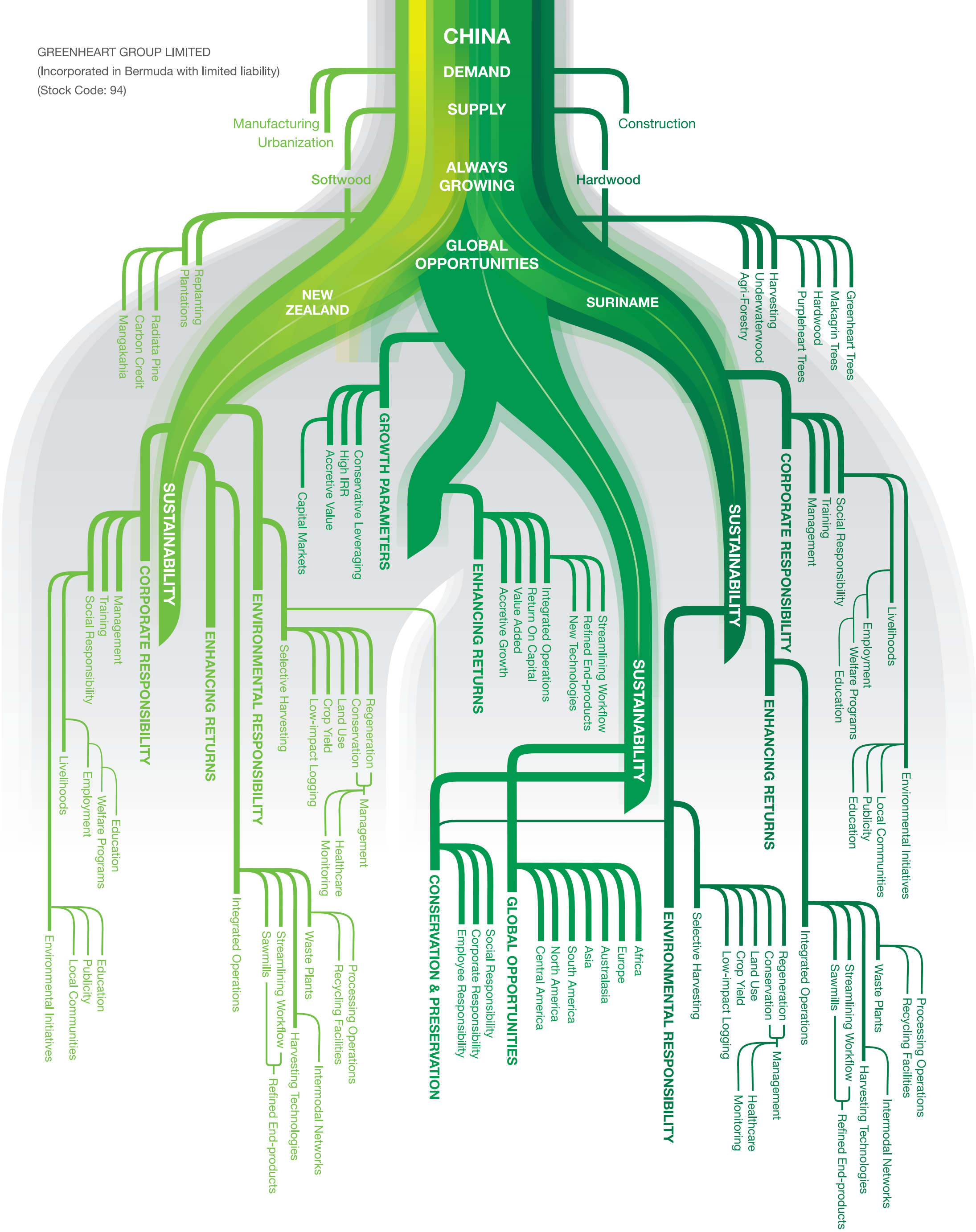
GREENHEART GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 94)



Greenheart Group
綠森集團
always growing

Interim Report 2011

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

William Judson Martin* *(Chairman, Chief Executive Officer and President)*
Hui Tung Wah, Samuel*
Simon Murray#
Chan Tak Yuen, Allen#
(resigned on 29 August 2011)
Wong Che Keung, Richard**
Tong Yee Yung, Joseph**
Wong Kin Chi**

* Executive Director
\# Non-executive Director
** Independent non-executive Director

AUDIT COMMITTEE

Wong Che Keung, Richard *(Chairman)*
Tong Yee Yung, Joseph
Wong Kin Chi

REMUNERATION COMMITTEE

Tong Yee Yung, Joseph *(Chairman)*
Wong Che Keung, Richard
Wong Kin Chi

COMPANY SECRETARY

Tse Nga Ying

AUTHORIZED REPRESENTATIVES

William Judson Martin
Tse Nga Ying

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

STOCK CODE

94

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16/F, Dah Sing Financial Centre
108 Gloucester Road, Wanchai
Hong Kong
Tel: (852) 2877 2989
Fax: (852) 2511 8998

INDEPENDENT AUDITORS

Ernst & Young

SOLICITORS

Baker & McKenzie
Sit, Fung, Kwong & Shum
Michael Li & Co.

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited

PRINCIPAL REGISTRAR & TRANSFER OFFICE

HSBC Bank Bermuda Limited
6 Front Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR & TRANSFER OFFICE IN HONG KONG

Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

http://www.greenheartgroup.com/

INVESTOR RELATIONS

info@greenheartgroup.com

LETTER TO SHAREHOLDERS

Dear shareholders of Greenheart,

I am pleased to report to our shareholders another quarter of substantial growth for Greenheart Group Limited ("Greenheart" or the "Company", together with its subsidiaries, the "Group"). In the first quarter of 2011, our revenue and gross profit each increased 11 fold compared to the same period the year before. For the six months ended 30 June 2011 (the "Period"), we reported revenue of HK$124.1 million and gross profit of HK$63.2 million representing a 15 times increase compared to the same period the year before. We reported a net loss for the current period of HK$23.0 million compared to a net loss of HK$31.0 million in the first six months of 2010. This current period loss is primarily attributable to the necessary strategic investment in people and infrastructure in Hong Kong, New Zealand and Suriname in advance of generating our full revenue capacity from our current asset base as well providing the foundation for our future growth.

This growth, as expected, is attributable primarily to the sale of our radiata pine logs to China from our approximately 13,000 hectares of freehold plantation located in the Northland region of New Zealand that we acquired earlier this year. Contribution from our Suriname hardwood concessions was modest during the Period, also as expected. We continue to construct our two wood processing facilities, one in our forest concession in eastern Suriname and the other in the west. These two world-class wood processing facilities that are projected to come on stream in late 2011 and early 2012 respectively, are expected to have a positive impact on revenue as input and processing operations at each facility is accelerated.

In New Zealand, we continued to increase our level of production driven by China's strong demand for softwood logs supported by our experienced operational, harvesting and management team and increasingly robust infrastructure. Year-to-date we have sold approximately 123,000 cubic meters of radiata pine logs compared to zero sales in the same period last year. According to data released by New Zealand's Ministry of Agriculture and Forestry, China imported approximately 1.9 million cubic meters of New Zealand logs in the first quarter of 2011, representing an increase of 44.5% from the same period a year before. In accordance with our operating strategy in New Zealand, we will increase our harvesting and replanting volumes over the coming years and continue to serve the growing wood demand and deficit in China. It is equally important for us to develop new customer relationships in countries such as Japan, India, Taiwan and Korea who have demonstrated a strong appetite for our radiata pine resource and when appropriate, expand our plantation footprint in New Zealand through acquisitions.

We remain keenly focused on our strategy of building a leading tropical hardwood business, marketing high value sawn timber and other products hewn from responsibly and sustainably harvested and processed tropical hardwoods from our concessions in Suriname to markets around the world. Our prospects in Suriname are very exciting for all of us at Greenheart.

We are also firmly committed to being a global leader in sustainable tropical forestry embracing the highest standards of selective harvesting, silviculture and wood processing in all our operations. Greenheart continues to work hard to prepare for FSC (Forest Stewardship Council) certification for our forests and operations in Suriname. I am pleased to report that we have now hired the necessary personnel with the knowledge and experience to get us there and on a suitable timetable.

Despite the recent fall in our share price due to reasons unrelated to Greenheart's day-to-day operations, we are fully committed to our operating strategy and remain focused on developing our existing assets in Suriname and New Zealand into sustainable and profitable businesses. On behalf of all of us at Greenheart, I would like to thank all shareholders for your support over the last few trying months. I look forward to sharing the rewards from our current hard work with you in what I believe will be a very exciting future.

W. Judson Martin
President, CEO & Executive Director

Hong Kong, 8 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are pleased to report that Greenheart has recorded strong revenue growth during the six months ended 30 June 2011. The Group's total revenue rose to HK$124,061,000 for the Period, representing a 15 times increase in revenue from HK$7,572,000 in the same period last year. The significant growth in revenue was primarily attributable to the inclusion of sales generated from our New Zealand operation, which was acquired by the Group on 31 March 2011 (the "New Zealand Acquisition") and mainly consisted of approximately 13,000 hectares of freehold land, including approximately 11,000 hectares of softwood radiata pine plantations in New Zealand ("New Zealand Plantation"), amounting to HK$110,147,000 for the entire Period. As explained in the unaudited results announcement of the Group for the three months ended 31 March 2011 published on 23 May 2011, given the New Zealand Plantation continues to be controlled by Sino-Forest Corporation ("Sino-Forest") before and after the acquisition (through its majority shareholding in the Company), the contribution from the New Zealand Plantation for the full first six months of 2011 has been reflected in the Group's combined financial statements for the entire Period. In addition to the sales contributed from the newly acquired New Zealand Planation, the revenue contributed from our existing Suriname operations also increased to HK$13,914,000 for the Period compared to the contribution for the same period last year of HK$7,572,000. The strong revenue growth was further supported by the significant increase in log prices and wood demand from our customers during the Period.

Regarding our growth strategy, the Group has made significant progress in expanding its footprint in the global sustainable timber industry during the Period. Other than the acquisition of the New Zealand Plantation as mentioned above, on 1 March 2011, the Group acquired 60% equity interest in Vista Marina Services N.V., which manages and operates certain harvesting rights to approximately 128,000 hectares of tropical hardwood concession in eastern Suriname, South America. This acquisition increased the Group's total concessions under management in Suriname to approximately 312,000 hectares. Through these two transactions, Greenheart not only increased its wood fiber reserve but also diversified its international asset base from sustainable tropical hardwood concessions in South America to sustainable softwood plantations in New Zealand. Both acquisitions will strengthen the Group's ability to serve the growing timber deficit in China and other markets around the world.

The Group's gross profit for the Period was HK$63,238,000, which represented a 15 times increase in gross profit from HK$3,952,000 for the same period last year. The significant increase was attributable to the sale of approximately 123,000 cubic meters of New Zealand radiata pine and increased sales volume from our Suriname concessions during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

Other income and gains amounted to HK$3,706,000 for the Period, an increase of HK$3,655,000 compared with HK$51,000 for the same period last year. The increase was primarily attributable to the increase in bank interest income as a result of the increase in average cash and bank balances and the rental income received from our subcontractors in Suriname for using our equipment of HK$564,000 during the Period.

The fair value gain on our plantation forest assets is primarily attributable to the growth of the tree crops and the appreciation of the sales price of New Zealand radiata pine, in United States dollars terms, in our New Zealand Plantation during the Period.

Selling and distribution costs mainly represented trucking, barging and export handling expenses from the sale of our Suriname logs and timber products and ocean freight and logistic related costs incurred from the sale of our New Zealand radiata pine. The significant increase during the Period was primarily attributable to ocean freight charges from the sales of New Zealand radiata pine, which were sold on CIF terms, during the Period.

Administrative expenses increased by HK$23,205,000 to HK$42,282,000 for the Period. The increase was mainly attributable to the one-off legal and professional fees of approximately HK$7,600,000 incurred for certain due-diligence reviews on potential investments including the two acquisitions aforementioned. The increase also reflected the Group's expansion, particularly in its hiring of experienced staff in Hong Kong and Suriname in order to facilitate the Group's growth plans, the engagement of professionals and consultants to support the Group's corporate development, and the increase in rental and other expenses resulting from the relocation of the Company's corporate head office in Hong Kong during the Period.

Other operating expenses mainly represented costs and expenses incurred in optimizing the layout of the log yard, increasing the utilization of the existing sawmill and improving the general living facilities at the Company's forest camp and staff quarters in Suriname.

Share option expenses incurred in the Period of HK$4,542,000 were non-cash in nature, represented the fair value of the share options granted by the Company during the Period relating to contractual arrangements with senior managers required to implement the Company's growth plans. There was no such expense in the same period last year.

Business Review (continued)

Finance costs of HK$13,749,000 increased from HK$4,701,000 for the same period last year represented the interest expenses incurred for the convertible notes with a total principal amount of approximately HK$195,000,000 (equivalent to US$25,000,000) issued in August 2010, bearing an effective interest rate of approximately 11.2% per annum. These convertible notes bear a coupon rate of 5% per annum with an actual cash interest payment of HK$4,900,000 for the Period. The increase in finance costs was mainly attributable to the increase in effective interest rate as the interest expenses incurred in the same period last year related to the convertible bonds with a total principal amount of HK$237,000,000 issued in November 2007 bearing an effective interest rate of only 4% per annum which were fully converted into new ordinary shares of the Company in September 2010.

The share of loss of an associate of HK$1,199,000 recorded in the same period last year represented our share of the operational loss of an associate. This associate was fully disposed of in September 2010.

Tax charge for the Period mainly represented the deferred tax arising from the revaluation of our plantation forest assets and other timing differences arising from our New Zealand operation.

With the significant increase in revenue as a result of Greenheart's growth strategy, the Group has already started to make considerable improvements, as evidenced by the decrease in the loss attributable to the equity holders of the Company for the Period to HK$11,849,000 compared with HK$23,488,000 for the same period the year before.

Liquidity and Financial Review

The Group continued to sustain a strong liquidity position. As at 30 June 2011, the Group's current assets and current liabilities were HK$554,504,000 and HK$49,074,000 (31 December 2010: HK$637,461,000 and HK$448,305,000, as restated), respectively, of which the Group maintained cash and bank balances of approximately HK$491,063,000 (31 December 2010: HK$613,704,000, as restated). The Group's outstanding borrowings as at 30 June 2011 represented the loan from Sino-Forest amounting to HK$312,000,000 (31 December 2010: HK$396,617,000, as restated). Accordingly, the Group's gearing ratio, which was calculated on the basis of outstanding borrowings as a percentage of equity attributable to equity holders of the Company, was 27.5% (31 December 2010: 38.6%, as restated).

Liquidity and Financial Review (continued)

During the Period, a total of 96,494,952 new ordinary shares of the Company were issued to Sino-Capital Global Inc. ("Sino-Capital"), a wholly-owned subsidiary of Sino-Forest, as part of the consideration paid for the New Zealand Acquisition and subsequently Sino-Forest increased its indirect shareholding in the Company to 63.6%. As at 30 June 2011, there were 779,724,104 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. The Group will continue to maintain a strong capital structure when financing new investments.

The Group has limited exposure to foreign exchange fluctuation risks as except certain domestic sales generated from our New Zealand plantation assets, most of its sales are denominated in United States dollars, to which the Hong Kong dollar is pegged and is the same currency in which the Group's all outstanding borrowings, majority costs and expenses incurred overseas were denominated. On the other hand, those domestic sales generated from our New Zealand plantation assets were denominated in New Zealand dollars which can help to partly offset the Group's operating expenses payable in New Zealand dollars. During the Period, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 June 2011. However, we will continue to monitor closely 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 to mitigate any significant foreign exchange risk.

Prospects

China's demand for international timber continues to grow, with newly released data showing an increase in imports of softwood from New Zealand as well as increasing imports of tropical timber. According to new data released by the Mckinsey Global Institute, the urban population in China is expected to grow by 350 million people by 2025 with the emergence of over 200 cities with a population of more than a million. While there have been recent signs of slowing growth in China, the wood deficit continues to grow with RISI, a leading information provider for the global forest product industry, forecasting an imbalance of 182 million cubic meters by 2015 which will need to be largely met through greater imports.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Prospects (continued)

In a recent conference hosted by Wood Markets in May 2011, experts indicated that North American log and lumber supplies may fall by the middle of the decade and identified New Zealand as a key source for global softwood supplies. Subsequently, New Zealand's Ministry of Agriculture and Forestry released new data showing China's increasing dominance in the New Zealand log export market with 1.9 million cubic meters being exported to China in the first quarter of 2011, an increase of 44.5 percent when compared to the same period last year. This increase in China exports is a major contributor to the growth in our revenue over the last two quarters and we are well positioned to leverage our New Zealand asset to best maximize this rise in demand for New Zealand softwood.

China's lumber imports have doubled from 2007 to 2010, and Wood Market's Five-year outlook estimates that China will need to double its lumber imports by 2015 in order to meet domestic demand. In the first quarter of 2011, log imports increased 23 percent along with an increase of 58 percent in lumber when compared to the same period the year before. In line with the increasing lumber demand, we remain focused on building our processing facilities in Suriname to convert our tropical hardwood logs into high value lumber and other high value finished products. Our target markets for our tropical hardwood besides China include North America, the CARICOM nations, India, Korea, Japan, Taiwan and Europe, in particular the Netherlands, given its historical ties with Suriname and historical use and knowledge of Surinamese tropical hardwood. With two world–class processing facilities currently under construction in Suriname, we expect the first processing facility to commence operations by the end of this year and the second to be operational in 2012. Upon full ramp-up and with our objective to obtain full FSC (Forest Stewardship Council) certification for our products and operations in Suriname, Greenheart's ultimate goal is to capitalize on this opportunity of market imbalances and be a leading provider of sustainable and profitable tropical hardwood to China and other markets around the world.

Interim Dividend

The Board has resolved not to recommend any dividend for the six months ended 30 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Capital Expenditure

During the six months ended 30 June 2011, the Group spent approximately HK$26,840,000 (year ended 31 December 2010: approximately HK$111,406,000, as restated) on acquisition of items of property, plant and equipment.

Material Acquisition and Disposal

On 7 January 2011, the Company entered into a sale and purchase agreement with Sino-Capital and Sino-Forest, whereby the Company has conditionally agreed to purchase the entire equity interest in Mega Harvest International Limited ("Mega Harvest") from Sino-Capital, together with its shareholder's loan at a maximum consideration of approximately HK$288,600,000 (equivalent to US$37,000,000). Mega Harvest is an investment holding company incorporated in the British Virgin Islands, which owns a radiata pine plantation in New Zealand with approximately 13,000 hectares of freehold lands with a net harvestable area of approximately 11,000 hectares. The acquisition was completed on 31 March 2011.

On 24 February 2011, Greenheart Forest (Suriname) FT Limited, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with certain parties, pursuant to which Greenheart Forest (Suriname) FT Limited agreed to acquire from an independent third party 60% equity interest in Vista Marina Services N.V., a company incorporated in Suriname, South America which manages and operates certain harvesting rights to approximately 128,000 hectares of tropical hardwood concession. The acquisition was completed on 1 March 2011.

Save as disclosed above, the Group had no other material acquisitions or disposals during the six months ended 30 June 2011.

Contingent Liabilities

As at 30 June 2011, the Group did not have any significant contingent liabilities (31 December 2010: Nil).

Share Option Scheme

As at 30 June 2011, there were options for 43,693,560 ordinary shares of HK$0.01 each in the share capital of the Company granted by the Company pursuant to the share option scheme, as adopted by the shareholders of the Company on 22 March 2002, which were valid and outstanding. 70,000 options lapsed during the six months ended 30 June 2011.

Employment and Remuneration Policy

As at 30 June 2011, the number of employees of the Group was about 214. Employees' cost (including Directors' emoluments) amounted to approximately HK$14,343,000 for the six months ended 30 June 2011. Remuneration of the employees includes salary and discretionary bonus which is based on the Group's results and individual performance. Medical and retirement benefits schemes are made available to all levels of personnel.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ERNST & YOUNG
安 永

Ernst & Young
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

Tel: +852 2846 9888
Fax: +852 2868 4432
www.ey.com

安永會計師事務所
香港中環金融街8號
國際金融中心2期18樓

電話: +852 2846 9888
傳真: +852 2868 4432

To the Board of Directors of Greenheart Group Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements of Greenheart Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 12 to 31, which comprise the condensed consolidated statement of financial position as at 30 June 2011, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors of the Company are responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
8 August 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	3	**124,061**	7,572
Cost of goods sold		**(60,823)**	(3,620)
Gross profit		**63,238**	3,952
Other income and gains	4	**3,706**	51
Fair value gain on plantation forest assets	10	**35,312**	–
Selling and distribution costs		**(42,130)**	(2,745)
Administrative expenses		**(42,282)**	(19,077)
Other operating expenses		**(11,627)**	(7,448)
Non-cash share option expenses		**(4,542)**	–
Finance costs	5	**(13,749)**	(4,701)
Share of loss of an associate		**–**	(1,199)
LOSS BEFORE TAX	6	**(12,074)**	(31,167)
Tax	7	**(10,907)**	156
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(22,981)**	(31,011)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(11,849)**	(23,488)
Non-controlling interests		**(11,132)**	(7,523)
		(22,981)	(31,011)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		**HK$(0.016)**	HK$(0.075)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2011 (Unaudited) *HK$'000***	31 December 2010 (Unaudited) *HK$'000* (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**156,908**	127,248
Prepaid land lease payments		**12,551**	1,376
Goodwill		**8,925**	7,624
Timber concessions and cutting rights	9	**802,363**	741,435
Plantation forest assets	10	**501,898**	480,480
Prepayments and deposits		**15,359**	5,208
Total non-current assets		**1,498,004**	1,363,371
CURRENT ASSETS			
Inventories		**19,962**	13,527
Trade and other receivables	11	**11,081**	3,518
Prepayments and deposits		**32,398**	6,712
Cash and cash equivalents		**491,063**	613,704
Total current assets		**554,504**	637,461
CURRENT LIABILITIES			
Trade and other payables	12	**24,656**	16,059
Deposits received		**771**	584
Loan from the ultimate holding company	16(b)	**–**	396,617
Due to the ultimate holding company	16(b)	**97**	2,892
Due to the immediate holding company	16(b)	**–**	134
Due to fellow subsidiaries	16(b)	**22,565**	22,621
Income tax payable		**985**	9,398
Total current liabilities		**49,074**	448,305
NET CURRENT ASSETS		**505,430**	189,156
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,003,434**	1,552,527

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Unaudited) HK$'000 (Restated)
NON-CURRENT LIABILITIES			
Loan from the ultimate holding company	16(b)	**312,000**	–
Convertible bonds	13	**195,518**	189,804
Deferred tax liabilities		**88,498**	77,705
Total non-current liabilities		**596,016**	267,509
NET ASSETS		**1,407,418**	1,285,018
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**7,796**	6,811
Reserves		**1,126,848**	1,021,976
		1,134,644	1,028,787
Non-controlling interests		**272,774**	256,231
TOTAL EQUITY		**1,407,418**	1,285,018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to equity holders of the Company												
	Issued capital (unaudited) HK$'000	Share premium account (unaudited) HK$'000	Contributed surplus (unaudited) HK$'000	Other reserves (unaudited) HK$'000	Land revaluation reserve (unaudited) HK$'000	Merger reserve (unaudited) HK$'000	Share option reserve (unaudited) HK$'000	Convertible bond equity reserve (unaudited) HK$'000	Exchange fluctuation reserve (unaudited) HK$'000	Accumulated losses (unaudited) HK$'000	Total (unaudited) HK$'000	Non-controlling interests (unaudited) HK$'000	Total equity (unaudited) HK$'000
At 1 January 2011 (as restated)	**6,811**	**1,189,217***	**83,274***	**941***	**4,995***	**156,000***	**27,436***	**7,328***	**12,148***	**(459,363)***	**1,028,787**	**256,231**	**1,285,018**
Loss for the Period and total comprehensive loss for the Period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,849)**	**(11,849)**	**(11,132)**	**(22,981)**
Issue of new shares for a business combination under common control	**965**	**257,932**	**-**	**-**	**-**	**(155,735)**	**-**	**-**	**-**	**-**	**103,162**	**-**	**103,162**
Exercise of share options	**20**	**4,442**	**-**	**-**	**-**	**-**	**(977)**	**-**	**-**	**-**	**3,485**	**-**	**3,485**
Equity-settled share option arrangements	**-**	**-**	**-**	**-**	**-**	**-**	**4,542**	**-**	**-**	**-**	**4,542**	**-**	**4,542**
Share options lapsed	**-**	**-**	**-**	**-**	**-**	**-**	**(57)**	**-**	**-**	**57**	**-**	**-**	**-**
Deemed capital contribution from the ultimate holding company	**-**	**-**	**-**	**(87)**	**-**	**-**	**-**	**-**	**-**	**-**	**(87)**	**-**	**(87)**
Acquisition of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27,667**	**27,667**
Acquisition of non-controlling interests	**-**	**-**	**-**	**(8)**	**-**	**-**	**-**	**-**	**-**	**-**	**(8)**	**8**	**-**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,612**	**-**	**6,612**	**-**	**6,612**
At 30 June 2011	**7,796**	**1,451,591***	**83,274***	**846***	**4,995***	**265***	**30,944***	**7,328***	**18,760***	**(471,155)***	**1,134,644**	**272,774**	**1,407,418**
At 1 January 2010	3,145	454,372	83,274	–	–	–	29,050	45,234	12,148	(392,234)	234,989	275,273	510,262
Loss for the period and total comprehensive loss for the period	–	–	–	–	–	–	–	–	–	(23,488)	(23,488)	(7,523)	(31,011)
Issue of new shares	13	2,394	–	–	–	–	(813)	–	–	–	1,594	–	1,594
Share options lapsed	–	–	–	–	–	–	(413)	–	–	413	–	–	–
At 30 June 2010	3,158	456,766	83,274	–	–	–	27,824	45,234	12,148	(415,309)	213,095	267,750	480,845

* These reserve accounts comprise the consolidated reserves of HK$1,126,848,000 (31 December 2010: HK$1,021,976,000, as restated) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows used in operating activities	**(55,385)**	(23,468)
Net cash flows used in investing activities	**(76,562)**	(6,991)
Net cash flows from financing activities	**9,306**	4,894
Net decrease in cash and cash equivalents	**(122,641)**	(25,565)
Cash and cash equivalents at beginning of period	**613,704**	40,916
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**491,063**	15,351

1. Basis of Preparation and Presentation

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These interim financial statements have been prepared under the historical cost convention, except for plantation forest assets and forestry land which are measured at fair value less costs to sell and fair value, respectively. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

During the six months ended 30 June 2011 (the "Period"), the Group completed the acquisition of approximately 13,000 hectares of freehold land, including approximately 11,000 hectares of softwood radiata pine plantations in New Zealand (the "New Zealand Plantation" and collectively referred as the "New Zealand Acquisition") from a subsidiary of Sino-Forest Corporation ("Sino-Forest"). The New Zealand Acquisition was completed on 31 March 2011.

Given the New Zealand Plantation continues to be controlled by Sino-Forest, the ultimate controlling shareholder of the Company, before and after the New Zealand Acquisition (through its majority shareholding in the Company), the financial statements of the Group for the Period have been prepared using the merger accounting principle as if the New Zealand Acquisition had occurred on the date when the combining entities first came under common control by Sino-Forest. Accordingly, the contribution from the New Zealand Plantation for the full first six months of 2011 has been reflected in the Group's condensed consolidated financial statements for the Period. As the New Zealand Plantation only came under Sino-Forest control in October 2010, the comparative figures in the condensed consolidated statement of comprehensive income for the same period of last year are not required to be restated.

2. Impact of New and Revised Hong Kong Financial Reporting Standards

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) effective from 1 January 2011:

HKFRS 1 (Amendment)	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

The adoption of the above new and revised HKFRSs has had no significant financial impact on these condensed consolidated interim financial statements.

3. Operating Segment Information

The Group has adopted HKFRS 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

The Group manages its businesses by geographical location and the chief operating decision maker (i.e. the Directors) also review the segment information by this category to allocate resources to segments and to assess their performance. The Group has presented the following two reportable segments:

Suriname: Engaging in hardwood log harvesting, timber processing, marketing and sale of logs and timber products

New Zealand: Engaging in softwood log harvesting, marketing and sale of logs and timber products

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. Operating Segment Information (continued)

The following table presents the revenue and profit or loss information regarding the Group's operating segments for the six months ended 30 June 2011:

For the six months ended 30 June 2011

	Suriname *HK$'000*	New Zealand *HK$'000*	Total *HK$'000*
SEGMENT REVENUE	13,914	110,147	124,061
SEGMENT RESULTS	(21,334)	46,698	25,364
Other income and gains	1,189	248	1,437
Finance costs	(42)	(3,134)	(3,176)
Corporate and other unallocated expenses, net			(35,699)
LOSS BEFORE TAX			(12,074)

No operating segment information is presented for the six months ended 30 June 2010 as the Group was solely operating in one geographical location only, i.e. Suriname, during that period.

Geographical information

Revenue is attributed to the following geographical regions:

	For the six months ended 30 June	
	2011 **(Unaudited)** ***HK$'000***	2010 (Unaudited) *HK$'000*
Mainland China	**93,985**	7,073
New Zealand	**26,937**	–
Suriname	**1,784**	499
Netherlands	**841**	–
Hong Kong	**514**	–
	124,061	7,572

3. Operating Segment Information (continued)

Information about major customers

During the six months ended 30 June 2011, the Group had transactions with 2 (2010: 5) customers who each contributed over 10% of the Group's total gross revenue before export tax for the Period. A summary of revenue earned from each of these major customers is set out below:

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer 1	**73,194**	2,574
Customer 2	**18,225**	827
Customer 3	**–**	732
Customer 4	**–**	717
Customer 5	**–**	642
	91,419	5,492

4. Other Income and Gains

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**2,319**	10
Rental income for the lease of plant and machinery	**564**	–
Others	**823**	41
	3,706	51

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

5. Finance Costs

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on convertible bonds *(note 13)*	**10,573**	4,701
Interest on a loan from the ultimate holding company	**3,134**	–
Interest on a bank loan	**42**	–
	13,749	4,701

6. Loss Before Tax

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortization of timber concessions and cutting rights *(note 9)*	**3,238**	1,583
Less: Amount capitalized in inventories	**(1,018)**	(432)
Current period expenditure charged to cost of goods sold	**2,220**	1,151
Depreciation	**2,969**	1,437
Amortization of prepaid land lease payments	**121**	–

7. Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2011 and 2010.

No overseas income tax has been provided as the subsidiaries operating in overseas did not generate any assessable profits arising during the Period based on existing legislation, interpretations and practices in respect thereof (2010: Nil). Subsidiaries established in Suriname and New Zealand are subject to relevant tax rules and regulations of Suriname and New Zealand at the statutory tax rate of 36% and 28%, respectively. One of the Company's major subsidiaries in Suriname is currently enjoying a local income tax exemption for an original period of nine years from 2007 to 2016, which, subject to the approval by the Suriname authority, may be renewable or extended for a further period upon expiry. During the six months ended 30 June 2011, the effective tax rate, calculated on the basis of total current and deferred tax expenses to its operating result, of the Group's New Zealand operation is 25.6%.

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Tax charge/(credit) for the Period:		
Deferred tax	**9,835**	(156)
Foreign exchange difference on deferred tax liabilities	**958**	–
Foreign exchange difference on income tax payable	**114**	–
	10,907	(156)

8. Loss per Share Attributable to Equity Holders of the Company

The calculation of basic loss per share amount is based on the loss for the Period attributable to equity holders of the Company, and the weighted average of 731,721,945 (2010: 314,860,257) ordinary shares in issue during the Period.

In respect of the diluted loss per share amount presented, no adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2011 and 2010 as the impact of the share options and convertible bonds outstanding during these periods had an anti-dilutive effect on the basic loss per share amounts presented.

9. Timber Concessions and Cutting Rights

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Unaudited) *HK$'000*
Cost	**815,178**	751,012
Accumulated amortization	**(12,815)**	(9,577)
Net carrying amount	**802,363**	741,435

	(Unaudited) *HK$'000*
At 31 December 2010 and 1 January 2011	741,435
Addition	64,166
Amortization provided during the Period *(note 6)*	(3,238)
At 30 June 2011	802,363

The Group is a natural forest concession owner and operator in Suriname, South America and currently manages and operates certain forest concessions and cutting rights for the exploitation of timber on parcels of land in Suriname of approximately 312,000 hectares with the terms ranging from 10 to 20 years.

10. Plantation Forest Assets

	(Unaudited) *HK$'000*
At 31 December 2010 (as restated) and 1 January 2011	480,480
Additions	413
Harvested as agricultural produce	(14,307)
Changes in fair value less costs to sell	35,312
At 30 June 2011	501,898

10. Plantation Forest Assets (continued)

At 30 June 2011, the Group intensively managed radiata pine plantation forest assets in Northland region of New Zealand (the "Mangakahia Forest") for the purpose of generating revenue by harvesting timbers. The Mangakahia Forest's freehold title land base totals approximately 13,000 hectares, of which approximately 11,000 hectares was net productive area. All the productive area was owned freehold, except approximately 80 hectares which were held through a single rotation forestry right.

The Group's plantation forest assets in New Zealand are regarded as biological assets which are measured at fair value less costs to sell at the end of the reporting period in accordance with HKAS 41 *Agriculture*. These assets were valued by the Directors as at 30 June 2011. In view of the non-availability of market value for tree plantation in New Zealand, the Directors have applied the net present value approach whereby projected future net cash flows, based on their assessments of current timber log prices, were discounted at the pre-tax discount rate of 11% for the plantation forest assets, to arrive at the fair value of the plantation forest assets.

The discount rate used in the valuation of the plantation forest assets in New Zealand as at 30 June 2011 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, with more weight given to the implied discount rate.

11. Trade and Other Receivables

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Unaudited) *HK$'000* (Restated)
Trade receivables	**8,224**	3,687
Impairment	**–**	(310)
	8,224	3,377
Other receivables	**2,857**	141
Trade and other receivables	**11,081**	3,518

11. Trade and Other Receivables (continued)

The Group's trading terms with its customers are mainly letters of credit at sight or on open accounts with credit terms of 30 days to 45 days, where 20% to 30% deposit is normally required. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimize credit risk. Overdue balances are reviewed regularly by senior management. In the opinion of the Directors, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Unaudited) *HK$'000* (Restated)
Within 1 month	**8,224**	3,031
1 to 3 months	**–**	342
Over 3 months	**–**	4
	8,224	3,377

None of the other receivables is either past due or impaired and there is no recent history of default.

12. Trade and Other Payables

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Unaudited) *HK$'000* (Restated)
Trade payables	**17,258**	6,317
Other payables	**773**	3,116
Accruals	**6,625**	6,626
	24,656	16,059

12. Trade and Other Payables (continued)

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Unaudited) *HK$'000* (Restated)
Within 1 month	**16,739**	6,317
1 to 3 months	**95**	–
Over 3 months	**424**	–
	17,258	6,317

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

13. Convertible Bonds

The Group had US$ denominated convertible bonds (the "US$ Convertible Bonds") outstanding as at 30 June 2011 and 31 December 2010 and the summarised information of which is set out as follows:

Issuance date	17 August 2010
Maturity date	17 August 2015
Original principal amount	US$25,000,000
Coupon rate	5%
Conversion price per ordinary share (HK$)	2.002

13. Convertible Bonds (continued)

The US$ Convertible Bonds is bifurcated into a liability component and an equity component for accounting purpose. The following tables summarise the movements in the principal amounts, liability and equity components of the Company's US$ Convertible Bonds during the Period:

	(Unaudited) *HK$'000*
Principal amount outstanding	
At 31 December 2010, 1 January 2011 and 30 June 2011	195,000
Liability component	
At 31 December 2010 and 1 January 2011	189,804
Interest expense *(note 5)*	10,573
Interest paid and payable	(4,859)
At 30 June 2011	195,518
Equity component (included in convertible bonds equity reserve)	
At 31 December 2010, 1 January 2011 and 30 June 2011	7,328

The Group and the Company issued US$ Convertible Bonds to Greater Sino Holdings Limited ("Greater Sino"), a company in which a director of the Company has an indirect interest, for a total cash consideration of US$24,750,000 pursuant to a convertible note subscription agreement entered into between the Company and Greater Sino on 22 June 2010 (the "Subscription Agreement"). In addition, the noteholder has the right to convert the whole or part of the principal amount of the US$ Convertible Bonds into shares anytime commencing 6 months after the issuance of the US$ Convertible Bonds and from time to time in an amount of not less than US$100,000 on each conversion. Moreover, the noteholder may require the Company to redeem all or part of the US$ Convertible Bonds on each of the dates falling on the third anniversary and on the fourth anniversary of the issuance date of the US$ Convertible Bonds or upon certain other events as specified in the Subscription Agreement, at the redemption amount as defined in the Subscription Agreement. Further details of the Subscription Agreement are set out in the Company's shareholders' circular dated 13 July 2010.

As at 30 June 2011, the US$ Convertible Bonds were classified as non-current liabilities as they have a maturity date of 17 August 2015.

14. Operating Lease Arrangements

(a) As lessor

The Group leases certain of its plant and machinery to its subcontractors under operating lease arrangements, with leases negotiated for terms of three years.

At 30 June 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its subcontractors falling due as follows:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Unaudited) *HK$'000*
Within one year	**1,278**	1,278
In the second to fifth years, inclusive	**1,384**	2,023
	2,662	3,301

(b) As lessee

The Group leases certain of its office properties and staff quarters under operating lease arrangements. Leases for office properties are negotiated for terms of one to three years, and those for staff quarters are for terms of one year.

At 30 June 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Unaudited) *HK$'000*
Within one year	**5,235**	5,808
In the second to fifth years, inclusive	**6,400**	9,000
	11,635	14,808

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

15. Capital Commitments

At 30 June 2011, the Group had the following capital commitments:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Unaudited) *HK$'000*
Contracted, but not provided for:		
Leasehold improvements	**–**	1,373
Furniture and fixtures	**–**	1,287
Plant and machinery	**103,725**	–
	103,725	2,660

16. Related Party Disclosures

(a) In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group entered into the following material transactions with related parties during the six months ended 30 June 2011:

Name of related party	**Nature of transaction**	*Notes*	**For the six months ended 30 June 2011 (Unaudited) *HK$'000***	2010 (Unaudited) *HK$'000*
The ultimate holding company				
Sino-Forest	Interest expenses paid and payable on a loan	(i)	**3,134**	–
	Interest expenses paid on the convertible loan	(ii)	**–**	4,701
Fellow subsidiary				
Sino-Wood Trading Limited	Sales of logs	(iii)	**73,194**	–
A company with a common director				
Greater Sino	Interest expenses paid and payable on the convertible bonds	(iv)	**10,573**	–

16. Related Party Disclosures (continued)

(a) (continued)

Notes:

(i) The interest expenses were charged based on the London Interbank Offered Rate plus 3.5% per annum on a loan with a principal amount of HK$312,000,000 ("New Loan") granted by Sino-Forest during the six months ended 30 June 2011.

(ii) The interest expenses were charged based on the coupon rate of 4% per annum on the convertible bonds with a total principal amount of HK$237,000,000 issued in November 2007 which were fully converted into new ordinary shares of the Company in September 2010.

(iii) The sales of logs to a fellow subsidiary were made with reference to the prevailing market prices and under normal commercial terms of the sales of similar type of products.

(iv) The amount disclosed above represents the imputed interest expenses charged to profit or loss for accounting purpose for the convertible bonds issued to Greater Sino, a company in which a Director has an indirect interest. The actual interest paid and payable to Greater Sino, which is calculated based on the compound return of 10% per annum as set out in the terms and conditions of the said convertible bonds is HK$9,718,000.

(b) Outstanding balances with related parties

(i) As disclosed in the condensed consolidated statement of financial position, the Group had an outstanding loan balance of HK$396,617,000 as at 31 December 2010 due to Sino-Forest which bore interest at the rate of 1.05% per annum and was refinanced by the New Loan of HK$312,000,000 during the six months ended 30 June 2011. Further details of the New Loan are set out in note 16(a)(i) to these interim financial statements.

(ii) Included in the amounts due to fellow subsidiaries on the condensed consolidated statement of financial position as at 30 June 2011 were trade deposits received from Sino-Forest Resources Inc. ("SF Resources") of HK$22,565,000 (31 December 2010: HK$22,565,000). SF Resources is a wholly-owned subsidiary of Sino-Forest and a fellow subsidiary of the Company as at 30 June 2011.

(iii) Details of the Group's US$ Convertible Bonds payable to Greater Sino, a company in which a director of the Company has an indirect interest, are set out in note 13 to these interim financial statements.

(iv) Save as disclosed, the balances due to related companies were unsecured, interest-free and have no fixed terms of repayment.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

16. Related Party Disclosures (continued)

(c) Other transactions with related parties

During the six months ended 30 June 2011, the Group acquired the New Zealand Plantation from Sino-Forest and details of which are set out in note 1 to these condensed consolidated interim financial statements and the Company's shareholders' circular dated 11 March 2011.

(d) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**4,791**	3,076
Equity-settled share option	**2,941**	–
Pension scheme contribution	**28**	16
	7,760	3,092

17. Comparative Amounts

As a result of applying the merger accounting principle for a business combination under common control as further explained in note 1 to these condensed consolidated interim financial statements, certain comparative amounts for the year ended 31 December 2010 as disclosed in the 2010's annual report dated 14 March 2011 have been restated to conform to the current Period's presentation.

18. Approval of the Condensed Consolidated Interim Financial Statements

These condensed consolidated interim financial statements were approved by the Board of Directors on 8 August 2011.

OTHER INFORMATION

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

As at 30 June 2011, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	**Capacity**	**Number of Shares and underlying shares interested** *(Note 3)*	**Approximate percentage of the total issued share capital of the Company** %
William Judson Martin	Beneficial owner	6,811,490	0.874
Hui Tung Wah, Samuel	Beneficial owner	2,811,145	0.361
	Spouse interest *(Note 1)*	75,000	0.010
Chan Tak Yuen, Allen *(Note 4)*	Beneficial owner	6,811,490	0.874
Simon Murray	Beneficial owner	2,342,000	0.300
Wong Kin Chi	Beneficial owner	1,011,145	0.130
Tong Yee Yung, Joseph	Beneficial owner	711,145	0.091
	Spouse interest *(Note 2)*	180,000	0.023
Wong Che Keung, Richard	Beneficial owner	891,145	0.114

Note 1: These 75,000 Shares were jointly owned by Mr. Hui Tung Wah Samuel and his spouse.

Note 2: These 180,000 Shares were jointly owned by Mr. Tong Yee Yung Joseph and his spouse.

Note 3: It includes the share options granted by the Company, details of the underlying shares involved are set out in the paragraph headed "Share Option Scheme" below.

Note 4: Mr. Chan Tak Yuen, Allen resigned as Chairman and non-executive Director on 29 August 2011.

OTHER INFORMATION (continued)

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

Interests in the shares and underlying shares of the associated corporations (within the meaning of Part XV of the SFO) of the Company

Name of Director	Capacity	Name of the associated corporation	Number of shares and underlying shares interested *(Note 4)*
William Judson Martin	Beneficial owner and spouse interest *(Note 1)*	Sino-Forest	254,789
Chan Tak Yuen, Allen	Beneficial owner and interest of controlled corporation *(Note 2)*	Sino-Forest	7,906,930
Simon Murray	Beneficial owner and interest of controlled corporation *(Note 3)*	Sino-Forest	98,265

Note 1: 30,000 shares are held by the spouse of Mr. William Judson Martin and 5,173 deferred stock units are held by Mr. William Judson Martin. Mr. William Judson Martin also has certain derivative interests (options) in Sino-Forest, details of which are as follows:

Exercise Period	Exercise Price	Number of shares
25/08/2006 – 25/08/2011	CAD4.360	14,814
04/06/2007 – 04/06/2012	CAD13.150	153,334
21/06/2010 – 21/06/2015	CAD17.410	28,854
17/05/2011 – 17/05/2016	CAD21.67	22,614

Note 2: 1,488,000 shares are directly held by Mr. Chan Tak Yuen, Allen and 5,092,753 shares are held by, or on behalf of, ADS Holdings (BVI) Ltd. over which Mr. Chan Tak Yuen, Allen controls 57.5% of such interest. The above interests include certain derivative interests (options) in Sino-Forest, details of which are as follows:

Exercise Period	Exercise Price	Number of shares
15/08/2006 – 15/08/2011	CAD5.500	750,000
04/06/2007 – 04/06/2012	CAD13.150	250,000
31/03/2009 – 31/03/2014	CAD8.010	209,528
13/05/2010 – 13/05/2015	CAD19.560	64,462
17/05/2011 – 17/05/2016	CAD21.67	52,187

Mr. Chan Tak Yuen, Allen resigned as Chairman and non-executive Director on 29 August 2011 and ceased to be chairman, chief executive officer and director of Sino-Forest on 26 August 2011.

Note 3: Save for 4,712 deferred stock units held directly by Mr. Simon Murray, these shares are held by Forest Operations Limited over which Mr. Simon Murray controls 100% of such interest.

Note 4: This column includes shares that are issuable on the exercise, conversion or exchange of certain securities of the associated corporation.

OTHER INFORMATION (continued)

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

Save as disclosed above, as at 30 June 2011, none of the Directors and chief executives of the Company had registered any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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

SHARE OPTION SCHEME

The share option scheme (the "Scheme") of the Company was adopted by the Company at the special general meeting held on 22 March 2002 in compliance with Chapter 17 of the Listing Rules. The Scheme is valid and effective for a period of 10 years ending on the tenth anniversary of the date of adoption of the Scheme, i.e. 22 March 2012.

OTHER INFORMATION (continued)

SHARE OPTION SCHEME (continued)

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

Name or category of participant	Number of share options: At 1 January 2011	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 June 2011	Exercise period of share options	Exercise price of share options HK$
Directors							
William Judson Martin	5,480,000	–	–	–	5,480,000	24 Aug 2010 to 23 Aug 2015	2.180
	1,331,490	–	–	–	1,331,490	28 Dec 2010 to 27 Dec 2015	2.500
Hui Tung Wah, Samuel	50,000	–	50,000	–	–	17 Apr 2007 to 21 Mar 2012	0.460
	300,000	–	300,000	–	–	15 Jun 2007 to 21 Mar 2012	1.360
	200,000	–	–	–	200,000	25 Oct 2007 to 21 Mar 2012	1.744
	500,000	–	–	–	500,000	5 Aug 2009 to 4 Aug 2014	1.650
	681,145	–	–	–	681,145	28 Dec 2010 to 27 Dec 2015	2.500
Chan Tak Yuen Allen *(Note 1)*	5,480,000	–	–	–	5,480,000	24 Aug 2010 to 23 Aug 2015	2.180
	1,331,490	–	–	–	1,331,490	28 Dec 2010 to 27 Dec 2015	2.500
Simon Murray	1,096,000	–	–	–	1,096,000	24 Aug 2010 to 23 Aug 2015	2.180

OTHER INFORMATION (continued)

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options: At 1 January 2011	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 June 2011	Exercise period of share options	Exercise price of share options *HK$*
Directors (continued)							
Wong Kin Chi	30,000	–	–	–	30,000	25 Oct 07 to 21 Mar 2012	1.744
	150,000	–	–	–	150,000	5 Aug 2009 to 4 Aug 2014	1.650
	681,145	–	–	–	681,145	28 Dec 2010 to 27 Dec 2015	2.500
Wong Che Keung, Richard	30,000	–	–	–	30,000	17 Apr 2007 to 21 Mar 2012	0.460
	50,000	–	–	–	50,000	15 Jun 2007 to 21 Mar 2012	1.360
	30,000	–	–	–	30,000	25 Oct 2007 to 21 Mar 2012	1.744
	100,000	–	–	–	100,000	5 Aug 2009 to 4 Aug 2014	1.650
	681,145	–	–	–	681,145	28 Dec 2010 to 27 Dec 2015	2.500
Tong Yee Yung, Joseph	30,000	–	30,000	–	–	25 Oct 2007 to 21 Mar 2012	1.744
	681,145	–	–	–	681,145	28 Dec 2010 to 27 Dec 2015	2.500

OTHER INFORMATION (continued)

SHARE OPTION SCHEME (continued)

Name or category of participant	Number of share options: At 1 January 2011	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 June 2011	Exercise period of share options	Exercise price of share options HK$
Employees (other than Directors)							
In aggregate	3,040,000	–	–	20,000	3,020,000	5 Aug 2009 to 4 Aug 2014	1.650
	5,140,000	–	50,000	50,000	5,040,000	28 Dec 2010 to 27 Dec 2015	2.500
	–	3,500,000	–	–	3,500,000	10 Jan 2011 to 9 Jan 2016	2.930
	–	2,000,000	–	–	2,000,000	22 Mar 2011 to 21 Mar 2016	2.710
	–	2,000,000	–	–	2,000,000	50% on or after 13 Jun 2012 50% on or after 13 Jun 2013	1.950
Other participants							
In aggregate	300,000	–	–	–	300,000	17 Apr 2007 to 21 Mar 2012	0.460
	1,200,000	–	–	–	1,200,000	15 Jun 2007 to 21 Mar 2012	1.360
	3,250,000	–	1,650,000	–	1,600,000	25 Oct 2007 to 21 Mar 2012	1.744
	6,500,000	–	–	–	6,500,000	5 Aug 2009 to 4 Aug 2014	1.650
Total	38,343,560	7,500,000	2,080,000	70,000	43,693,560		

Note 1: Mr. Chan Tak Yuen, Allen resigned as Chairman and non-executive Director on 29 August 2011.

OTHER INFORMATION (continued)

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

So far as is known to the Directors and the chief executive of the Company, as at 30 June 2011, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares and underlying shares of the Company:

Name of shareholder	Capacity	Number of Shares	Number of underlying shares	Approximate percentage of Issued share capital of the Company
				%
Sino-Forest	Interest of controlled corporation *(Note 1)*	495,519,102	–	63.55
Sino-Capital	Beneficial owner *(Note 1)*	495,519,102	–	63.55
General Enterprise Management Services Limited	Interest of controlled corporation *(Note 2)*	7,000,000	97,077,922	13.35
Development Bank of Japan Inc.	Interest of controlled corporation *(Note 3)*	–	97,077,922	12.25
Asia Resources Fund Limited	Interest of controlled corporation *(Note 4)*	–	97,077,922	12.25

OTHER INFORMATION (continued)

PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO (continued)

Long positions in Shares and underlying shares of the Company: (continued)

Notes:

1. Sino-Capital is a wholly-owned subsidiary of Sino-Forest, Sino-Forest is deemed to be interested in the Shares in which Sino-Capital is interested by virtue of the SFO.

2. General Enterprise Management Services (International) Limited ("GEMS") owned 23.26% of Asia Resources Fund Limited and was a person in accordance with whose directions Asia Resources Fund Limited is accustomed to act. GEMS is a wholly-owned subsidiary of General Enterprise Management Services Limited and therefore General Enterprise Management Services Limited is deemed to be interested in the Shares in which GEMS and Greater Sino Holdings Limited are interested by virtue of the SFO.

3. Development Bank of Japan Inc. owned 46.51% of Asia Resources Fund Limited. As such, it is deemed to be interested in the Shares in which Asia Resources Fund Limited is interested by virtue of SFO.

4. Greater Sino Holdings Limited is a wholly-owned subsidiary of Asia Resources Fund Limited, Asia Resources Fund Limited is also deemed to be interested in the Shares in which Greater Sino Holdings Limited is interested by virtue of SFO.

Save as disclosed above, the Company has not been notified by any person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company as at 30 June 2011 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.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Since the publication of the latest annual report of the Company for the year ended 31 December 2010, Mr. Simon Murray was appointed in April 2011 as the independent non-executive chairman of Glencore International plc, whose issued shares are listed on the Stock Exchange (stock code: 805) with primary listing on the London Stock Exchange. Save as disclosed above, the Board is not aware of any other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises three independent non-executive Directors, namely Mr Wong Che Keung Richard (Chairman of the Audit Committee), Mr Tong Yee Yung Joseph, and Mr Wong Kin Chi. The members of the Audit Committee have reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters of the Group. The Audit Committee has reviewed and discussed with management and external auditors the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2011.

OTHER INFORMATION (continued)

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance. The Company has complied with all the code provisions set out in the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2011. The Board continues to review its practices from time to time with an aim to improve the Group's corporate governance practices so as to meet international best practice.

Note: Following the resignation of Mr. Chan Tak Yuen, Allen, Mr. William Judson Martin, the president, chief executive officer and executive director of the Company, has assumed the role as Chairman of the Board with effect from 29 August 2011. The Board believes that this arrangement, though not in line with the requirement of Code A.2.1 of the CG Code, will provide the Group with strong and consistent leadership and allow for more effective and efficient business decision and execution.

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 TO THE LISTING RULES

The Company has adopted a code of conduct regarding securities transactions by Directors ("Code of Conduct") on terms no less exacting than the required standard set out in the Model Code and the Company has made specific enquiry of all Directors who confirmed that they have complied with the required standard set out in the Model Code and the Code of Conduct for the six months ended 30 June 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

APPRECIATION

Our Group's success depended on all our staff's commitment, dedication and professionalism. The Board would like to thank every staff for their diligence and dedication and would also take this opportunity to express our sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board
Greenheart Group Limited
W. Judson Martin
President, CEO & Executive Director

Hong Kong, 8 August 2011