No bonus (2024: nil) was paid to the remaining four (2024: four) highest paid employees. No payment (2024: nil) was made by the Group to the remaining four (2024: four) highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Continuing operations		
Current tax – other jurisdictions		
Under provision in prior years	7	813
Current tax expense	7	813
Deferred tax credit (note 33)	(39,291)	(12,306)
	(39,284)	(11,493)

The Group is operating in jurisdictions where the Global Anti-base Erosion Rules (“Pillar Two Rules”) are effective. However, as the Group’s consolidated annual revenue is expected to be less than Euro750,000,000 in at least two of the four fiscal years preceding the tested year, the Management of the Group considers the Group is not liable to top-up tax under the Pillar Two Rules.

No provision for Hong Kong profits tax has been made for the years ended 31 December 2025 and 2024 as the Group did not generate any assessable profits arising in Hong Kong.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



13. INCOME TAX CREDIT (continued)

The income tax credit for the year can be reconciled to the loss before tax from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000 (Re-presented)
Loss before tax from continuing operations	(34,424)	(110,939)
Tax at the Hong Kong profits tax rate of 16.5%	(5,680)	(18,305)
Under provision in prior years	7	813
Difference in tax rates of subsidiaries operating in other jurisdictions	(16,137)	(5,054)
Tax effect of share of loss of an associate	4	7
Tax effect of expenses not deductible for tax purpose	6,061	2,549
Tax effect of income not taxable for tax purpose	(59)	(12)
Tax effect of tax losses not recognised	6,067	8,509
Utilisation of tax losses previously not recognised	(29,547)	–
Income tax credit for the year relating to continuing operations	(39,284)	(11,493)

14. DIVIDENDS

During the current year, a special dividend of HK\$0.01 per ordinary share totalling HK\$27,824,866, based on 2,782,486,584 ordinary shares, had been proposed by the Board and approved by the shareholders at the shareholders' meeting on 24 November 2025, subject to the completion of the disposal of the 78 parcels of land located in the Mangakahia Forest, Northland region of New Zealand (the "Sale Assets 1") and a parcel of land located in the Ormond Valley, Gisborne region of New Zealand (the "Sale Assets 2").

Subsequent to the end of the reporting period, on 2 February 2026, the Board announced the distribution of such dividend on 17 March 2026 as the dispose of the Sale Assets 1 and the Sale Assets 2 in New Zealand was completed on 30 January 2026. On 17 March 2026, the special dividend was paid for ordinary shareholders of the Company.

Save as disclosed above, no other dividend was paid or proposed by the Directors for both years, nor has any dividend been proposed since the end of the reporting period.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. DISCONTINUED OPERATION

The Suriname operation recorded negative results for each of the years ended 31 December 2022, 2023 and 2024 and, consequently, suffered from a significant decline in asset value over the years, despite continuous management efforts to improve its operations and results. To improve the financial sustainability and enable the Management to focus resources on the Group's other businesses, the Group disposed of the majority of its loss-making subsidiaries in Suriname during the year ended 31 December 2025.

On 28 March 2025, the Group entered into a master sale and purchase agreement with an independent third party to dispose of 100% equity interests of 15 subsidiaries and 60% equity interest of a subsidiary in Suriname. The Group's Suriname operation is treated as discontinued operation. The disposal was completed on 28 March 2025, on which date the control of the majority of its loss-making subsidiaries in Suriname passed to the acquirer.

The loss for the year from the discontinued Suriname operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the Suriname operation as discontinued operation.

	2025 HK\$'000	2024 HK\$'000
Loss of Suriname operation for the year	(6,245)	(73,803)
Loss on disposal of Suriname operation	(82,506)	–
	(88,751)	(73,803)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



15. DISCONTINUED OPERATION (continued)

The results of the Suriname operation for the year, which have been included in the consolidated statement of profit or loss and other comprehensive income were as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue		
Contracts with customers – sales of logs and timber products	926	10,150
Leases – subcontracting fee income	631	2,502
		<hr/>
Total revenue	1,557	12,652
Cost of sales	(3,932)	(75,741)
		<hr/>
Gross loss	(2,375)	(63,089)
Other income	314	547
Impairment losses reversed on financial assets, net	–	39
Selling and distribution costs	(373)	(3,475)
Administrative expenses	(1,985)	(7,251)
Finance costs	(1,826)	(8,155)
		<hr/>
Loss before tax	(6,245)	(81,384)
Income tax credit	–	7,581
		<hr/>
Loss for the year	(6,245)	(73,803)



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. DISCONTINUED OPERATION (continued)

	2025 HK\$'000	2024 HK\$'000
Cash flows from discontinued operation		
Net cash used in operating activities	(3,040)	(9,115)
Net cash used in investing activities	(99)	(101)

The Group's loss before tax of the discontinued operation has been arrived at after charging (crediting):

	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold (including net write-down of inventories)	3,932	28,817
Amortisation of timber concessions and cutting rights	–	1,680
Depreciation of:		
– property, plant and equipment	142	1,900
– right-of-use assets	83	1,922
Impairment of property, plant and equipment	–	22,378
Impairment of right-of-use assets	–	5,842
Impairment of timber concessions and cutting rights	–	20,055
Net write-down of inventories	344	245
Foreign exchange losses, net	96	385
Auditor's remuneration – audit service	120	310
Employee benefits expenses:		
– Salaries and allowances	2,222	13,701
– Pension scheme contributions (defined contribution scheme)	12	58
	2,234	13,759

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



15. DISCONTINUED OPERATION (continued)

The net liabilities of these subsidiaries at the date of disposal were as follows:

	HK\$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment (note 18)	6,540
Right-of-use assets (note 19)	7,647
Inventories	1,590
Trade receivables	498
Prepayments, deposits and other assets	3,501
Bank balances and cash	99
Trade payables	(1,790)
Other payables and accruals	(19,473)
Tax payable	(70)
	<hr/>
Net liabilities disposed of	(1,458)
	<hr/>
Consideration received:	
Cash received (US\$1)	–
	<hr/>
(Gain) loss on disposal of subsidiaries:	
Consideration received (US\$1)	–
Net liabilities disposed of	(1,458)
Non-controlling interests	83,964
	<hr/>
Loss on disposal	82,506
	<hr/>
Net cash outflows arising on disposal:	
Consideration received (US\$1)	–
Less: cash and cash equivalent disposed of	(99)
	<hr/>
	(99)



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(100,348)	(139,238)
	2025	2024 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	2,348,829,143	2,072,688,531

The weighted average number of ordinary shares for the purposes of basic loss per share for the years ended 31 December 2025 and 2024 has been adjusted for the rights issue completed on 12 August 2025. As detailed in note 34, the weighted average number of shares for the year ended 31 December 2024 was restated, as if the rights issue had occurred at the beginning of 1 January 2024.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



16. (LOSS) EARNINGS PER SHARE (continued)

From continuing operations

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

	2025 HK\$'000	2024 HK\$'000
Profit (loss) figures are calculated as follows:		
Loss for the year attributable to owners of the Company	(100,348)	(139,238)
Less: loss for the year from discontinued operation attributable to owners of the Company	(107,386)	(39,792)
Profit (loss) for the year attributable to owners of the Company for the purposes of basic earnings (loss) per share from continuing operations	<u>7,038</u>	<u>(99,446)</u>

The denominators used are the same as those detailed above for basic loss per share from continuing and discontinued operations.

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

From discontinued operation

Basic loss per share from discontinued operation is HK\$0.046 per share (2024: HK\$0.019 per share) based on the loss for the year attributable to owners of the Company from discontinued operation of HK\$107,386,000 (2024: HK\$39,792,000) and the denominators detailed above for basic loss per share from continuing and discontinued operations.

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



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 29 August 2025, Greenheart Mangakahia Forest Land Limited and Greenheart Papakorakora Forest NZ Limited, each being an indirect wholly-owned subsidiary of the Company, and the Company entered into the agreement for sale and purchase of real estate (the “SPA 1”) with Ingka Investments Forest Assets NZ Limited (“Ingka”), an independent third party, in relation to the disposal of the Sale Assets 1 and the Sale Assets 2.

On the same date, Greenheart Mangakahia Forest Māori Land Limited, being an indirect wholly-owned subsidiary of the Company, and the Company entered into the agreement for sale and purchase of real estate (the “SPA 2”) with Ingka, in relation to the disposal of a parcel of land located in the Mangakahia Forest, Northland region of New Zealand (the “Sale Assets 3”).

The SPA 1 and the SPA 2 were approved by shareholders at the special general meeting (the “SGM”) held on 24 November 2025.

Subsequent to the end of the reporting period, on 30 January 2026, the disposal of the Sale Assets 1 and the Sale Assets 2 was completed.

Further details are set out in (i) the Company’s announcements dated 10 September 2025, 30 September 2025, 19 December 2025 and 2 February 2026; (ii) the circular of the Company dated 7 November 2025; and (iii) the poll results announcement of the Company for the SGM dated 24 November 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



17. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (*continued*)

As at 31 December 2025, the disposal of the Sale Assets 1, the Sale Assets 2 and the Sale Assets 3 were not yet completed and the assets and liabilities of the related assets, which are expected to be sold within twelve months, have been classified as assets and liabilities directly associated with assets held for sale and are presented separately in the consolidated statement of financial position, are as follows:

	2025 HK\$'000
Property, plant and equipment (note 18)	281,001
Plantation forest assets (note 22)	289,289
Pledged bank deposit (note 27)	2,246
Assets classified as held for sale	572,536
Bank borrowing (note 32)	22,456
Liabilities directly associated with assets classified as held for sale	22,456

The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no further impairment loss has been recognised.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. PROPERTY, PLANT AND EQUIPMENT

	Forestry land HK\$'000 (notes (a) & (b))	Buildings HK\$'000	Roadings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST OR VALUATION									
At 1 January 2024	152,744	59,653	169,047	6,903	179,329	14,928	7,566	18,059	608,229
Additions	-	-	997	-	14	106	-	70	1,187
Loss on revaluation	(3,575)	-	-	-	-	-	-	-	(3,575)
Disposals/written-off	-	-	-	-	-	-	(313)	-	(313)
Transfers	-	-	-	-	115	-	-	(115)	-
Exchange adjustments	(16,904)	(19)	-	-	(138)	(166)	(78)	-	(17,305)
At 31 December 2024	132,265	59,634	170,044	6,903	179,320	14,868	7,175	18,014	588,223
Additions	-	-	671	-	23	66	-	-	760
Gain on revaluation	56,306	-	-	-	-	-	-	-	56,306
Disposal of subsidiaries (note 15)	-	(59,495)	(22,761)	(3,506)	(178,579)	(9,298)	(6,573)	(18,014)	(298,226)
Disposals/written-off	-	-	-	-	(273)	(24)	-	-	(297)
Transfer to assets classified as held for sale (note 17)	(191,700)	(144)	(147,793)	-	(47)	-	-	-	(339,684)
Exchange adjustments	3,129	5	4,185	-	34	38	18	-	7,409
At 31 December 2025	-	-	4,346	3,397	478	5,650	620	-	14,491
At 31 December 2025									
Comprising:									
Cost	-	-	4,346	3,397	478	5,650	620	-	14,491
Valuation	-	-	-	-	-	-	-	-	-
	-	-	4,346	3,397	478	5,650	620	-	14,491
At 31 December 2024									
Comprising:									
Cost	-	59,634	170,044	6,903	179,320	14,868	7,175	18,014	455,958
Valuation	132,265	-	-	-	-	-	-	-	132,265
	132,265	59,634	170,044	6,903	179,320	14,868	7,175	18,014	588,223
DEPRECIATION AND IMPAIRMENT									
At 1 January 2024	-	51,393	61,385	6,867	163,937	14,507	7,483	14,602	320,174
Depreciation provided during the year	-	769	4,826	36	661	153	24	-	6,469
Disposals/written-off	-	-	-	-	-	-	(313)	-	(313)
Impairment loss recognised in profit or loss (note (c))	-	809	3,197	-	14,780	180	-	3,412	22,378
Exchange adjustments	-	(19)	-	-	(128)	(145)	(70)	-	(362)
At 31 December 2024	-	52,952	69,408	6,903	179,250	14,695	7,124	18,014	348,346
Depreciation provided during the year	-	142	3,109	-	23	64	16	-	3,354
Disposal of subsidiaries (note 15)	-	(52,955)	(22,761)	(3,506)	(178,579)	(9,298)	(6,573)	(18,014)	(291,686)
Disposals/written-off	-	-	-	-	(256)	(24)	-	-	(280)
Impairment loss recognised in profit or loss (note (a))	1,179	-	7,142	-	-	-	-	-	8,321
Transfer to assets classified as held for sale (note 17)	(1,179)	(144)	(57,313)	-	(47)	-	-	-	(58,683)
Exchange adjustments	-	5	1,283	-	32	33	16	-	1,369
At 31 December 2025	-	-	868	3,397	423	5,470	583	-	10,741
CARRYING VALUES									
At 31 December 2025	-	-	3,478	-	55	180	37	-	3,750
At 31 December 2024	132,265	6,682	100,636	-	70	173	51	-	239,877

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



18. PROPERTY, PLANT AND EQUIPMENT (*continued*)

The above items of property, plant and equipment, except for forestry land and construction in progress are depreciated on a straight-line basis to the residual value over the estimated useful life at the following rates per annum:

Buildings	2.5% to 10%
Roadings	Over the shorter of the lease terms and 3%
Leasehold improvements	Over the shorter of the lease terms and 10%
Plant and machinery	
Sawmill facilities	4%
Others	10% to 20%
Furniture, fixtures and office equipment	20% to 33.3%
Motor vehicles	10% to 20%

Notes:

- (a) Forestry land represents parcels of forestry land in New Zealand and accounted for using revaluation model.

The following table gives information about how the fair value of the Group's forestry land is determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable:



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes: (continued)

(a) (continued)

	Fair value HK\$'000	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Sensitivity
As at 31 December 2024					
Forestry land, in New Zealand	132,265	Level 3	Direct comparison method – based on market observable transactions of similar land and adjusted to reflect the conditions of the subject land	Market unit sales price per plantable area, estimated based on the average of recent transaction prices of similar properties ranging from New Zealand dollars (“NZ\$”)1,291/ha to NZ\$19,248/ha, and adjusted for nature, location and conditions of the subjected land.	A significant increase/decrease in market unit sales prices would result in significant increase/decrease in fair value.

In estimating the fair value of the forestry land, the highest and best use of the properties is their current use.

On 29 August 2025, the Group entered into agreements to sell the forestry land and related assets in New Zealand to a third party for total cash consideration of NZ\$134,150,000 (equivalent to HK\$602,500,000). Accordingly, the related forestry land and roadings were classified as “assets classified as held for sale” and were presented separately as current assets in the consolidated statement of financial position as at 31 December 2025. The fair values of the forestry land and roading were determined to be HK\$190,521,000 and HK\$90,480,000, respectively, based on an allocation of the sales price agreed upon with the counterparty. As a result, the fair value hierarchy for the forestry land was transferred from Level 3 to Level 2. Gain on revaluation of HK\$56,306,000 under other comprehensive income and an impairment loss of HK\$1,179,000 under “other gains and losses” were provided to the forestry land and an impairment of HK\$7,142,000 under “administrative expenses” were provided to the roading, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



18. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes: (continued)

(a) (continued)

The Group's forestry land was revalued on 31 December 2024 by CBRE Limited, with reference to the market price transactions on arm's length terms for land comparable in size and location to that held by the Group.

Had the forestry land been carried under the cost model, the carrying amount of the forestry land of the Group would have been HK\$93,633,000 as at 31 December 2025 (2024: HK\$93,633,000).

(b) At 31 December 2025, the Group's forestry land with carrying amount of approximately HK\$190,521,000 (2024: HK\$132,265,000) was pledged to secure bank loan facilities granted to the Group. Details please refer to note 32.

(c) Following the decision to cease business in west Suriname on 28 June 2024, the property, plant and equipment located in west Suriname are no longer expected to generate future economic benefits. As a result, an impairment loss of HK\$14,361,000 in respect of the property, plant and equipment in west Suriname was made during the year ended 31 December 2024.

In addition, during the year ended 31 December 2024, certain property, plant and equipment in central and east Suriname were no longer expected to generate future economic benefits. The management conducted impairment assessment on such property, plant and equipment. The recoverable amounts have been determined based on their value in use. Accordingly, an impairment loss of HK\$7,951,000 and HK\$66,000 were provided in full for those assets in central and east Suriname, respectively.

(d) As the operations in New Zealand currently turn to the end of the first rotation of the cycle as most of the plantation forest assets have been harvested, a segment loss was expected from the management during the years ended 31 December 2025 and 2024. The management expected to record segment profit when the second rotation begins in the forecast.

The management of the Group have assessed the cashflow forecast arising from the forecast yields of current rotation, the actual harvest volume during the years ended 31 December 2025 and 2024 compared to management's budget and current price trend of logs and concluded there was no impairment on the operations in New Zealand.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Leased properties HK\$'000	Motor vehicles HK\$'000	Office equipment HK\$'000	Total HK\$'000
As at 31 December 2025					
Carrying amount	9,511	2,094	297	101	12,003
As at 31 December 2024					
Carrying amount	18,203	3,110	106	162	21,581
For the year ended 31 December 2025					
Depreciation charge	1,045	1,360	127	66	2,598
For the year ended 31 December 2024					
Depreciation charge	3,224	1,433	152	44	4,853
Impairment loss recognised	5,842	–	–	–	5,842

	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term lease and other leases with lease terms end within 12 months	35	199
Total cash outflow for leases	(3,135)	(3,677)
Additions to right-of-use assets (note)	658	3,810
Disposal of subsidiaries to right-of-use assets (note 15)	7,647	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



19. RIGHT-OF-USE ASSETS *(continued)*

Note:

Additions to right-of-use assets during the year ended 31 December 2025 are related to new leases contracts of buildings and motor vehicles in New Zealand (31 December 2024: revisions reflecting changes in market rental rate using the published consumers price index in New Zealand and new lease contracts of buildings in Hong Kong and certain equipment in New Zealand).

For both years, the Group leases lands, offices, motor vehicles and office equipment for its operations. Lease contracts are entered into for fixed term of 1 year to 32 years (2024: 1 year to 32 years), but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. In addition, the Group has a lease contract for the lease of a piece of forest land in New Zealand and the Group has the right to handback the harvested portion of the land to the landlord during the remaining enforceable period of 21 years (2024: 22 years). The Group is reasonably certain they will utilise the forestry land and handback the harvested portion of land in accordance with their harvesting plans. The lease of this piece of land in New Zealand contains variable lease payments that depend on consumers price index which is subject to review annually.

The Group has extension options in a number of leases for land and offices. The majority of extension options held are exercisable only by the Group and not by the respective lessors.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

19. RIGHT-OF-USE ASSETS (continued)

The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The potential exposures to these future lease payments for extension options in which the Group is not reasonably certain to exercise is summarized below:

	Lease liabilities recognised as at 31 December 2025 HK\$'000	Potential future lease payments not included in lease liabilities (undiscounted) HK\$'000
Leasehold land – New Zealand	6,683	25,607
Leased properties – Hong Kong	1,773	2,700
	8,456	28,307
	Lease liabilities recognised as at 31 December 2024 HK\$'000	Potential future lease payments not included in lease liabilities (undiscounted) HK\$'000
Leasehold land – New Zealand	6,487	24,877
Leased properties – Hong Kong	2,917	2,700
	9,404	27,577

As at 31 December 2025 and 2024, there are no leases that are not yet commenced to which the Group is committed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



19. RIGHT-OF-USE ASSETS (continued)

Following the decision to cease business in west Suriname on 28 June 2024, the leasehold lands in west Suriname were no longer expected to generate future economic benefits. As a result, the leasehold lands in west Suriname, amounting to HK\$2,213,000, was fully impaired during the year ended 31 December 2024.

During the year ended 31 December 2024, the leasehold land in central Suriname were no longer expected to generate future economic benefits. The management performed impairment assessment on such assets and concluded the estimated realisable values of these assets were negligible. Accordingly, an impairment loss of HK\$3,629,000 was fully made for the leasehold lands in central Suriname in profit or loss during the year ended 31 December 2024.

The management of the Group determined that there is no indication for impairment of the leasehold lands in New Zealand during the years ended 31 December 2025 and 2024. The details of the assessment for the relevant assets in New Zealand are set out in note 18.

The details of the restrictions on the leased assets are set out in note 43.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. GOODWILL

	2025 HK\$'000	2024 HK\$'000
COST		
At 1 January	42,430	42,430
Disposal	(36,779)	–
At 31 December	5,651	42,430
IMPAIRMENT		
At 1 January	36,779	36,779
Eliminated on disposal	(36,779)	–
At 31 December	–	36,779
CARRYING VALUES		
At 31 December	5,651	5,651

Impairment testing of goodwill

The carrying amount of goodwill which arose on the acquisitions of subsidiaries, was allocated to the following business cash-generating unit of the Group.

	2025 HK\$'000	2024 HK\$'000
Forest management business in New Zealand	5,651	5,651

The goodwill in respect of the cash-generating units of logs and timber products business in west Suriname and central Suriname and pallets business amounting to HK\$7,624,000, HK\$27,854,000 and HK\$1,301,000, respectively, had been fully impaired in prior years. The related subsidiaries were disposed during the year ended 31 December 2025. Details refer to note 15.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



20. GOODWILL (continued)

Forest management business

The goodwill represented the excess of the consideration paid over the identifiable assets acquired and liabilities assumed, in relation to the acquisition of the entire issued share capital of Northland Forest Managers (1995) Limited (“NFM”).

Management allocated goodwill, right-of-use assets and certain property, plant and equipment to a cash-generating unit of the forest management business. The recoverable amount of cash-generating unit of the forest management business is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period (2024: five-year) approved by the Management. The growth rate used to extrapolate the cash flows beyond the five-year period was 2% (2024: 2%). The growth rate does not exceed long-term average growth rate for the business in which the cash-generating unit operates.

The key assumptions based upon are the discount rates, budgeted profit margins and revenues during the forecast period. The key assumptions on which management based its cash flow projections for the value in use are as follows:

Revenues and budgeted gross margins	The basis used to determine the value assigned is based on past performance and management expectation on NFM’s ability to progress and to generate economic income stream through provision of forest management service.
Discount rates	The discount rate used is before tax and reflect specific risks relating to the relevant units without taking into account of inflation factor. The discount rate applied to cash flow projections was 6.50% (2024: 7.00%).

The values assigned to key assumptions are consistent with external information sources.

As at 31 December 2025 and 2024, the Directors are of the opinion that, based on the value in use prepared in accordance with the above key assumptions, no impairment against the goodwill allocated to forest management business is considered necessary. The recoverable amount is significantly above the carrying amount of NFM. The management believes that any reasonably possible change in any of these assumptions would not result in impairment.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. TIMBER CONCESSIONS AND CUTTING RIGHTS

	2025 HK\$'000	2024 HK\$'000
COST		
At 1 January	880,459	880,459
Disposal	(880,459)	–
At 31 December	–	880,459
AMORTISATION AND IMPAIRMENT		
At 1 January	880,459	858,724
Amortisation during the year	–	1,680
Impairment during the year	–	20,055
Eliminated on disposal	(880,459)	–
At 31 December	–	880,459
CARRYING VALUES		
At 31 December	–	–

As disclosed in note 15, the Group entered into a master sale and purchase agreement to dispose 16 subsidiaries in Suriname. As at 31 December 2025, the Group did not hold any timber concessions and cutting rights in Suriname.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



22. PLANTATION FOREST ASSETS

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 12,630 hectares (2024: 12,630 hectares), of which 10,600 hectares (2024: 10,600 hectares) was productive area as at 31 December 2025. All the productive area was owned by the Group as freehold, except for 66 hectares (2024: 66 hectares) which are subject to the restrictions as set out in relevant New Zealand regulations. The relevant freehold land is classified and accounted for as property, plant and equipment under note 18 as at 31 December 2024 and transferred to assets classified as held for sale under note 17 as at 31 December 2025.

As at 31 December 2025, the Group owned radiata pine plantation forest assets in New Zealand with aggregate land area of 15,306 hectares (2024: 15,306 hectares), including aggregate land area of 12,711 hectares transferred to assets classified as held for sale.

All the Group’s plantation forest assets (excluding the relevant forestry land) 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*. Except for plantation forest assets under assets classified as held for sale, these assets were independently valued by Indufor Asia Pacific Limited (“Indufor”) as at 31 December 2025 and 2024. The 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.

In determining the fair value of the plantation forest assets, except for those under assets classified as held for sale as at 31 December 2025, 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 the management review these assumptions and estimates periodically to identify any significant changes in fair value. A sensitivity analysis is applied to possible changes in certain assumptions and estimates underlying the calculation, to the Group’s loss before tax as set out in note 4.

During the year ended 31 December 2025, the Group harvested a total of approximately 60,000 m³ (2024: 59,000 m³) from the Group’s plantation forest assets.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. PLANTATION FOREST ASSETS (continued)

At 31 December 2025, the Group has mature biological assets (radiata pines aged 20 years or above) of 895 hectares (2024: 632 hectares) and immature biological assets (radiata pines aged below 20 years) of 11,462 hectares (2024: 11,920 hectares), including mature biological assets (radiata pines aged 20 years or above) of 170 hectares and immature biological assets (radiata pines aged below 20 years) of 9,782 hectares transferred to assets classified as held for sale.

The harvested area of the Group's plantation forest assets up to 31 December 2025 is around 10,551 hectares (2024: 10,421 hectares).

As at 31 December 2025 and 2024, the Group's plantation forest assets (including those classified as held for sale) with carrying amounts of HK\$329,180,000 (2024: HK\$295,750,000) were pledged to secure banking facilities granted to the Group (note 32).

As at 31 December 2025 and 2024, the Group has no commitment for the development and acquisition of biological assets.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's plantation forest assets:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
As at 31 December 2025				
Recurring fair value measurement for:				
Plantation forest assets	–	289,289	39,891	329,180
As at 31 December 2024				
Recurring fair value measurement for:				
Plantation forest assets	–	–	295,750	295,750

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



22. PLANTATION FOREST ASSETS (continued)

Fair value hierarchy (continued)

On 29 August 2025, the Group entered into agreements to sell the forestry land and related assets in New Zealand to a third party for total cash consideration of NZ\$134,150,000 (equivalent to HK\$602,500,000). Therefore, the plantation forest assets were classified as “assets classified as held for sale” and were presented separately as current assets in the consolidated statement of financial position as at 31 December 2025. Accordingly, the fair value of the plantation forest assets was determined to be HK\$289,289,000, based on an allocation of the sales price agreed upon with the counterparty. As a result, the fair value hierarchy for the plantation forest assets was transferred from Level 3 to Level 2.

Reconciliation of changes in the carrying amount of the Group’s plantation forest assets with fair value measurements categorised within Level 3 of the fair value hierarchy:

	2025 HK\$'000	2024 HK\$'000
At 1 January	295,750	360,447
Additions	2,334	8,125
Harvested as agricultural produce (logs)	(4,258)	(6,975)
Changes in fair value less costs to sell (recognised in profit or loss)	35,354	(65,847)
Transfer out of Level 3 and transfer to assets classified as held for sale (note 17)	(289,289)	–
At 31 December	39,891	295,750

The fair value under Level 3 of the fair value hierarchy is estimated using a discounted cash flow method. This method involves the projection of a series of cash flows on an asset of interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. PLANTATION FOREST ASSETS (*continued*)

Fair value hierarchy (continued)

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as forecast yields across the years. The periodic cash flow is estimated as gross income less production costs, transport costs, land holding costs, forestry management costs and forestry overhead costs. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted back to the present.

The principal assumptions adopted in the discounted cash flow valuation are as follows:

- the cash flows are those arising from the current rotation of trees only. No account was taken of revenues or costs from re-establishment of following harvest, or of land not yet planted;
- the cash flows do not take into account income tax and finance costs; and
- the cash flows have been prepared in real terms and have not therefore included inflationary effects.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



22. PLANTATION FOREST ASSETS (continued)

Fair value hierarchy (continued)

The key inputs in the valuation of the plantation forest assets in New Zealand under Level 3 of the fair value hierarchy as at 31 December 2025 and 2024 comprised of log price projections, discount rate and other unobservable inputs including plantation yield, production costs and transport costs. Below is a quantitative summary of the key and other inputs to the valuation of plantation forest assets under discounted cash flow technique:

	Range	Average/Applied
As at 31 December 2025		
Unobservable input		
Forecast unit log price at wharf gate (AWG)	US\$72-86/m ³	US\$78/m ³
Yield (m ³ /ha)	321-865	445
Production costs	US\$25-89/m ³	US\$31/m ³
Transport costs	US\$19-27/m ³	US\$26/m ³
Discount rate	6.5%	6.5%
	Range	Average/Applied
As at 31 December 2024		
Unobservable input		
Forecast unit log price at wharf gate (AWG)	US\$65-91/m ³	US\$72/m ³
Yield (m ³ /ha)	334-777	529
Production costs	US\$22-56/m ³	US\$31/m ³
Transport costs	US\$7-28/m ³	US\$17/m ³
Discount rate	7.0%	7.0%

A real pre-tax discount rate was used in the valuation of the plantation forest assets in New Zealand under Level 3 of the fair value hierarchy as at 31 December 2025 and 2024, which was determined by reference to discount rates published by public entities and government agencies in New Zealand, weighted average cost of capital analysis, internal rate of return analysis, surveyed opinion of forest valuers' practice and the implied discount rate of forest sales transactions mainly in New Zealand over a period of time.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. PLANTATION FOREST ASSETS (continued)

Fair value hierarchy (continued)

The quality of the radiata pine is based on three criteria: the forest health, yield and grade mix. A high-level review of the status and general health and quality of the plantation forest assets was performed by the valuers.

23. INTEREST IN AN ASSOCIATE

Details of the Group's investment in an associate are as follows:

	2025 HK\$'000	2024 HK\$'000
Cost of investment in an associate	1,885	1,885
Share of post-acquisition losses and other comprehensive expense	(231)	(204)
Exchange adjustments	(213)	(277)
	1,441	1,404

Details of the Group's associate at the end of the reporting period are as follow:

Name of entity	Place of establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held by the Group		Principal activity
			2025	2024	2025	2024	
內蒙古諾根希里生態治理 有限責任公司 (note)	People's Republic of China ("PRC")	PRC	15%	15%	17%	17%	Provision of environmental restoration and greening services in the PRC

Note: Under revised Articles of Association of the associate amended in 2024, the Group has power to appoint one out of the six directors of that company and can exercise significant influence over the operating and financing activities of the associate.

Summarised financial information of an associate

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represents amounts in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



23. INTEREST IN AN ASSOCIATE (continued)

Summarised financial information of an associate (continued)

The associate is accounted for using the equity method in these consolidated financial statements.

	31/12/2025	31/12/2024
	HK\$'000	HK\$'000
Current assets	9,606	9,359
	Year ended	Year ended
	31/12/2025	31/12/2024
	HK\$'000	HK\$'000
Revenue	48	204
Loss for the year	(180)	(288)
Total comprehensive expense for the year	(180)	(288)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	31/12/2025	31/12/2024
	HK\$'000	HK\$'000
Net assets	9,606	9,359
Proportion of the Group's ownership interest	15%	15%
The Group's share of net assets	1,441	1,404
Carrying amount of the Group's interest	1,441	1,404



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Logs	–	1,948
Timber products	–	2,337
	–	4,285

25. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
– contracts with customers	11,293	11,676
– operating lease receivables	–	225
	11,293	11,901
Less: Allowance for credit losses		
– contracts with customers	(6,021)	(7,178)
– operating lease receivables	–	(3)
	5,272	4,720

As at 1 January 2024, trade receivables from contracts of customers amounted to HK\$17,041,000.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



25. TRADE RECEIVABLES (continued)

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

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

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:

	2025 HK\$'000	2024 HK\$'000
Within 1 month	5,198	4,612
From 1 to 3 months	74	–
Over 3 months	–	108
	5,272	4,720

As at 31 December 2025, included in the Group's trade receivable balances were debtors with aggregate carrying amount of HK\$74,000 (2024: HK\$108,000) which were past due as at the reporting date. Out of the past due balances, HK\$74,000 (2024: HK\$108,000) were past due 30 days or more but are not considered as credit-impaired having regard to the historical repayment from the trade debtors, as well as forward-looking information that is available without undue cost or effort. Over 99% trade receivable balances at 31 December 2025 have been subsequently settled.

Details of ECL assessment of trade receivables were set out in note 40.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	2025 HK\$'000	2024 HK\$'000
Non-current portion		
Rental deposits	349	323
Current portion		
Prepayments and others	2,868	3,703
Rental and other deposits	1,807	1,939
Other receivables	–	2,530
Refundable earnest money (note)	2,597	2,484
	7,272	10,656
Less: Allowance for credit losses	(2,597)	(2,484)
	4,675	8,172

Note:

The amount represented the earnest money paid by the Group in 2018 for a potential investment in Gabon amounted to RMB10,000,000. The Group entered into termination agreements with the counterparties in prior years and certain amount of earnest money was refunded by the counterparties and the remaining unsettled amount of HK\$2,597,000 (2024: HK\$2,484,000) had been fully impaired.

Details of ECL assessment of other receivables and refundable earnest money are set out in note 40.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



27. BANK BALANCES AND CASH, PLEDGED BANK DEPOSIT

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash	39,846	19,508

Bank balances and cash

Bank balances other than time deposits carry interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank deposits are deposited with creditworthy banks with no recent history of default.

Details of ECL assessment of bank balances were set out in note 40.

Pledged bank deposit

The pledged bank deposit represents deposit made for a period of more than three months but less than one year and pledged to secure the bank loan facilities of the Group (note 32) as at 31 December 2025 and 2024. The pledged bank deposit carries floating rates based on daily bank deposit rates. The pledged bank deposit will be released when the bank loan facilities are expired or terminated.

Subsequent to the end of the reporting period, the pledged bank deposit (included under assets classified as held for sale) has been released after the Group repaid the bank borrowing following the completion of the disposal of the Sale Assets 1 and Sale Assets 2 in New Zealand on 30 January 2026.

Details of ECL assessment of pledged bank deposit was set out in note 40.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. TRADE PAYABLES

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

	2025 HK\$'000	2024 HK\$'000
Within 1 month	8,914	5,917
From 1 to 3 months	–	74
Over 3 months	110	2,051
	9,024	8,042

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

29. OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Other payables	1,636	16,121
Accruals	5,024	11,104
	6,660	27,225

Other payables are non-interest-bearing and have an average credit term of three months.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



30. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Trade deposits received for sales of logs and timber products	–	128

The following table shows how much of the revenue recognised in the current period relates to carried-forward contract liabilities.

	Sales of logs and timber products HK\$'000
For the year ended 31 December 2025	
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>62</u>
For the year ended 31 December 2024	
Revenue recognised that was included in the contract liability balance at the beginning of the year	<u>331</u>

As at 1 January 2024, contract liabilities amounted to HK\$386,000.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group receives 20% to 100% of the contract value from customers for overseas sales in Suriname and New Zealand segments, when they sign the sale and purchase agreement. Such advance payment schemes result in contract liabilities being recognised until the customers obtain control of the relevant goods.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	2,141	2,029
Within a period of more than one year but not more than two years	1,393	1,967
Within a period of more than two years but not more than five years	1,706	2,007
Within a period of more than five years	7,498	7,866
	12,738	13,869
Less: Amount due for settlement within 12 months shown under current liabilities	(2,141)	(2,029)
Amount due for settlement after 12 months shown under non-current liabilities	10,597	11,840

The weighted average incremental borrowing rates applied to lease liabilities range from 2.21% to 7.48% per annum (2024: from 2.21% to 7.48% per annum).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	NZ\$ HK\$'000
As at 31 December 2025	10,169
As at 31 December 2024	10,466

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



32. BANK BORROWING

	2025 HK\$'000	2024 HK\$'000
Bank loan, secured	22,456	21,817
The carrying amount of above borrowing is repayable*:		
Within one year	22,456	–
Within a period of more than one year but not exceeding two years	–	21,817
	22,456	21,817
Less: Amount due within one year shown under liabilities directly associated with assets classified as held for sale (note 17)	(22,456)	–
Amount shown under non-current liabilities	–	21,817

* The amount due is based on scheduled repayment dates set out in the loan agreements.

During the year ended 31 December 2024, the Group's bank loan facilities from the Bank of New Zealand ("BNZ Loan Facilities") were renegotiated with final maturity date extended from 1 May 2025 to 1 May 2026 and the interest rate increased from the base rate plus 1.15% per annum to the base rate plus 1.35% per annum.

The Group's bank loan from BNZ Loan Facilities was denominated in NZ\$ (2024: NZ\$), bearing interest at the base rate plus 1.35% (2024: base rate plus 1.35%) per annum and repayable on 1 May 2026 (2024: 1 May 2026) and the total amount of loan facilities was NZ\$5,000,000 (2024: NZ\$5,000,000), which was fully utilised as at 31 December 2025 and 2024.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. BANK BORROWING (continued)

As at 31 December 2025 and 2024, the BNZ Loan Facilities were secured by:

- (i) all the present and after-acquired property (the “Personal Property”) of certain indirectly 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\$190,521,000 (2024: HK\$132,265,000) (notes 17 and 18);
 - (b) the Group’s plantation forest assets (located in New Zealand) with carrying amount of approximately HK\$329,180,000 (2024: HK\$295,750,000) (notes 17 and 22) and all other estates and interests in the forestry land and all buildings, structures and fixtures on the forestry land;
 - (c) all other present and after-acquired property that is not Personal Property of the Selected Group Companies; and
 - (d) the Group’s pledged bank deposit with carrying amount of approximately HK\$2,246,000 (2024: HK\$2,182,000) (notes 17 and 27).

The exposure of the Group’s bank borrowing was as follows:

	2025	2024
	HK\$’000	HK\$’000
Floating rate	22,456	21,817

Subsequent to the end of the reporting period, on 30 January 2026, the Group repaid the bank borrowing following the completion of the disposal of the Sale Assets 1 and the Sale Assets 2 in New Zealand on the same date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



33. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax liabilities	6,172	45,614

The following are the major deferred tax liabilities (assets) of the Group recognised and movements thereon during the current and prior years:

	Fair value adjustments arising from acquisition of subsidiaries	Temporary difference on plantation forest assets	Tax losses	Depreciation allowance in excess of related depreciation	Temporary difference on interest- bearing loan	Right- of-use assets	Lease liabilities	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	7,581	57,414	(5,749)	8,768	(2,731)	3,297	(3,591)	7	64,996
(Credit) charge to the profit or loss (notes 13 and 15)	(7,581)	(11,800)	(5,774)	2,243	2,731	(365)	659	-	(19,887)
Exchange difference charge to other comprehensive income	-	-	505	-	-	-	-	-	505
At 31 December 2024	-	45,614	(11,018)	11,011	-	2,932	(2,932)	7	45,614
(Credit) charge to the profit or loss (note 13)	-	(32,720)	5,634	(12,012)	-	(269)	83	(7)	(39,291)
Exchange difference charge to other comprehensive income	-	-	(151)	-	-	-	-	-	(151)
At 31 December 2025	-	12,894	(5,535)	(1,001)	-	2,663	(2,849)	-	6,172

As at 31 December 2025, the Group had tax losses arising in Hong Kong of approximately HK\$133,694,000 (2024: HK\$128,393,000) available indefinitely for offsetting against future profits of the companies in which the losses arose.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DEFERRED TAX (continued)

As at 31 December 2025, the Group had tax losses arising in Suriname of approximately HK\$64,301,000 (2024: HK\$119,461,000) and such tax losses can be carried forward for a period of seven years (2024: seven years) which are available for offsetting future profits. During the year ended 31 December 2025, the tax losses arising in Suriname of approximately HK\$149,215,000 (2024: HK\$24,314,000) were expired or were otherwise relinquished in connection with the Group's disposal of the subsidiaries in Suriname, as disclosed in note 15.

As at 31 December 2025, the Group had unused tax losses arising in New Zealand of approximately HK\$104,094,000 (2024: HK\$271,851,000) which can be carried forward indefinitely if there has been shareholder continuity.

Deferred tax assets have been recognised in respect of tax losses arising from the aforementioned jurisdictions of HK\$19,767,000 (2024: HK\$39,350,000). No deferred tax assets have been recognised in respect of the remaining tax losses of HK\$282,322,000 (2024: HK\$480,355,000) due to unpredictability of future profit streams. These tax losses are subject to agreement with the tax authorities of aforementioned jurisdictions.

There were no other significant temporary differences arising during the year or at the end of the reporting period.

34. SHARE CAPITAL

Shares

	2025 HK\$'000	2024 HK\$'000
Authorised:		
15,000,000,000 ordinary shares of HK\$0.01 each	150,000	150,000
Issued and fully paid:		
2,782,486,584 (2024: 1,854,991,056) ordinary shares of HK\$0.01 each	27,825	18,550

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



34. SHARE CAPITAL (continued)

Shares (continued)

Details of the Company's issued share capital as at 31 December 2025 and 2024 were as follows:

	Number of shares in issue	Share capital HK\$'000
At 1 January 2024 and 31 December 2024	1,854,991,056	18,550
Issue of new shares upon rights issue (note)	927,495,528	9,275
At 31 December 2025	2,782,486,584	27,825

Note:

On 10 June 2025, the Company announced that it proposed to raise HK\$33,668,000 before expenses, by way of the rights issue to the shareholders. The rights issue is not underwritten and involves the issue of up to 927,495,528 rights shares at the subscription price of HK\$0.0363 per rights share on the basis of one rights share for every two existing shares.

On 24 July 2025, a total of 17 valid applications for a total of 722,392,888 rights shares had been received, representing approximately 77.9% of the total number of 927,495,528 rights shares offered under the rights issue. Accordingly, the rights issue was undersubscribed by 205,102,640 rights shares, representing approximately 22.1% of the total number of 927,495,528 rights shares offered under the rights issue, which were subject to the compensatory arrangements.

On 4 August 2025, the compensatory arrangements were completed and the 205,102,640 rights shares were fully placed to six independent third parties not connected with the Company and its connected persons.

On 12 August 2025, the rights issue was completed and a total of 927,495,528 ordinary shares were issued for a total cash consideration before expenses of HK\$33,668,000. The share issue costs were HK\$2,001,000.

Share options

Details of the Company's share option scheme are included in note 35 to the consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE-BASED PAYMENT TRANSACTIONS

The Company has a share option scheme (the “Share Option Scheme”) which was adopted by the Company at the annual general meeting of the Company held on 24 May 2022 whereby the Directors are authorised, at their discretion, to invite employees, executives or officers of the Group, including executive and non-executive directors of any company in the Group, and any holding company, fellow subsidiary or associated company of the Company, to take up option to subscribe the ordinary shares of the Company (the “Shares”) as incentives and rewards for their contribution to the Group. Upon acceptance of the option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant. The Share Option Scheme shall be valid and effective for a period of ten years ending on 24 May 2032, after which no further options will be granted.

The total number of the shares of the Company available for issue under the Share Option Scheme as at 31 December 2025 was 185,499,105 (2024: 185,499,105). The maximum number of shares issuable under share options to each eligible participant in the share option scheme within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Under the Share Option Scheme, share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (the “INED”). In addition, any share options granted to a substantial shareholder or an INED of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

Under the Share Option Scheme, the grant of option will open for acceptance within 30 business days from the date of the letter of grant, upon payment of a sum of HK\$1 as consideration for the grant of option. The exercise price of options is determined by the Board of Directors at its sole discretion, save that such price will not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

During the years ended 31 December 2025 and 2024, no share options under the Share Option Scheme had been granted, exercised, cancelled or lapsed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



36. NON-WHOLLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Greenheart Resources Holdings Limited	39.61%	39.61%
Greenheart Forest Technologies N.V.*	–	40.00%
	2025	2024
	HK\$'000	HK\$'000
(Loss) profit for the year allocated to non-controlling interests:		
Greenheart Resources Holdings Limited and its subsidiaries ("GRH Group")	(1)	(31,828)
Greenheart Forest Technologies N.V. and its subsidiaries ("GFT Group")*	15,568	(3,667)

* As disclosed in note 15, Greenheart Forest Technologies N.V. was disposed of during the year ended 31 December 2025.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. NON-WHOLLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

The following tables show the summarised financial information of the subsidiaries that have material non-controlling interests. The amounts disclosed are before any inter-company eliminations:

	GRH Group	
	2025	2024
	HK\$'000	HK\$'000
Revenue and other income	42,091	1,828
Total expenses	(42,093)	(82,182)
Loss for the year	(2)	(80,354)
Total comprehensive expense for the year	(2)	(80,354)
Current assets	–	18,881
Current liabilities	(247,156)	(115,709)
Non-current liabilities	(773,550)	(1,004,095)
Net liabilities	(1,020,706)	(1,100,923)
Accumulated balances of non-controlling interests	(404,301)	(436,075)
Net cash used in operating activities	(1,004)	(9,918)
Net cash used in investing activities	(8)	(10)
Net cash from financing activities	867	8,466
Net decrease in cash and cash equivalents	(145)	(1,462)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



36. NON-WHOLLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

	GFT Group	
	2025	2024
	HK\$'000	HK\$'000
Revenue and other income	41,311	406
Total expenses	(2,390)	(9,573)
Profit (loss) for the year	38,921	(9,167)
Total comprehensive income (expense) for the year	38,921	(9,167)

37. RETIREMENT BENEFIT PLANS

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Suriname are required to participate in a mandatory general pension scheme operated by the government. These subsidiaries are required to contribute a percentage of its payroll costs to the mandatory general pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the mandatory general pension scheme.

Certain employees of the Group's subsidiaries which operate in New Zealand participate in pension schemes regulated by the Financial Markets Authority, a New Zealand government agency. These subsidiaries are required to contribute a percentage of the employees' remuneration to the scheme. The contributions are recognised as employee benefits expense when they are due.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. RELATED PARTY DISCLOSURES

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

Relationships	Nature of transactions	Notes	2025	2024
			HK\$'000	HK\$'000
Immediate holding company	Interest expenses paid and payable on loans	(i)	7,325	8,155
Fellow subsidiary	Interest expenses paid and payable on loans	(ii)	13,808	13,639
Fellow subsidiary	Recharge of license fee and administrative expenses received and receivable	(iii)	753	678

(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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



38. RELATED PARTY DISCLOSURES *(continued)*

(a) **(continued)**

(i) (continued)

On 28 May 2024, supplemental letters in relation to above loans were signed with the immediate holding company to further extend the maturity date of these loans from 1 April 2025 to 1 April 2026. On 27 May 2025, supplemental letters in relation to above loans were signed with the immediate holding company to further extend the maturity date of these loans from 1 April 2026 to 1 April 2027.

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

Taking into consideration the agreement from the immediate holding company to do all such acts to maintain the directorship of the existing directors of the Company throughout the relevant loan periods, the loans were classified as non-current as at 31 December 2025 and 2024.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. RELATED PARTY DISCLOSURES (*continued*)

(a) (continued)

(ii) The interest expenses were charged based on the following loans:

- (a) an unsecured loan with principal amount of HK\$156,000,000 (i.e. US\$20,000,000) with interest rate based on the 3-month secured overnight financing rate "SOFR" plus 2.86% (2024: 3-month SOFR plus 2.86%) per annum, and repayable on 3 November 2026 (2024: 3 November 2026).

On 30 September 2024, a supplemental letter in relation to above loan was signed with the fellow subsidiary to change the interest rate from the 3-month US\$ London Interbank Offer Rate plus 2.86% per annum to 3-month SOFR plus 2.86% per annum.

- (b) an unsecured loan with principal amount of HK\$33,618,000 (i.e. US\$4,310,000) (2024: HK\$12,636,000 (i.e. US\$1,620,000)) with interest rate based on the 1-month SOFR plus 3% (2024: 1-month SOFR plus 3%) per annum, and repayable on 4 August 2027 (2024: 4 August 2027).

On 5 August 2024, a loan agreement was signed with the fellow subsidiary in respect of an unsecured loan with principal amount of HK\$11,700,000 (i.e. US\$1,500,000) with the interest rate based on 1-month SOFR plus 3% per annum for three years. On 3 December 2024, a first supplemental agreement was signed with the fellow subsidiary in relation to increase the loan amount from HK\$11,700,000 (i.e. US\$1,500,000) to HK\$27,300,000 (i.e. US\$3,500,000).

On 14 July 2025, a second supplemental agreement was signed with the fellow subsidiary in relation to increase the loan amount from HK\$27,300,000 (i.e. US\$3,500,000) to HK\$35,100,000 (i.e. US\$4,500,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



38. RELATED PARTY DISCLOSURES (continued)

(a) (continued)

(ii) (continued)

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

Taking into consideration the agreement from the immediate holding company to do all such acts to maintain the directorship of the existing directors of the Company throughout the relevant loan periods, the loans were classified as non-current as at 31 December 2025 and 2024.

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

(b) Outstanding balances with related parties

The amount due from a fellow subsidiary as at 31 December 2025 and 2024 was unsecured, interest-free and repayable within one year.

(c) Compensation of key management personnel of the Group

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	9,759	9,885
Pension scheme contributions	27	39
	9,786	9,924



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. CAPITAL RISK MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

During the years ended 31 December 2025 and 2024, the Group monitors third party debt ratio as required by the bank loan facilities. For the third party debt ratio, the total third party debts in New Zealand division shall not at any time exceed 15% (2024: 15%) of the aggregate value of plantation forest assets and forestry land pledged. As at 31 December 2025 and 2024, the third party debt ratio was met as such ratio was below 15%.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Amortised cost	49,893	31,332
Financial liabilities		
Amortised cost	476,569	448,510

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, deposits and refundable earnest money, amount due from a fellow subsidiary, pledged bank deposit, bank balances, trade payables, other payables, loans from immediate holding company and a fellow subsidiary and bank borrowing.

The risks associated with these financial instruments include interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to lease liabilities. The Group's exposure to the cash flow interest rate risk in relation to changes in market interest rates relates primarily to the Group's debt obligations bearing a floating interest rate, (i.e. variable-rate bank borrowing (note 32), loans from immediate holding company (note 38(a)(i)) and loans from a fellow subsidiary (note 38(a)(ii))). In the opinion of the Directors, the exposure of interest rate risk arising from variable-rate bank balances is insignificant.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2025 HK\$'000	2024 HK\$'000
Other income		
Financial assets at amortised cost	<u>641</u>	1,209

Interest expense on financial liabilities not measured at fair value through profit or loss:

	2025 HK\$'000	2024 HK\$'000
Financial liabilities at amortised cost	<u>22,452</u>	23,624



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of the Group's loss post tax (through the impact on floating rate borrowings, loans from a fellow subsidiary and immediate holding company) based on the exposure to interest rates at the end of reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

	Increase (decrease) in basis points	Increase (decrease) in loss post tax HK\$'000
Year ended 31 December 2025	100	4,065
	(100)	(4,065)
		Increase (decrease) in loss post tax HK\$'000
Year ended 31 December 2024	100	3,645
	(100)	(3,645)

The Group currently does not have an interest rate hedging policy but will consider enter into interest rate hedging contracts should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Foreign currency risk

Most of the Group's sales, outstanding borrowings and majority costs and expenses incurred in Hong Kong and Suriname are denominated in the US\$, which is the functional currency of the Company and its major subsidiaries. The forest management fee income from New Zealand division and certain operating expenses are denominated in NZ\$ which is considered as insignificant to the Group. As at 31 December 2025, bank borrowing and lease liabilities amounting to HK\$22,456,000 (2024: HK\$21,817,000) and HK\$10,169,000 (2024: HK\$10,466,000) of the group entities are denominated in NZ\$, which is not the functional currency of the relevant entity which expose the Group to foreign currency risk. During the years ended 31 December 2025 and 2024, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 December 2025 and 2024. However, the Directors will continue to closely monitor all possible exchange rate 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. The Directors consider that the foreign currency risk exposure is not significant to the Group and no sensitivity analysis is presented.

Credit risk and impairment assessment

Credit risk arises from the possibility that customers may not be able to settle obligations within the normal terms of transactions.

As at 31 December 2025 and 2024, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables arising from contracts with customers

Before accepting any new customer, the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Concentrations of credit risk are managed by customer/counterparty and by geographical region. At the end of the reporting period, the Group has concentration of credit risk as 52.2% (2024: 43.3%) of the Group's trade receivables was due from the Group's largest debtor within New Zealand division, and 83.4% (2024: 71.3%) of the Group's trade receivables were due from the five largest debtors within the New Zealand division.

In addition, the Group performs impairment assessment under ECL model on trade receivables individually or based on provision matrix. Except for significant balances and credit-impaired trade receivables, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on past due status. Net reversal of impairment of HK\$163,000 (2024: impairment recognised of HK\$31,000, re-presented) from continuing operations is recognised for the year ended 31 December 2025.

Pledged bank deposit and bank balances

Credit risk on pledged bank deposit and bank balances is limited because the counterparties are banks with good reputation. The Group assessed 12m ECL for pledged bank deposit and bank balances by reference to probability of default and loss given default of the respective crediting rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposit and bank balances is considered to be insignificant.

Amount due from a fellow subsidiary

The Group regularly monitors the financial performance of the fellow subsidiary. The Directors believe that there is no significant increase in credit risk of the amount since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for amount due from a fellow subsidiary was insignificant and thus no loss allowance was recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Other receivables, deposits, refundable earnest money and lease receivables

For other receivables, deposits, refundable earnest money and lease receivables, the Directors make individual assessment on the recoverability of other receivables, deposits, refundable earnest money and lease receivables based on historical settlement records, past experience and also quantitative and qualitative information that is reasonable and supportive forward-looking information. There was no significant concentration risk of other receivables at 31 December 2025 and 2024. At 31 December 2025 and 2024, except for the refundable earnest money that was already credit-impaired, there was no significant increase in credit risk and the Group provided impairment based on 12m ECL.

The Group's internal credit risk grading assessment comprises the following categories:

	Notes	External credit rating	Internal credit rating	12-month or life-time ECL	2025		2024	
					Gross carrying amount HK\$'000	Gross carrying amount HK\$'000	Gross carrying amount HK\$'000	Gross carrying amount HK\$'000
Financial assets at amortised cost								
Other receivables and deposits	26	N/A	(a)	12-month ECL	2,156	2,156	4,792	4,792
Refundable earnest money	26	N/A	(a)	Credit-impaired	2,597	2,597	2,484	2,484
Amount due from a fellow subsidiary	38(b)	N/A	(a)	12-month ECL	373	373	352	352
Pledged bank deposit	27	A1	N/A	12-month ECL	2,246	2,246	2,182	2,182
Bank balances	27	A1	N/A	12-month ECL	39,846	39,846	19,508	19,508
Trade receivables – contracts with customers	25	N/A	(b)	Life-time ECL (not credit-impaired) on provision matrix	2,528		2,361	
				Life-time ECL (not credit-impaired) on individual basis	2,764		2,056	
				Credit-impaired on individual basis	6,001	11,293	7,259	11,676
Operating lease receivables	25	N/A	(a)	12-month ECL	-	-	225	225



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

- (a) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2025 Gross carrying amount	Not past due/ not fixed repayment		Total HK\$'000
	Past due HK\$'000	terms HK\$'000	
Other receivables and deposits	–	2,156	2,156
Refundable earnest money	2,597	–	2,597
Amount due from a fellow subsidiary	–	373	373
<hr/>			
2024 Gross carrying amount	Not past due/ not fixed repayment		Total HK\$'000
	Past due HK\$'000	terms HK\$'000	
Other receivables and deposits	–	4,792	4,792
Refundable earnest money	2,484	–	2,484
Amount due from a fellow subsidiary	–	352	352
Trade receivables – operating lease receivables	11	214	225

- (b) For trade receivables relating to contracts with customers, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Provision matrix – debtors' aging

As part of the Group's credit risk management, except for debtors with significant outstanding balances or credit-impaired, the Group uses debtors' aging and past due listing to assess the impairment for its customers in relation to its New Zealand and Suriname operations because these customers consist of a large number of small customers. The following table provides information about the exposure to credit risk for trade receivables from contracts with customers which are assessed based on provision matrix as at 31 December 2025 and 2024 within lifetime ECL (not credit-impaired). Debtors with significant outstanding balances or credit-impaired with total gross carrying amounts of HK\$8,765,000 at 31 December 2025 (2024: HK\$9,315,000) were assessed individually.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Gross carrying amount – Trade receivables 2025

	Average loss rate	HK\$'000
	%	
Current (not past due)	0.37	2,453
Less than 3 months past due	1.33	75
		2,528

Gross carrying amount – Trade receivables 2024

	Average loss rate	HK\$'000
	%	
Current (not past due)	0.42	2,361



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

During the year ended 31 December 2025, the Group recognised HK\$3,000 (2024: reversal of HK\$221,000) credit loss allowance net of reversal for trade receivables that is not credit-impaired. Credit loss allowance of HK\$166,000 (2024: recognised HK\$225,000) was reversed on credit-impaired debtors. During the year ended 31 December 2025, loss allowance on credit-impaired balance of HK\$106,000 (2024: nil) and HK\$888,000 (2024: nil) was written off and disposed of, respectively.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	238	6,936	7,174
Impairment losses recognised	17	225	242
Impairment losses reversal	(238)	–	(238)
As at 31 December 2024	17	7,161	7,178
Impairment losses recognised	20	–	20
Impairment losses reversal	(17)	(166)	(183)
Write-off	–	(106)	(106)
Disposal of subsidiaries	–	(888)	(888)
As at 31 December 2025	20	6,001	6,021

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following tables show reconciliation of loss allowances that has been recognised for other receivables and refundable earnest money.

	Lifetime ECL (credit- impaired) HK\$'000
As at 1 January 2024	2,575
Exchange adjustments	(91)
	<hr/>
As at 31 December 2024	2,484
Exchange adjustments	113
	<hr/>
As at 31 December 2025	2,597

During the years ended 31 December 2025 and 2024, no reversal of impairment was made.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities and lease liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate %	On demand or within one year HK\$'000	In the second to fifth year, inclusive HK\$'000	Over five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2025						
Trade payables	-	9,024	-	-	9,024	9,024
Other payables	-	1,636	-	-	1,636	1,636
Loans from immediate holding company	5.00	7,053	219,750	-	226,803	217,992
Loans from a fellow subsidiary	7.06	198,975	39,490	-	238,465	225,461
Bank borrowing	3.91	22,764	-	-	22,764	22,456
Lease liabilities	7.14	2,997	5,761	13,635	22,393	12,738
		242,449	265,001	13,635	521,085	489,307

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



40. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	On demand or within one year HK\$'000	In the second to fifth year, inclusive HK\$'000	Over five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2024						
Trade payables	-	8,042	-	-	8,042	8,042
Other payables	-	16,121	-	-	16,121	16,121
Loans from immediate holding company	5.25	7,404	212,514	-	219,918	210,667
Loans from a fellow subsidiary	7.85	35,205	194,022	-	229,227	191,863
Bank borrowing	5.47	1,193	22,261	-	23,454	21,817
Lease liabilities	7.22	2,950	6,906	14,265	24,121	13,869
		70,915	435,703	14,265	520,883	462,379

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

The Directors consider the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements at amortised cost approximate to their fair values.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1.1.2025	Financing cash flows	Non-cash changes	Exchange adjustment	Finance costs	31.12.2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank borrowing	21,817	(1,356)	-	676	1,319	22,456
Lease liabilities	13,869	(3,100)	658	339	972	12,738
Loans from immediate holding company	210,667	-	-	-	7,325	217,992
Loans from a fellow subsidiary	191,863	20,982	(1,192)	-	13,808	225,461
	438,216	16,526	(534)	1,015	23,424	478,647
	1.1.2024	Financing cash flows	Non-cash changes	Exchange adjustment	Finance costs	31.12.2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank borrowing	24,644	(1,899)	-	(2,758)	1,830	21,817
Lease liabilities	14,068	(3,478)	3,732	(1,463)	1,010	13,869
Loans from immediate holding company	202,512	-	-	-	8,155	210,667
Loans from a fellow subsidiary	166,948	12,636	(1,360)	-	13,639	191,863
	408,172	7,259	2,372	(4,221)	24,634	438,216

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



42. CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, the Group did not have any significant contingent liabilities.

43. PLEDGE OF OR RESTRICTIONS ON ASSETS

The following assets were pledged to secure certain banking facilities granted to the Group:

	2025	2024
	HK\$'000	HK\$'000
Property, plant and equipment	190,521	132,265
Plantation forest assets	329,180	295,750
Pledged bank deposit	2,246	2,182
	521,947	430,197

In addition, lease liabilities of HK\$12,738,000 (2024: HK\$13,869,000) are recognised with related right-of-use assets of HK\$12,003,000 (2024: HK\$13,851,000) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

44. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the New Zealand non-resident withholding tax of HK\$1,192,000 (2024: HK\$1,360,000) was deducted from interest expenses paid and payable on the loans from a fellow subsidiary.

During the year ended 31 December 2025, the Group entered into new lease agreements for the use of buildings and motor vehicles for six years and three years, respectively (2024: buildings and office equipment for three years). On the lease commencement, the Group recognised HK\$658,000 (2024: HK\$3,790,000) of right-of-use assets and HK\$658,000 (2024: HK\$3,712,000) of lease liabilities.

During the year ended 31 December 2024, the finance lease receivables arising from the leases of machinery to the suppliers amounting to HK\$1,586,000 were net off with the trade payables according to the pre-agreed set-off arrangements with the suppliers.

During the year ended 31 December 2024, the Group recognised additional HK\$20,000 of right-of-use assets and HK\$20,000 of lease liabilities in relation to a lease contract containing variable lease payments that depend on consumers price index subject to review annually.

45. EVENTS AFTER THE REPORTING PERIOD

On 30 January 2026, the Group completed the disposal of the Sale Assets 1 and the Sale Assets 2 and received cash consideration of NZ\$133,470,000 (equivalent to HK\$626,824,000) and repaid the bank borrowing of NZ\$5,000,000 (equivalent to HK\$23,482,000).

On 2 February 2026, the Board announced the distribution of special dividend on 17 March 2026 as the dispose of the Sale Assets 1 and the Sale Assets 2 in New Zealand was completed on 30 January 2026. On 17 March 2026, the special dividend was paid for ordinary shareholders of the Company.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 December 2025 and 2024 are as follows:

Name of companies	Place of incorporation/ establishment and operation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2025		2024		
			Direct %	Indirect %	Direct %	Indirect %	
Silver Mount Group Limited	BVI/Hong Kong	US\$1	100.00	–	100.00	–	Investment holding
Greenheart Resources Holdings Limited	BVI/Hong Kong	–	–	60.39	–	60.39	Investment holding
Superb Able Industrial Limited	BVI	US\$1,155	–	–	–	60.39	Provision of corporate services
Greenheart Resources (Hong Kong) Company Limited	Hong Kong	HK\$1	–	60.39	–	60.39	Provision of administrative and management services
Topwood Group Holding Limited	BVI/Hong Kong	US\$1	–	60.39	–	60.39	Provision of administrative and management services
Greenheart (Suriname) N.V.	Suriname	Surinamese dollar (“SRD”) 1,000	–	–	–	60.39	Timber concession holding, harvesting and sale of logs and timber products
Epro N.V.	Suriname	SRD500	–	–	–	60.39	Timber concession holding
Dynasty Forestry Industry N.V.	Suriname	SRD3,000	–	–	–	60.39	Timber concession holding
Beach Paradise N.V.	Suriname	SRD1,000	–	–	–	60.39	Manufacturing and sale of timber products
Greenheart Grand Forest Limited	Hong Kong	HK\$1	–	100.00	–	60.39	Sale of logs and timber products
Greenheart Wood Trading Company Limited	Hong Kong	HK\$1	–	100.00	–	100.00	Sale of logs



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company as at 31 December 2025 and 2024 are as follows: (continued)

Name of companies	Place of incorporation/ establishment and operation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2025		2024		
			Direct %	Indirect %	Direct %	Indirect %	
Mega Harvest International Limited	BVI/Hong Kong	-	-	100.00	-	100.00	Investment holding
Greenheart NZ Forestry Holding Company Limited	New Zealand	US\$10,000	-	100.00	-	100.00	Investment holding
Greenheart MFV Limited	New Zealand	-	-	100.00	-	100.00	Investment in commercial forestry and investment holding
Greenheart Mangakahia Forest Land Limited	New Zealand	-	-	100.00	-	100.00	Forestry land holding and investment holding
Greenheart Mangakahia Forest Māori Land Limited	New Zealand	-	-	100.00	-	100.00	Forestry land holding
Greenheart Waipoua Forest Company Limited	New Zealand	-	-	100.00	-	100.00	Investment in commercial forestry
Greenheart Forest Technologies N.V.	Suriname	SRD1,000	-	-	-	60.00	Administration of forestry operations
Forest Technologies N.V.	Suriname	SRD10,000	-	-	-	60.00	Administration of forestry operations
Caribbean Pallet Company N.V.	Suriname	SRD1,000	-	-	-	60.00	Manufacturing and sale of pallet
Greenheart Forest Suriname Suma Limited	BVI/Hong Kong	US\$1	-	100.00	-	100.00	Investment holding
Greenheart Forest Central N.V.	Suriname	SRD2,000	-	-	-	100.00	Administration of forestry operations

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company as at 31 December 2025 and 2024 are as follows: (continued)

Name of companies	Place of incorporation/ establishment and operation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2025		2024		
			Direct %	Indirect %	Direct %	Indirect %	
Greenheart Forest Suriname Limited	BVI/Hong Kong	US\$1	-	100.00	-	100.00	Investment holding
Greenheart Forest Suma Limited	Hong Kong	HK\$1	-	100.00	-	100.00	Sale of logs and timber products
Greenheart Forest Central Limited	BVI/Suriname	US\$201	-	100.00	-	100.00	Investment and timber concession holding
Caps Houtmaatschappij N.V.	Suriname	SRD2,000	-	-	-	100.00	Timber concession holding
Suma Lumber Company N.V.	Suriname	SRD1,000	-	-	-	100.00	Timber concession holding
Greenheart Management Services Limited	Hong Kong	HK\$10,000	-	100.00	-	100.00	Provision of administrative and management services
Supreme Express Limited	Hong Kong	HK\$1	-	100.00	-	100.00	Provision of administrative and management services
Northland Forest Managers (1995) Limited	New Zealand	-	-	100.00	-	100.00	Provision of forest management services
Apex Forest Management Limited	New Zealand	-	-	100.00	-	100.00	Provision of forest management services



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Particulars of the principal subsidiaries of the Company as at 31 December 2025 and 2024 are as follows: (continued)

Name of companies	Place of incorporation/ establishment and operation	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2025		2024		
			Direct %	Indirect %	Direct %	Indirect %	
Forest Management Services (NZ) Limited	New Zealand	-	-	100.00	-	100.00	Provision of forest management services
Pouto Forest Managers Limited	New Zealand	-	-	100.00	-	100.00	Provision of forest management services
Greenheart Papakorakora Forest NZ Limited	New Zealand	-	-	100.00	-	100.00	Investment in commercial forestry
Greenheart TRCR Limited	New Zealand	-	-	100.00	-	100.00	Investment in commercial forestry

The legal form of the above subsidiaries is limited liability company.

The above table lists out the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025



47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

Statement of financial position of the Company

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSET		
Investments in subsidiaries	476,724	580,919
CURRENT ASSETS		
Prepayments, deposits and other assets	706	130
Cash and cash equivalents	10,134	1,533
	10,840	1,663
CURRENT LIABILITY		
Accruals and other payables	2,855	3,581
NET CURRENT ASSETS (LIABILITIES)	7,985	(1,918)
TOTAL ASSETS LESS CURRENT LIABILITY	484,709	579,001
CAPITAL AND RESERVES		
Share capital	27,825	18,550
Reserves	456,884	560,451
TOTAL EQUITY	484,709	579,001



Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY *(continued)*

Movement in the Company's reserves

	Share premium account HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	2,091,657	125,376	(1,515,648)	701,385
Loss and total comprehensive expense for the year	–	–	(140,934)	(140,934)
At 31 December 2024	2,091,657	125,376	(1,656,582)	560,451
Loss and total comprehensive expense for the year	–	–	(125,959)	(125,959)
Issue of new shares upon rights issue	24,393	–	–	24,393
Share issue costs	(2,001)	–	–	(2,001)
At 31 December 2025	2,114,049	125,376	(1,782,541)	456,884

The Company's contributed surplus, which arose from the group reorganisation on 2 July 1991, represents the difference between the nominal value of the Company's shares issued under the reorganisation scheme, in exchange for the shares in the subsidiaries and the consolidated net asset value of the acquired subsidiaries, reduced by distributions to shareholders.

Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus is distributable to shareholders. The Companies Act of Bermuda also stipulates that a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued capital and share premium account.