Interim Report 2013-2014

Yueshou Environmental Holdings Limited
粵首環保控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1191)

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Shen Xia
Mr. Leung Wai Shun, Wilson
Mr. Lau Kwan
Mr. Tan Cheow Teck *(Chairman)*
(not re-elected on 6 January 2014)
Mr. Shannon Tan Siang-Tau
(not re-elected on 6 January 2014)
Ms. Juanita Dimla De Guzman
(resigned on 6 January 2014)

Non-executive Director

Mr. Pang King Sau, Nelson
(appointed on 7 October 2013)

Independent Non-executive Directors

Mr. Sai Chun Yu
Mr. Wen Jian Sheng
Dr. Chiao Li
(appointed on 6 September 2013)
Mr. Chan Yee Ping, Michael
(appointed on 7 October 2013)

COMPANY SECRETARIES

Ms. Tang Lo Nar, Luler
Ms. Ko Mei Ying
(resigned on 31 October 2013)

PRINCIPAL PLACE OF BUSINESS

22/F., Hip Shing Hong Centre,
No.55 Des Voeux Road Central,
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Bermuda
MUFG Fund Services
(Bermuda) Limited

Hong Kong
Tricor Secretaries Limited

AUDITORS

BDO Limited
Certified Public Accountants

PRINCIPAL BANKERS

Hong Kong
The Hongkong and Shanghai
Banking Corporation Limited

Chong Hing Bank Limited

WEBSITE

http://www.yueshou.hk

STOCK CODE

1191

LEGAL ADVISERS

On Bermuda Law
Conyers Dill & Pearman

On Hong Kong Law
Chiu & Partners

Bough & Company

Lee Wong & Co, Solicitors

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 January 2014

	Note	Six months ended 31 January 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Continuing operations:–			
Turnover	2	**2,339**	2,314
Cost of sales and services		**(1,579)**	(1,648)
Gross profit		**760**	666
Other revenue and other gain		**25**	779
Administrative expenses		**(15,332)**	(10,618)
Gain arising from changes in fair value of investment properties		**4,584**	16,797
Impairment loss recognised in amounts due from associates	8	**(46,802)**	–
Reclassification adjustment of translation reserve arising on reclassification of a foreign operation		**36,511**	–
Share of results of associates	8	**(690,989)**	(131,830)
Loss from continuing operations	3	**(711,243)**	(124,206)
Finance costs	4	**(356)**	(24,719)
Loss before income tax from continuing operations		**(711,599)**	(148,925)
Income tax	5	**(1,336)**	409
Loss for the period from continuing operations		**(712,935)**	(148,516)
Discontinued operations			
Loss for the period from discontinued operations		**–**	(5,459)
Gain on disposal of subsidiaries		**–**	34,254
Profit for the period from discontinued operations		**–**	28,795
Loss for the period		**(712,935)**	(119,721)

	Note	Six months ended 31 January 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Other comprehensive income			
Translation reserve realised upon lost on significant influence of associates		**(36,511)**	–
Translation reserve realised upon disposal of subsidiaries		**–**	(31,887)
Exchange difference on translating foreign operations		**242**	(75)
Share of other comprehensive income of the associates		**(10,722)**	32,544
Other comprehensive income for the period		**(46,991)**	582
Loss attributable to owners of the Company		**(712,935)**	(119,721)
Total comprehensive income for the period attributable to the owners of the Company		**(759,926)**	(119,139)
Loss per share from continuing and discounted operations	*6*		
– Basic and diluted (2013: as restated)		**HK$(0.61)**	HK$(0.14)
Loss per share from continuing operations			
– Basic and diluted (2013: as restated)		**HK$(0.61)**	HK$(0.17)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 January 2014

	Note	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**5,449**	6,461
Investment properties	*7*	**171,512**	166,928
Interests in associates	*8*	**–**	757,388
Amounts due from associates	*8*	**–**	46,178
Available-for-sale financial assets	*9*	**55,777**	–
		232,738	976,955
Current assets			
Properties held for sale		**7,465**	7,465
Properties under development		**31,839**	31,431
Trade and other receivables	*10*	**432**	427
Deposits and prepayments		**3,918**	3,723
Other deposits		**14,187**	10,163
Cash and bank balances		**14,689**	8,526
		72,530	61,735
Total assets		**305,268**	1,038,690
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*11*	**240,657**	206,780
Reserves		**(47,061)**	712,865
Total equity		**193,596**	919,645

	Note	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Deferred taxation		**22,940**	21,604
Loan from a shareholder		**–**	49,891
		22,940	71,495
Current liabilities			
Trade and other payables	*12*	**33,016**	35,581
Accrued charges		**3,159**	8,969
Loans from shareholders		**52,557**	3,000
		88,732	47,550
Total liabilities		**111,672**	119,045
Total equity and liabilities		**305,268**	1,038,690
Net current (liabilities)/assets		**(16,202)**	14,185
Net assets		**193,596**	919,645

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2014 (Unaudited)

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Distri-butable reserve HK$'000	Contri-buted surplus HK$'000	Accumu-lated loss HK$'000	Total HK$'000
(Audited)								
At 1 August 2013	206,780	1,549,602	11,613	54,056	77,033	796,312	(1,775,751)	919,645
(Unaudited)								
Loss for the period	–	–	–	–	–	–	(712,935)	(712,935)
Other comprehensive income for the period	–	–	–	(46,991)	–	–	–	(46,991)
Total comprehensive income for the period	–	–	–	(46,991)	–	–	(712,935)	(759,926)
Placement of new shares *(Note 11)*	33,877	–	–	–	–	–	–	33,877
At 31 January 2014	240,657	1,549,602	11,613	7,065	77,033	796,312	(2,488,686)	193,596

For the six months ended 31 January 2013 (Unaudited)

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Distri-butable reserve HK$'000	Contri-buted surplus HK$'000	Convertible notes reserve HK$'000	Statutory reserve HK$'000	Accumu-lated loss HK$'000	Total HK$'000
(Audited)										
At 1 August 2012	169,273	1,441,649	11,613	106,203	77,033	796,312	61,991	20,421	(1,227,485)	1,457,010
(Unaudited)										
Loss for the period	–	–	–	–	–	–	–	–	(119,721)	(119,721)
Other comprehensive income for the period	–	–	–	582	–	–	–	–	–	582
Total comprehensive income for the period	–	–	–	582	–	–	–	–	(119,721)	(119,139)
Placement of new shares *(Note 11)*	8,000	1,302	–	–	–	–	–	–	–	9,302
Surrender of convertible notes	–	–	–	–	–	–	(28,900)	–	28,900	–
Disposal of subsidiaries	–	–	–	–	–	–	–	(20,421)	20,421	–
At 31 January 2013	177,273	1,442,951	11,613	106,785	77,033	796,312	33,091	–	(1,297,885)	1,347,173

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2014

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Net cash used in operating activities	**(22,620)**	(13,396)
Net cash used in investing activities	**(622)**	(2,612)
Net cash generated from financing activities	**29,331**	17,492
Increase in cash and cash equivalents	**6,089**	1,484
Cash and cash equivalents at the beginning of the period	**8,526**	7,090
Effect of foreign exchange rate changes	**74**	(1,885)
Cash and cash equivalents at the end of the period	**14,689**	6,689

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 January 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements (the "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 applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Interim Financial Statements do not include all the information and disclosure required in the annual consolidated financial statements of the Company and its subsidiaries (the "Group"), and should be read in conjunction with the annual consolidated financial statements for the year ended 31 July 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

The Interim Financial Statements have been prepared on historical cost basis except certain investment properties and financial assets, which are measured at fair values, as appropriate.

In preparing the Interim Financial Statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The Group incurred a loss attributable to the owners of the Company of approximately HK$712,935,000 for the six months ended 31 January 2014 and had net current liabilities of approximately HK$16,202,000 as at 31 January 2014. In addition, the loan from a shareholder of HK$49,557,000 will be matured on 31 December 2014.

Subsequent to the end of the reporting period, the Company has entered into a placing agreement on 6 March 2014 ("Placing Agreement") and a refreshed placing agreement on 25 March 2014 ("Refreshed Placing Agreement") in which the Group planned to obtain working capital of approximately HK$44 million before expenses. Details of which are set out in Note 17(b) to the Interim Financial Statements.

Despite the Placing Agreement and the Refreshed Placing Agreement have been cancelled subsequently due to some technical reasons, the directors of the Company obtained a letter from the placing agent pursuant to which there were potential investors who show interest to subscribe the Company's shares for an aggregate amount of not less than HK$44,000,000. As a result, notwithstanding the aforesaid conditions, the directors of the Company consider it appropriate to prepare the consolidated financial statements on a going concern basis. In the opinion of the directors, the Group will have sufficient working capital to meet its financial obligations as and when they fall due and operate as a going concern in the foreseeable future.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 July 2013, except for the adoption of new standard and interpretation effective on 1 August 2013.

In the current interim period, the Group has applied a number of new and revised Standards, Amendments and Interpretations issued by HKICPA. The adoption of the new and revised HKFRSs has had no material effect on the Interim Financial Statements of the Group for the current or prior accounting periods.

(a) Adoption of amendment to HKFRSs – first effective on 1 August 2013

Amendments to HKFRS	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 19 (2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the revised and amendments to HKFRSs in the current period has had no material impact on the Group's and the Company's financial performance and positions for the current and prior years and/or on the disclosures set out in these Interim Financial Statements.

(b) *New and revised HKFRSs issued but not yet effective*

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[4]
HKFRS 9	Financial Instrument[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKFRS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 *Effective for annual periods beginning on or after January 1, 2014*

2 *Available for application – the mandatory effective date will be determined when the outstanding phase of HKFRS 9 are finalised*

3 *Effective for annual periods beginning on or after July 1, 2014, with limited exceptions*

4 *Effective for annual periods beginning on or after July 1, 2014*

Annual Improvements to HKFRSs 2010-2012 Cycle

The "Annual Improvements to HKFRSs 2010-2012 Cycle" include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after July 1, 2014.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the "Annual Improvements to HKFRSs 2010-2012 Cycle" will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The "Annual Improvements to HKFRSs 2011-2013 Cycle" include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The directors do not anticipate that the application of the amendments included in the "Annual Improvements to HKFRSs 2011-2013 Cycle" will have a material effect on the Group's consolidated financial statements.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- With regards to financial assets, HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss. The adoption of HKFRS 9 will require the Group's and the Company's available-for-sale investments that are currently measured at cost less impairment to be measured at fair value instead of being measured at cost.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 19 "Defined Benefit Plans: Employee Contributions"

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any material financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Amendments to HKAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

The directors of the Company do not anticipate that the application of these amendments to HKAS 39 will have any material effect on the Group's consolidated financial statements as the Group does not have any derivatives that are subject to novation.

HK (IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The directors of the Company anticipate that the application of HK (IFRIC) – Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any material levy arrangements.

2. SEGMENT INFORMATION

During the period ended 31 January 2014, the Group had two reportable segments, (i) property development and (ii) forestry plantation operations.

An analysis of the Group's turnover and results by business segment for the six months ended 31 January 2014 and 2013 are presented below:

	Six months ended 31 January (Unaudited)							
	Discontinued operation		Continuing operations					
	Environmental protection and forestry and logging operations in the PRC		Property development		Forestry plantation operations in Philippines		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
TURNOVER	**–**	33,038	**2,339**	2,314	**–**	–	**2,339**	35,352
RESULTS								
Segment profit/(loss)	**–**	(3,769)	**3,627**	16,216	**(705,210)**	(135,572)	**(701,583)**	(123,125)
Unallocated corporate expenses							**(9,660)**	(4,850)
Impairment loss in respect of intangible assets	**–**	(1,690)	**–**	–	**–**	–	**–**	(1,690)
Gain on disposal of subsidiaries							**–**	34,254
Loss from operations							**(711,243)**	(95,411)
Finance costs							**(356)**	(24,719)
Loss before taxation							**(711,599)**	(120,130)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales on the current period (2013: Nil).

3. LOSS FROM CONTINUING OPERATIONS

Loss from continuing operations is stated at after charging the following items:

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Depreciation on owned assets	**1,095**	135
Operating leases rentals in respect of land and buildings	**785**	766
Staff costs, including directors' remuneration:		
– Retirement benefits scheme contributions	**155**	116
– Salaries and other benefits	**4,126**	4,846

4. FINANCE COSTS

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Imputed interest expense on convertible notes	**–**	2,459
Imputed interest expense on promissory notes	**–**	19,601
Other interest	**–**	537
Interest expenses on loans from shareholders	**356**	2,122
	356	24,719

5. INCOME TAX

Tax expenses/(credit) in the condensed consolidated statement of comprehensive income represent:

	Six months ended 31 January	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current tax – PRC		
– Tax for the period	**–**	–
Deferred tax		
– Current period	**1,336**	(409)
	1,336	(409)

No provision for Hong Kong profits tax was made for the period ended 31 January 2014 and 2013 as the Company and its respective subsidiaries in Hong Kong incurred tax losses for both periods.

Taxation arising for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. LOSS PER SHARE

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

	Six months ended 31 January 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Continuing and discontinued operations		
Loss		
Loss attributable to owners of the Company, for the purpose of basic loss per share calculation:		
From continuing operations	**(712,935)**	(148,516)
From discontinued operation	**–**	28,795
	(712,935)	(119,721)
Interest on convertible notes	**–**	2,459
Deferred tax relating to that interest expense	**–**	(409)
Loss attributable to owners of the Company for the purpose of diluted loss per share calculation	**(712,935)**	(117,671)
Attributable to:		
Continuing operation	**(712,935)**	(146,466)
Discontinuing operation	**–**	28,795
	(712,935)	(117,671)

	Six months ended 31 January 2014 (Unaudited)	2013 (Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares and convertible preference shares for the purpose of diluted loss per share calculation	**1,165,248,928**	855,328,416

For the six months ended 31 January 2013, the diluted losses per share were the same as the basic losses per share as the calculation of diluted losses per share did not assume the exercise of the convertible notes and convertible preference shares existed during the period since such exercise had anti-dilutive effect on the basic losses per share.

7. INVESTMENT PROPERTIES

	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
Fair value:		
Completed investment properties, in the PRC	**94,592**	92,877
Investment properties under construction, in the PRC	**76,920**	74,051
	171,512	166,928

	Completed investment properties in PRC HK$'000	Investment properties under construction in PRC HK$'000	Total HK$'000
Fair value:			
At 1 August 2012	86,923	47,201	134,124
Fair value gain	5,954	26,850	32,804
At 31 July 2013 (Audited) and 1 August 2013	92,877	74,051	166,928
Fair value gain	1,715	2,869	4,584
As at 31 January 2014 (Unaudited)	**94,592**	**76,920**	**171,512**

The fair value of the Group's completed investment properties and investment properties under construction at 31 January 2014 and 31 July 2013 have been arrived at on market value basis and residual site basis respectively carried out by Peak Vision Appraisals Limited, an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The valuation was arrived at by reference to market evidence of recent rental transactions for similar properties.

8. INTERESTS IN ASSOCIATES

	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
Unlisted shares, at cost	**1,154,359**	1,154,359
Share of post-acquistion loss	**(1,135,093)**	(444,104)
Share of changes in other comprehensive income	**36,511**	47,133
	55,777	757,388
Reclassified to available-for-sale financial assets (Note 9)	**(55,777)**	–
	–	757,388
Amounts due from associates	**46,802**	46,178
Less: Impairment loss recognised during the period	**(46,802)**	–
	–	46,178

At 31 July 2013, the Group had interests in the following associates:

Name	Form of business structure	Place of incorporation	Place of operation and principal activity	Percentage of direct voting rights held by the Group
Alverna Dynamic Developments Inc* ("Alverna")	Corporation	Philippines	Investment holding in Philippines	40%
Shannalyne Inc. ("Shannalyne")	Corporation	Philippines	Forestry plantation operations in Philippines	40%
2010 Duran Inc.	Corporation	Philippines	Forestry plantation operations in Philippines	40%
Morton 2011 Inc.	Corporation	Philippines	Dormant	40%

* Alverna holds 60% direct equity interest in Shannalyne.

The summarised financial information in respect of the Group's associates is set out below:

	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
Plantation assets *(Note (a))*	**–**	1,737,380
Forestry concession rights *(Note (b))*	**–**	–
Others	**–**	671
Total assets	**–**	1,738,051
Total liabilities	**–**	(554,744)
Net assets	**–**	1,183,307
Group's share of net assets of associates	**–**	757,388
Total revenue	**–**	–
Total loss for the period/year	**(1,079,784)**	(261,072)
Group's share of loss of associates for the period/year	**(690,989)**	(166,799)
Group's share of other comprehensive income of associates	**(10,622)**	(20,497)

Subsequent to the non-reelection of Mr. Tan Cheow Teck and Mr. Shannon Tan Siang-Tau, and the resignation of Ms. Juanita Dimla De Guzman as directors of the Company dated 6 January 2014, the Group has no longer be able to exert significant influence over the abovementioned investees. Despite that the Group continues to hold 20 percent voting rights in Alverna and Shannalyne, the directors of the Company considered the definition of significant influence in HKAS 28 Investment in Associates was no longer fulfilled and in particular, when the Group no longer has the power to participate in the financial and operating policy decisions of the investees. Considering that these investees have ceased to allow the Group's representative to participate in the policy-making process and provide essential operating and financial information to the Group, the directors of the Company concluded that the Group has no significant influence over the investees as at 31 January 2014. In view of the loss of significant influence over the abovementioned investees, the investment has been reclassified to available-for-sale financial assets at the reporting date.

At 31 July 2013, the amounts due from associates were unsecured, interest-free and as deposit for future subscriptions for share capital in nature.

The loss of significant influence over the abovementioned investees creates uncertainty in the recoverability of the amounts due from associates, the Group recognised a full impairment of the balance during the six months ended 31 January 2014.

(a) Plantation assets

(i) Valuation basis

As at 31 July 2013, plantation assets comprised forest crop covered by the forest concession areas held by Shannalyne, an associate of the Group in the Caraga region of Mindanao, the Philippines. The total gross area of standing timber acquired, planted and managed by the associate covers an area of approximately 223,124 hectares. Of this forest area with expected harvest value was approximately 125,381 hectares, representing around 56.22% of the associate's total forest land area. Plantation assets were measured at fair value less costs to sell, with any change therein recognised in the associate's profit or loss. Costs to sell included all costs that would be necessary to sell the assets. Standing timber, if any, was transferred to inventory at its fair value less estimated costs to sell at the date of harvest.

The fair value of plantation assets in the prior year was determined by the associate with the assistance of BMI Appraisals Limited ("BMI Appraisals"), an independent professional valuer, which has assisted the associate to value its plantation assets and forest concession rights since the Group acquired its interest in the associate. BMI Appraisals has over 6 years experience in valuing similar assets or companies engaged in similar activities as those of the associate worldwide.

During the six months ended 31 January 2014, the Philippine Congress recommended the Department of Environmental & Natural Resources ("DENR") to cancel the Co-Production Agreements ("CPA") held by Shannalyne. Such proposal was minuted in the Committee Daily Bulletin published by the Philippine Congress. However, the Group did not receive any notification from Shannalyne that a formal order of cancellation has been issued by DENR at the date of this report. Please refer to (iii) below for details.

In determining the valuation of the plantation assets as at 31 January 2014, the management has studied different scenarios relating to different probabilities of cancellation and assessed each outcome and potential impact on the valuation. Based on the best estimate of possible outcomes, the management uses the net present value approach which requires a number of other key assumptions and estimates in the valuation. For the current period, in view of the non-availability of market value for trees in the Philippines, BMI Appraisals has applied the net present value approach by projecting future net cash flows based on its assessment of current sawn timber prices. These were discounted at the rate of 27.24% (31 July 2013: 27.41%) for plantation assets for the six months ended 31 January 2014 and applied to post-tax cash flows to provide a current market value of the plantation assets. Please refer to (viii) below for further discussion of discount rate.

The fair value of the plantation assets has decreased by approximately 90.17% or HK$1,566,529,000 over the six months period ended 31 January 2014. This is primarily due to the impairment made to the planation assets under the CPA in view of the significant uncertainty surrounding the validity of these CPA as further explained in (iii) below.

Other critical aspects of the valuation exercise, as well as key changes in assumptions and metrics adopted in the current period are set out below from (iii) to (viii).

(ii) Movement in plantation assets in respect of the Group's associates for the period/year

	HK$'000
At 1 August 2012	2,155,084
Additions	726
Loss arising from changes in fair values less costs to sell	(418,844)
Exchange adjustments	414
At 31 July 2013 (Audited) and 1 August 2013	1,737,380
Additions	–
Loss arising from changes in fair values less costs to sell	(1,519,665)
Exchange adjustments	(46,864)
At 31 January 2014 (Unaudited) before reclassification	170,851
Less: Reclassification due to loss of significant influence	(170,851)
	–

The changes in fair value less costs to sell during the current period and prior years represent the aggregate of the difference between the value of the existing plantation assets as of the beginning and end of the period.

(iii) Uncertainty relating to the possible cancellation of the CPA held by Shannalyne

During the six months ended 31 January 2014, Shannalyne was invited by the Special Committee on Reforestation of the Philippine Congress to attend a Congressional meeting. During the meeting, the Special Committee on Reforestation recommended the cancellation of the CPA entered into between DENR and Shannalyne. No reliable information regarding the cancellation was received by the Group immediately after the aforesaid meeting. Please refer to the announcement dated 19 December 2013 for details.

The Committee Daily Bulletin published by the Committee Affairs Department of the House of Representatives in the Philippines subsequently revealed that DENR has assured the cancellation of the CPA in the meeting before the year ends and will take necessary legal action against Shannalyne for breach of contract, if warranted. The same bulletin also indicated that the stewards of the CPA, Finland and New Zealand governments, conveyed their respective concurrence with the cancellation of the CPA. However, the Group did not receive any notification from Shannalyne that an order of cancellation has been issued by DENR as at the date of this report.

Since the release of the announcement dated 19 December 2013, the Company has made numerous attempts to follow up this matter with the management of Shannalyne and the former Chairman of the Group. Former Chairman of the Group, who is also the technical consultant of Shannalyne, was in the view that in case even the cancellation is effectuated, Shannalyne has the full range of options to defend itself and may even seek compensation. However, the Company has not been updated any development on this matter by Shannalyne and the former Chairman of the Group up to the date of this report.

As the Company has no control and lost its significant influence over Shannalyne, the Company has been exploring different means to determine the status and avoid the cancellation of the CPA. The Company has engaged different professionals and endeavored to protect its assets at best effort. However, the Company cannot obtain substantial evidence to conclude it is more likely than not the CPA will remain intact, or on the other hand, has received the formal order of cancellation from DENR. As a result, the Company considered the cancellation of the CPA a significant uncertainty and determined the valuation based on assessment of probabilities and underlying assumptions as further explained in (iv) below.

(iv) Probabilities of CPA cancellation and underlying assumptions

The plantation assets are located in the forestry lands under (a) the CPA and (b) the Memorandum of Agreement entered into between Shannalyne and the indigenous people in the Philippines ("Memorandum with IP"), respectively.

If the CPA is to be cancelled by DENR, the valuation of the plantation assets will only be pertaining to the estimated value of plantation assets under the Memorandum with IP. In legal terms the Memorandum with IP is a different agreement/contract so the possible cancellation of CPA by DENR is not expected to affect the agreement entered into with the indigenous people. Nonetheless, since the valuation of plantation assets took into account the CPA and the Memorandum with IP as a whole in previous years, the separation of valuing the Memorandum with IP individually requires an assumption that the volume of standing timber is in proportion of the size of the land and it would be technically feasible to perform the forestry plantation on this particular parcel of land.

In assessing the value of the plantation assets under CPA, the management first studied different scenarios leading to different probabilities of CPA cancellation and corresponding financial impact. Appropriate discount has been made based on the best estimate of forestry land size and probability of CPA remain valid. The outcome is benchmarked against the valuation estimated with discount rate taken into account of risk premium of other companies in similar distressed situation. Valuation of plantation assets is then the total of the valuation of the Memorandum with IP and CPA.

As at 31 January 2014, in view of the significant uncertainty of the validity of the CPA, the directors of the Company considered it appropriate to provide full impairment of the plantation assets under CPA. Further development on this issue will be taken into account in the assessment of the valuation in the subsequent reporting periods. Any consequential financial impact as a result of the change in the underlying assumptions will be reflected accordingly.

(v) Impact of Executive Order 23 ("EO23") and Memorandum of Agreement ("MoA")

On 1 February 2011, DENR issued Executive Order 23. This order effectively meant a moratorium on the cutting and harvesting of timber in natural and residual forests in the Philippines, as well as creating an anti-illegal logging task force. On 27 March 2011, the associate obtained a legal opinion on the impact of EO23. According to the said legal opinion, the associate can claim exemption from and/or challenge EO23.

In order to have more options to choose from, politically and operationally, the management of the associate also held discussions with DENR to ask for some concessions and/or waivers from EO23, as the potential impact of EO23 may significantly reduce the value of the Group's Philippine forestry plantation operations. The outcome of these discussions was the signing of a Memorandum of Agreement ("MoA") dated 17 November 2011 between the associate and DENR. Under the MoA, the associate is allowed to continue its forestry plantation operations but with two major limitations (i) the associate may only receive 60% of and the cleared materials in areas those are delineated for the establishment of tree plantation and (ii) tree plantation will be established only on forests land classified as open land and degraded forest land.

Subsequently, a further Memorandum ("Memorandum") was issued by DENR on 3 June 2013. The former Chairman of the Group, who was also the technical consultant to the associate, with his years of experience and expertise in forest plantation operations in the Philippines was of the view that the EO23 (and consequently the MoA) was not applicable to the associate. In essence under the Memorandum, the associate would revert to the same position before EO23 was issued.

However, in order to seek additional comfort in view of the significance of this matter, a second legal opinion was sought. This second opinion had a different result and essentially opined that the EO23 and MoA were of full force and effect.

In view of these quite conflicting legal opinions, the Board has decided to take a conservative view and assume the EO23 and MoA are effective for the purposes of the valuation of the associate's plantation assets and forest concession rights. As at the date of this report, no meeting with DENR was scheduled to clarify this matter yet.

(vi) Change in business model from previous years

Starting from the financial year ended 31 July 2013, owing to the potential restrictions on the development of its forestry business noted in (v) above, and the resulting potential significant adverse effect on its business, management has decided to change its business model from selling trees in unprocessed log form to sawn timber. The former does not require any further processing and requires the associate to essentially sell the timber in its raw log form once it has been harvested. In the new business model, the associate is required to process the cut trees into sawn timber. The benefit of doing so is a significantly better selling price.

Since there is no transparent active market in Philippines due to the cessation in forestry business as discussed in (v) above, management made reference to the international tropical timber market report to support the assumption of the selling price. By comparison, under the old business model, the associate assumed it would only sell unprocessed logs to the subcontractor at a lower price under an offtake agreement.

Under this new business model, management have assumed the processing and harvesting of these logs will be subcontracted out to an independent third party. Management have estimated the additional cost of cutting these logs and converting them to sawn timber by referencing to a research report on sawmilling from external sources. Due to the lack of active market in Philippines, management has not been able to secure any actual contract or fee quotation by an independent subcontractor. Under this plan, little or no capital expenditure is expected as all the capital/heavy equipment is meant to be provided by the subcontractor as part of the price they charge per cubic metre.

After the completion of tree plantation establishment on open land and degraded forest land, management intends carrying on the land clearing and tree plantation business progressively, as was planned under the original business model.

(vii) Meaning and allowance for "degraded forest area"

As noted in (v) above, the associate is restricted to cutting and harvesting of timber in degraded forest areas and open land only under the MoA.

According to the Comprehensive Development Management Plans ("CDMP"), which is prepared by Shannalye Inc. and approved by DENR, the forest is classified into three types of lands: 1) Scrub/open land 2) degraded area and 3) Steep land and protection forest. As defined in the CDMP, degraded forest area is an area of one hectare with less than 5 square meter of basal area of commercial tree species.

On the other hand, according to the VSA Circular dated 30 June 2010, the forest land available for harvesting and plantation is approximately 125,000 hectares. Since the harvesting of trees in steep land and protection forest is prohibited in accordance with CDMP, the remaining types of forest lands available for harvesting and plantation can only be the Scrub/open land and degraded area.

Although the term "degraded forest area" mentioned in the MoA has not been explicitly referred to in the VSA Circular, the management can reasonably infer that the "degraded forest area" in the MoA allowing for land clearing effectively means the term "harvesting and plantation area" used in the VSA Circular of 125,000 hectares.

(viii) Discount rate

The Weighted Average Cost of Capital was adopted as the discount rate. Discount rate used in the valuation was determined by multiple factors, such as risk free rate, cost of equity, cost of debt, company specific premium, etc. In light of the adverse development in the forestry business in Shannalyne over the past six months, an additional 3% is added to the company specific risk premium which increased the cost of equity by 2.16% compared to 31 July 2013. For the six months period ended 31 January 2014, BMI Appraisals estimated the overall discount rate to be 27.24% (31 July 2013: 27.41%). The decrease in the overall discount rate was due to the drop of other parameters, e.g. country risk premium and prime lending rate in the Philippines, and the systematic risk for the forestry industry in the Southeast Asia region.

(ix) Assessment of timber volume in the forest region

During the six months ended 31 January 2014, there has been persistent bad weather and/or heavy cloud cover over the associate's forest areas in Mindanao. BMI Appraisals was unable to obtain a clear updated satellite image for the forests for the purposes of the interim valuation exercise. Also, an on-site visit in the forest could not be arranged either. Accordingly BMI Appraisals had to use the same satellite image as that of the circular issued in June 2010 for the purposes of the interim's valuation exercise.

In addition to the above, the associate is exposed to a number of risks related to its forestry plantation assets:

Regulatory and environmental risks

The associate is subject to environmental laws and regulations in Philippines in which it operates. The associate has established environmental policies and procedures aimed at compliance with local environmental and other laws. The management of the associate performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The associate is exposed to risks arising from fluctuations in the price and sales volume of wood. When possible the management of the associate manages this risk by aligning its harvest volume to market supply and demand. The management of the associate performs regular industry trend analyses to ensure that the associate's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand when the domestic market becomes active.

Climate and other risks

The associate's plantation assets are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The associate has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys. The associate also insures itself against natural disasters such as floods and hurricanes.

Political and social risks

The associate's plantation assets and its forestry business are exposed to policy changes as a result of political unforeseen reasons and instability in the political and social environment in Philippines. The associate management mitigates this risk by meeting with government officials and relevant stakeholders regularly to manage their expectations.

(b) Forest concession rights

	Forest concession rights HK$'000
Cost:	
At 1 August 2012	**31,938**
Exchange adjustments	**(944)**
At 31 July 2013 (Audited), 1 August 2013 and 31 January 2014 (Unaudited)	**30,994**
Accumulated amortisation and impairment:	
At 1 August 2012	**20,388**
Charge for the year	**318**
Impairment loss recognised for the year	**11,410**
Exchange adjustments	**(1,122)**
At 31 July 2013 (Audited), 1 August 2013 and 31 January 2014 (Unaudited)	**30,994**
Carrying amount:	
At 31 January 2014 (Unaudited)	**–**
At 31 July 2013 (Audited)	**–**

The concession rights represent the rights granted to the associate to harvest, sell and utilize such trees and crops, as well as to cut, process and export logs and other forest products harvested from the plantations in the forests located in the Caraga Region in Mindanao, Philippines ("CARAGA").

The associate owns eleven concession rights in CARAGA, which have common terms of 25 years, and renewable for another 25 years. These concession rights fall under three Co-Production Agreements comprising (in abridged form) the (i) the IFMAs (ii) the CPA and (iii) the MOA. Further details of these agreements and concession rights are set out in the VSA Circular dated 30 June 2010.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 January 2014 (Unaudited) HK'000	31 July 2013 (Audited) HK'000
Unlisted equity securities		
– Reclassified from interests in associates *(Note 8)*	**55,777**	–
	55,777	–

The balance represented the fair value of unlisted investments reclassified from the interests in associates during the six months ended 31 January 2014 (31 July 2013: Nil). Please refer to Note 8 for details.

10. TRADE AND OTHER RECEIVABLES

	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
Trade receivables, net of impairment	**–**	–
Other receivables, net of impairment	**432**	427
	432	427

The group allows an average credit period of 30 days to 365 days to its trade customers in the financial year ended 31 July 2013. All trade debtors with long outstanding balance which were in financial difficulties or in breach of repayment terms were assessed to be fully impaired in the prior year.

11. SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares		
At 1 August 2012, of HK$0.01 each	150,000,000,000	1,500,000
Share consolidation *(Note i)*	(142,500,000,000)	–
At 31 July 2013 (Audited), 1 August 2013 and 31 January 2014 (Unaudited), of HK$0.2 each	7,500,000,000	1,500,000
Convertible Preference shares		
At 1 August 2012, of HK$0.01 each	100,000,000,000	1,000,000
Share consolidation *(Note i)*	(95,000,000,000)	–
At 31 July 2013 (Audited), 1 August 2013 and 31 January 2014 (Unaudited), of HK$0.2 each	5,000,000,000	1,000,000
Issued and fully paid:		
Ordinary shares		
At 1 August 2012, of HK$0.01 each	5,122,079,999	51,221
Conversion of convertible notes	450,689,220	4,507
Conversion of convertible preference shares	8,739,520,000	87,395
Share consolidation *(Note i)*	(16,731,674,759)	–
Placing of ordinary shares *(Note ii)*	3,300,000,000	33,000
At 31 July 2013 (Audited) and 1 August 2013, of HK$0.2 each	880,614,460	176,123
Conversion of convertible preference shares	50,000,000	10,000
Placing of ordinary shares *(Note iii)*	169,385,540	33,877
At 31 January 2014 (Unaudited), of HK$0.2 each	1,100,000,000	220,000
Convertible preference shares		
At 1 August 2012, of HK$0.01 each	11,805,253,333	118,052
Conversion to ordinary shares	(8,739,520,000)	(87,395)
Share consolidation *(Note i)*	(2,912,446,667)	–
At 31 July 2013 (Audited) and 1 August 2013, of HK$0.2 each	153,286,666	30,657
Conversion to ordinary shares	(50,000,000)	(10,000)
At 31 January 2014 (Unaudited), of HK$0.2 each	103,286,666	20,657
Total at 31 January 2014	**1,203,286,666**	**240,657**

(i) Pursuant to the ordinary resolution passed in the special general meeting of the Company held on 17 April 2013, the share consolidation implemented whereby each twenty issued and unissued existing ordinary shares and convertible preference shares of HK$0.01 each was consolidated into one consolidated 1 share of HK$0.2 each. The authorized ordinary shares remained at HK$1,500,000,000 but consolidated into 7,500,000,000 new shares. The authorized convertible preference shares remained at HK$1,000,000,000 but consolidated into 5,000,000,000 new shares.

(ii) On 27 December 2012, 800,000,000 shares of HK$0.01 were placed at a price of HK$0.012 per placing shares. A share premium of approximately HK$1,302,000 was credited to share premium account. The net proceeds of approximately HK$9,301,000 are intended to be applied by the Group as the working capital for its ordinary business and operation.

On 24 February 2013, another 2,500,000,000 shares of HK$0.01 were placed at a price of HK$0.019 per placing shares. A share premium of approximately HK$21,021,000 was credited to share premium account. The net proceeds of approximately HK$45,600,000 are intended to be applied by the Group to settle the cash payment for redemption of HK$30 million and the remaining balance as the working capital for its ordinary business and operations.

(iii) On 13 September 2013, 169,385,540 shares of HK$0.2 were placed at a price of HK$0.2 per placing shares. The net proceeds of approximately HK$29,700,000 are intended to be applied by the Group as the working capital for its ordinary business and operation.

12. TRADE AND OTHER PAYABLES

Trade payables

At 31 January 2014, included in the Group's trade and other payables of HK$33,016,000 (31 July 2013: HK$35,581,000) were trade payables HK$32,603,000 (31 July 2013: HK$31,843,000) in which the whole balance represented the outstanding construction fee in dispute.

The aging analysis of trade payables, based on invoice date, is as follows:

	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
0 to 30 days	**–**	–
31 to 60 days	**–**	–
61 to 365 days	**–**	–
Over 365 days	**32,603**	31,843
	32,603	31,843

13. FAIR VALUE MEASUREMENT AND FAIR VALUE HIERARCHY

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, other than quoted prices included within Level 1
- Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 31 January 2014, the fair value of the unlisted available-for-sale equity securities is categorized into Level 3 of the fair value hierarchy of which was reclassified from the interests in associates and has been estimated using a valuation technique based on some significant assumptions that are not supported by observable market prices or rates. Please refer to Note 8(a) for further discussion on the valuation basis and significant assumptions.

The movements in the balance of these Level 3 fair value measurements during the period are as follows:

	HK$'000
Unlisted available-for-sale equity securities:	
At 31 July 2013 (Audited) and 1 August 2013	–
Reclassified from interests in associates *(Note 8)*	55,777
At 31 January 2014 (Unaudited)	55,777

14. CONTINGENT LIABILITIES

The Group

(a) The liquidators of Wing Fai and Wai Shun Construction Company Limited ("Wai Shun") refused to recognise the effect of set off of inter-company accounts pursuant to a Set Off Agreement (the "Agreement") dated 23 November 2001 and the extinguishment of intragroup indebtedness and incidental transactions and arrangements upon the Group's sale of its interest in Wing Fai, Wai Shun and Zhukuan Wing Fai Construction Company Limited (the "Wing Fai Subsidiaries') on 22 April 2002. As a result, the liquidators have taken up legal action against the Company and several of its subsidiaries. Notices of Intention to Proceed have been filed by the solicitors for the liquidators about early 2010 after years of inaction. Certain defendants including the Company made an application to dismiss one of the legal actions for want of prosecution. A hearing has been held on 19 October 2010 to hear such application and the High Court allowed the application and dismissed one of the legal actions against the Company for want of prosecution. The liquidator has appealed the said Court Order of the High Court dismissing one of its claims against the Company and the appeal is pending in the Court of Appeal.

In the opinion of the Company's legal advisors, the Group has a good defence on all the claims on the remaining legal action which, on the balance of probabilities, are likely to be resolved in favour of the Group companies. In the opinion of the Company's legal advisors, there would not be any material contingent liability except that part of the legal costs incurred by the Group may not be recoverable on taxation.

In the opinion of the directors, the Group has valid grounds to defend the actions and as such, no provision is made in the consolidated financial statements of the Group for its exposure to the above actions.

(b) In respect of the sum of HK$40,000,000 due from Wing Fai to Benefit Holdings International Limited ("Benefit"), a subsidiary of the Company, repayment was personally guaranteed by Mr. Eric Chim Kam Fai ("Mr. Eric Chim"). In respect of the payment of purchase price for shares of the Wing Fai Subsidiaries in the sum of approximately HK$5,100,000 by Sino Glister International Investments Limited ("Sino Glister"), this sum was also personally guaranteed by Mr. Eric Chim.

Wing Fai defaulted in repayment of approximately HK$40,000,000 due to Benefit and is now in liquidation. Sino Glister defaulted as to approximately HK$3,100,000 of the HK$5,100,000 purchase price for the shares of Wing Fai Subsidiaries.

Benefit took legal action against Mr. Eric Chim for the sum of HK$40,000,000 plus HK$3,000,000 balance purchase price and obtained a judgment against Sino Glister and Mr. Eric Chim in July 2004. But the judgment was set aside later on the basis that he had not served with the original proceedings. On 28 December 2004, a defence was filed by Mr. Eric Chim. Mr. Eric Chim was examined in his capacity as a director of Sino Glister in relation to its assets in May 2005. Up to 31 July 2010 and the date of approval of these financial statements, no further action has taken place.

In the opinion of the legal advisors of the Company, the action against Mr. Eric Chim is likely to win but no recoveries are likely to be made in respect of the claim or legal costs in view of Mr. Eric Chim's lack of funds.

In the opinion of the directors, it is uncertain to what extent the sums will be recoverable from either Mr. Eric Chim or Sino Glister. As such, no asset is recognised in the Group's consolidated financial statements.

(c) As disclosed in the Company's announcement dated 11 December 2012, the Company's former director Ms. Kelly Cheng ("Ms. Cheng") presented and claimed against the Company to pay, reimburse or indemnify Ms. Cheng under an alleged service agreement dated 1 March 1999 and an alleged deed of indemnity dated 1 March 2000 purportedly made between the Company and Ms. Cheng, thus claiming for restitution, repayment or recovery of money had and received for the payments of legal costs and disbursements to her or her solicitors under the alleged service agreement and alleged deed of indemnity in the form of repayment of her alleged loan(s) in disguise.

The Company has filed a writ to the Court of First Instance on 11 December 2012 to refute the claims from Ms. Cheng.

The writs were served on Ms. Kelly Cheng on 29 May 2013.

The Company has wrongfully recorded HK$16,438,748.42 as at 31 July 2005 in its accounts as amount due to the Ms. Kelly Cheng, as valid reimbursement of legal expenses claimed by her under the Deed of Indemnity when at that time she was the deputy chairman, executive director and chief financial officer of the Company; and further wrongfully recorded by the former Company Secretary and Financial Controller, Mr. Wan Hon Keung another HK$1,304,347.05 as at 31 July 2011 without proper verification.

The Company has filed a writ to the High Court against its former Auditors, HLB, and the former Company Secretary and Financial Controller, Mr. Wan Hon Keung on 26 July 2013 for professional negligence causing losses to the Company in this regard.

Besides, on 8 August 2013, Ms. Kelly Cheng sent the Company a claim letter and continued to try to lodge further claims for reimbursement of the alleged legal expenses incurred by her from the Company under the Deed of Indemnity for another sum of HK$20,948,543.97 where the Company did not record this amount in its accounts as the whole claim basis is now in serious doubt.

The Company is now waiting for a court session to proceed.

In the opinion of the directors, the Company has good grounds in this case as the Deed of Indemnity is void with defects and the Company is not allowed by laws (S.165 of the Companies Ordinance) to indemnify directors in a way as now claimed by Ms. Kelly Cheng. Furthermore, the Company might be able to recover the losses by taking a separate legal action against its former legal professional, for misleading the Company and professional negligence. The directors consider they are contingent liabilities.

(d) On 28 May 2013, the petitioner, Ms. Kelly Cheng, filed a winding up petition to the High Court for winding up of the Company the alleged sum of HK$2,805,586.97, which was a balance of unpaid legal expenses she tried to reimburse from the Company under the Deed of Indemnity in dispute under HCA 2284/2012.

The Company has voluntarily paid to the court a full sum of HK$2,805,586.97 on 18 September 2013 to prove its solvency.

A case management hearing has been held on 21 October 2013, and a strike-out petition hearing has been scheduled in April 2014.

In the opinion of the directors, the Company has good grounds and chance to strike out the winding up petition soon as the Company is not insolvent and that the amount demanded by the petitioner is in fact in dispute under another High Court action HCA 2284/2012. There would not be any material contingent liability and it is highly likely that part of the legal costs incurred or to be incurred by the Group may be recoverable from Ms. Kelly Cheng.

Save as disclosed above and elsewhere in the financial statements, the Group and the Company has no material contingent liabilities as at 31 January 2014.

15. PLEDGE OF ASSETS

At 31 January 2014 and at 31 July 2013, the Group has not pledged any of its assets to the banks to secure credit facilities granted to the Group.

16. COMMITMENTS

Operating lease commitment

The Group has commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which will fall due as follows:

	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
Operating leases which expire:		
– Within one year	**1,419**	771
– In the second to fifth years inclusive	**240**	–
	1,659	771

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases of office premises are negotiated for an average term of 1 year within fixed rentals.

The Group had no other significant commitment as at 31 January 2014 and 31 July 2013.

17. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a) Subsequent to the end of the reporting period, Mr. Shen Xia ("Mr. Shen") informed the board of directors of the Company that he disposed all the ordinary shares of the Company he beneficially held. The completion of the disposal took place on 27 February 2014 whereby a total of 74,028,028 shares, of which 54,028,028 shares were held directly under his name and 20,000,000 shares were held under Luckpath Limited, a company he beneficially owns, have been successfully disposed to independent third parties at an average price of HK$0.209 each. After the disposal, Mr. Shen does not hold any shares of the Company.

b) On 6 March 2014, the Company entered into the placing agreement ("Placing Agreement") with the placing agent, Enlighten Securities Limited, pursuant to which the placing agent conditionally agreed to place up to 220,000,000 placing shares to not less than six placees at the placing price of HK$0.20 on a best effort basis.

On 25 March 2014, the Company refreshed the Placing Agreement and entered into the Refreshed Placing Agreement with the same placing agent pursuant to which the placing agent conditionally agreed to place up to 220,000,000 placing shares to not less than six placees at the placing price of HK$0.20 on a best effort basis. The net proceeds raised from the placing under the Placing Agreement or Refreshed Placing Agreement of approximately HK$43.10 million were intended to be applied by the Group as the working capital for its ordinary business and operations.

Subsequent to the signing of the Refreshed Placing Agreement, it was noted that the Refreshed Placing Agreement technically could not be executed. Therefore the signing parties, namely the placing agent and the Company, agreed to cancel the Refreshed Placing Agreement.

18. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial statements were approved and authorised for issue by the Board of Directors on 31 March 2014.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 January 2014 (31 January 2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Segment Information

For the six months ended 31 January 2014, the Group's total turnover increased by 1.1% to approximately HK$2,339,000 (2013: HK$2,314,000). Gross profit increased by 14.1% to HK$760,000 (2013: HK$666,000) due to lower consumption of utilities by the tenants.

Due to the significant impairment in the fair value of the plantation assets, the Group recorded a share of loss of HK$690,989,000 in the interests in associates during the six months ended 31 January 2014 (2013: HK$131,830,000). Further details will be explained in Note 8 in this report. The loss attributable to the equity shareholders of the Group for the current period was HK$712,935,000 (2013: HK$119,721,000).

The entire turnover for the current period was generated from those business segments in the PRC (2013: 100%).

Property Development

Turnover in this segment was derived from property development and leasing of properties and accounted for 100% of the Group's total turnover from continuing operations (2013: 100%).

For the six months ended 31 January 2014, there was a gain arising from change in fair value of investment properties located in Shunde, Guangdong Province, the PRC for approximately HK$4,584,000 (2013: HK$16,797,000).

Forestry Plantation Operations

As at the date of this report, the Group has certain corporate interests in forestry plantation business including shares in some Philippine corporations, Shannalyne Inc ("Shannalyne"), which owns the development rights and management rights of certain pieces of public forestry lands in Philippines.

During the six months ended 31 January 2014, Shannalyne was invited by the Special Committee on Reforestation of the Philippine Congress to attend a Congressional meeting. During the meeting, the Special Committee on Reforestation recommended the cancellation of the CPA entered into between DENR and Shannalyne. No reliable information regarding the cancellation was received by the Group immediately after the aforesaid meeting. Please refer to the announcement dated 19 December 2013 for details.

The Committee Daily Bulletin published by the Committee Affairs Department of the House of Representatives in the Philippines subsequently revealed that DENR assured the cancellation of the CPA before the year ends and will take necessary legal action against Shannalyne for breach of contract, if warranted. The same bulletin also indicated that the stewards of the CPA, Finland and New Zealand governments, conveyed their respective concurrence with the cancellation of the CPA. However, the Group did not receive any notification from Shannalyne that an order of cancellation has been issued by DENR as at the date of this report.

Since the release of the announcement dated 19 December 2013, the Company has made numerous attempts to follow up this matter with the management of Shannalyne and the former Chairman of the Group. Former Chairman of the Group, who is also the technical consultant of Shannalyne, was in the view that in case even the cancellation is effectuated, Shannalyne has the full range of options to defend itself and may even seek compensation. However, the Company has not been updated any development on this matter by Shannalyne and the former Chairman of the Group up to the date of this report.

Subsequent to the non-reelection of Mr. Tan Cheow Teck and Mr. Shannon Tan Siang-Tau, and the resignation of Ms. Juanita Dimla De Guzman as directors of the Company dated 6 January 2014, the Group has no longer be able to exert significant influence over the abovementioned investees. Despite that the Group continues to hold 20 percent voting rights in Alverna and Shannalyne, the directors of the Company considered the definition of significant influence in HKAS 28 Investment in Associates has no longer fulfilled and in particular, when the Group no longer has the power to participate in the financial and operating policy decisions of the investees. Considering that these investees have ceased to allow the Group's representative to participate in the policy-making process and provide essential operating and financial information to the Group, the directors of the Company concluded that the Group has no significant influence over the investees as at 31 January 2014.

As the Company has no control and lost its significant influence over Shannalyne, the Company has been exploring different means to determine the status and avoid the cancellation of the CPA. The Company has engaged different professionals and endeavored to protect its assets at best effort. However, the Company cannot obtain substantial evidence to conclude it is more likely than not the CPA will remain intact, or on the other hand, has received the formal order of cancellation from DENR. As a result, the Company considered the cancellation of the CPA a significant uncertainty.

If the CPA is to be cancelled by DENR, Shannalyne can only operate on the forestry lands under the Memorandum of Agreement entered into with the indigenous people in the Philippines in which the size of the plantable area of this forestry land in accordance with the CDMP is only 13.68% of the original size of the plantable area in forest concession areas. The consequence is that the valuation of the plantation assets and the corresponding fair value of the investments in Shannalyne has reduced significantly during the six months ended 31 January 2014.

Environmental Protection Operations

The Group did not record turnover in relation to environmental protection operation for the six months ended 31 January 2014 since the Group had disposed of the environmental protection operations and the completion date was on 15 January 2013.

For the period from 1 August 2012 to 15 January 2013, total turnover of environmental protection operations was recorded approximately HK$33,038,000 which accounted for approximately 93.45% of the Group's total turnover for the last period.

Liquidity, Financial Resources and Gearing

Gearing ratio and current ratio

The gearing ratio and current ratio at 31 January 2014 and 31 July 2013 were as follows:–

	31 January 2014 (Unaudited) HK$'000	31 July 2013 (Audited) HK$'000
Debt	**52,557**	52,891
Total equity	**193,596**	919,645
Gearing ratio	**27.15%**	5.80%
Current ratio	**0.82**	1.30

Future Plans

Forestry operations

Despite the adverse development in the forestry plantation operations over the past six months, the Group has been exploring different means to preserve its interests in the project. The Group endeavours to identify opportunities to communicate with relevant key stakeholders and strive to protect its asset at best effort. In light of the currently available information, the directors of the Company considers the sustainability of the forestry operations a significant uncertainty at this stage. Nonetheless, as long as the uncertainties surrounding the CPA and the conflicts with the local management in Philippines can be resolved, the Group is still optimistic about the business prospects of the investments.

Property Development

After the disposal of the environmental protection operation and the significant uncertainty in the forestry plantation operations in the Philippines, the Group focuses on its property development business and may seek potential property projects for investment in the future where appropriate. As at 31 January 2014, the Group owned three property interests in Shunde, Guangdong Province, the PRC, including (i) 36 residential units with a total gross floor area of approximately 4,047.68 sq.m.; (ii) a land parcel with a site area of approximately 3,799 sq.m.; (iii) a property comprises 102 commercial units and 151 car/motorbike parking spaces with a total gross floor area of approximately 26,323.17 sq.m..

Foreign Currency Exposure

Borrowings and sales and purchases of the Group are generally transacted in Hong Kong Dollar, Renminbi and Philippine Peso. For the six months ended 31 January 2014, the Group was not subject to any significant exposure to foreign exchange rates risk. Hence, no financial instrument for hedging was employed.

Pledge of Assets

Details of pledge of assets are set out in Note 15 of the interim financial statements.

Contingent Liabilities

Details of contingent liabilities are set out in Note 14 of the interim financial statements.

Employees

As at 31 January 2014, the Group hired about 40 employees both in Hong Kong and China (31 July 2013: about 40). Remuneration package of the employees includes monthly salary, medical claims and (if considered appropriate) share options. The remuneration policies are formulated on the basis of performance of individual employees, the prevailing industry practice and market condition. As to our investment on human resources, education subsidies would be granted to the Group's employees, with a view to reinforce the competence of all levels of our employees. Share options would be granted to respective employees with outstanding performance and contributions to the Group.

New outstanding court cases

As at 31 January 2014, the Company has a number of outstanding legal cases of which almost all of them were directly or indirectly related to the Company's former chief financial officer, director and deputy chairman, Ms. CHENG Kit Yin Kelly ("Ms. Cheng"), who on 22 October 2013, pleaded guilty to 11 charges of conspiracy to defraud various banks in Hong Kong by (i) application for the issue of letters of credit ("LCs") via the Company's former subsidiary, Wing Fai Construction Company Limited ("Wing Fai") (In liquidation), and (ii) the falsification of documents required for negotiation of the LCs and (iii) of causing payments to be made where there were no genuine underlying transactions relating to each of the LCs.

Deed of Indemnity

In the past years, Ms. Cheng claimed to have a Deed of Indemnity ("the Deed"), dated 1 March 2000, signed between the Company and herself, covering all the legal expenses incurred by her arising from her tenure with the Company. However, the Company cast doubt on the authenticity of the Deed as (i) the Company has no record of the Deed and (ii) there was no public announcement or disclosure as to the Deed. Besides even if the Deed was genuine, the Deed was defective as (i) there was no Common Seal of the Company (ii) there were no identities of the signatories (iii) there were no identity of the witness and (iv) no insurance policy was purchased to cover the Deed. In view of the above, the Company filed a writ in December 2012 and served it in May 2013 on Ms. Cheng in an attempt to declare the Deed void and claim back all the funds, approximately HK$14 million, wrongfully paid to her. As the time of this report, this case was not yet settled.

The Company believes it has very strong case in refusing to reimburse the legal expenses claimed by Ms. Cheng under the Deed.

Winding-up Petition

In late May 2013, Ms. Cheng filed a winding up petition with the court claiming the Company owed her a sum of approximately HK$2.8 million, which was not supported by any documentary evidence and thus wrongly recognised in the Company's books. According to the Company's records, this outstanding sum was indeed unsupported legal expenses claimed by Ms. Cheng under the Deed which had been in dispute. On 18 September 2013, the Company deposited the disputable sum of approximately HK$2.8 million to the court, and the Company had been solvent. As such, the Company believes it had strong grounds to strike out the winding up petition in due course.

In this connection, the Company filed a writ to the court, but not yet served, against its former auditors, HLB Hodgson Impey Cheng Limited, for potential professional negligence in connection with the sum of approximately HK$2.8 million, claimed to be owing to Ms. Cheng. The Company reserves its right to proceed further.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 January 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("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 taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred therein; or (c) were required, to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, were as follows:

Long positions in shares of the Company

Name of Director	Number of shares held	Percentage of the issued share capital in the Company *(Note 4)*
Mr. Shen Xia *(Note 1 and 3)*	74,028,028	6.73%
Mr. Shannon Tan Siang-Tau *(Note 2)*	81,639,880	7.42%

Note 1: As at 31 January 2014, among the 74,028,028 Ordinary Shares ("Shares"), 54,028,028 Shares are legally and beneficially held by Mr. Shen Xia ("Mr Shen"), he was also interested in 20,000,000 Shares are held under the names of Luckpath Limited, which is solely owned by Mr. Shen.

Note 2: As at 31 January 2014, among such 81,639,880 Shares, 75,790,711 Shares are legally and beneficially held by Linshan Limited and 5,849,169 Shares are held in the name of Tan Cheow Teck as trustee for the benefit of Linshan Limited. Linshan Limited is solely owned by Mr. Shannon Tan Siang-Tau (alias Shannon Chen Xiangdao), the son of Mr. Tan Cheow Teck. During the period, Mr. Tan Cheow Teck has not been re-elected as Executive Director and Chairman on 6 January 2014. Mr. Shannon Tan Siang-Tau has not been re-elected as Executive Director on 6 January 2014.

Note 3: As at 27 February 2014, Mr. Shen disposed all the Shares of the Company he beneficially held, totaling 74,028,028 Shares of which 54,028,028 Shares were held directly under his name and 20,000,000 Shares were held under Luckpath Limited, a company he beneficially owns, to independent third parties. After the disposal, Mr. Shen does not hold any Shares of the Company.

Note 4: Based on the number of 1,100,000,000 Shares of the Company in issue as at 31 January 2014.

Save as disclosed above, as at 31 January 2014, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to 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 taken under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

SHARE OPTION SCHEME

On 28 July 2010, the Company passed an ordinary resolution regarding the termination of the old share option scheme and adopted a new share option scheme (the "New Scheme") for the primary purpose of providing incentive to the eligible employees and directors of the Company. Under the terms of the New Scheme, the board of directors of the Company may, at their discretion, grant options to the participants who fall within the definition prescribed in the New Scheme including the employees and Executive Directors of the Company or its subsidiaries to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the offer 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 to the offer date; and (iii) the nominal value of the shares. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or Independent Non-executive Directors in excess of 0.1% of the Company's share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders. Options granted under the New Scheme will entitle the holder to subscribe for shares from the date of grant up to 27 July 2020. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

No options were granted to any of the directors and employees of the Company during the six months ended 31 January 2014 and 2013 pursuant to the New Scheme and the old share option scheme respectively.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as was known to the Directors, as at 31 January 2014 the following shareholders had interest or short positions in the shares and 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 recorded in the register kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions in shares of the Company

Name of shareholder	Capacity	Number of shares held	Percentage of the issued share capital in the Company
Linshan Limited *(Note a)*	Beneficial owner	81,639,880	7.42%
Shannon Tan Siang-Tau *(Note a)*	Beneficial owner	81,639,880	7.42%
Wong Sun Man *(Note b & g)*	Beneficial owner and interest in a controlled corporation	160,976,492	14.63%
Able Expert Limited *(Note b & g)*	Beneficial owner	966,666	0.09%
Shen Xia *(Note c & f)*	Beneficial owner and interest in a controlled corporation	74,028,028	6.73%
Kua Kong Chak *(Note d)*	Beneficial owner	169,385,540	15.40%
Sun Ying Chung *(Note e)*	Beneficial owner	198,350,590	18.03%

Note a: Linshan Limited ("Linshan") was wholly-owned by Mr. Shannon Tan Siang-Tau (alias Shannon Chen Xiangdao, not re-elected as Executive Director on 6 January 2014), the son of Mr. Tan Cheow Teck (not re-elected as Executive Director and Chairman on 6 January 2014).

Note b: Able Expert Limited ("Able Expert") is wholly-owned by Mr. Wong Sun Man ("Mr. Wong"). Mr. Wong is a director of Asiaone Forest Products Holdings Limited, a wholly-owned subsidiary of the Company. As at 31 January 2014, among the 160,976,492 Shares, 57,689,827 Shares are legally and beneficially held by Mr. Wong. Mr. Wong is also interested in 103,286,665 Preference Shares among which 102,319,999 Preference Shares are legally and beneficially held by Mr. Wong and 966,666 Preference Shares are held under the name of Able Expert.

Note c: Mr. Shen Xia ("Mr. Shen") is an executive director of the Company. As at 31 January 2014, among the 74,028,028 Shares, 54,028,028 Shares are legally and beneficially held by Mr. Shen Xia, and 20,000,000 Shares are held under the name of Luckpath Limited, which is solely owned by Mr. Shen.

Note d: As at 31 January 2014, Mr. Kua Kong Chak ("Mr. Kua") held 169,385,540 Shares of HK$0.20 each in the Company.

Note e: As at 31 January 2014, Mr. Sun Ying Chung ("Mr. Sun") held 198,350,590 Shares of HK$0.20 each in the Company.

Note f: As at 27 February 2014, Mr. Shen disposed all the Shares of the Company he beneficially held, totaling 74,028,028 Shares of which 54,028,028 Shares were held directly under his name and 20,000,000 Shares were held under Luckpath Limited, a company he beneficially owns, to independent third parties. After the disposal, Mr. Shen does not hold any Shares of the Company.

Note g: As at 7 March 2014, 966,666 Preference Shares of which are legally and beneficially held by Able Expert had been transferred to Mr. Wong. Subsequently on 12 March 2014, total of 103,286,665 Preference Shares held under the name of Mr. Wong had been converted to ordinary shares of the Company.

Note h: Based on the number of 1,100,000,000 Shares of the Company in issue as at 31 January 2014.

Save as disclosed above, the Company has not been notified of any persons other than the substantial shareholders who had interests or short positions in the shares and 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 recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 31 January 2014.

CORPORATE GOVERNANCE

The Board is committed to establish and maintain high standards of corporate governance in order to protect the interests of our shareholders. The Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 31 January 2014, except for the following deviations:

Code Provision A.4.1

Under the code provision A.4.1 of the CG Code, Non-executive Directors should be appointed for a specific term and subject to re-election. As at 31 January 2014, the Non-executive Director and all the Independent Non-executive Directors of the Company have been appointed for specific terms and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-Laws of the Company. The Company considers that sufficient measures have been taken to ensure good corporate governance practices of the Company are maintained.

The Board will continuously review and improve the corporate governance standards and practices of the Company.

Code Provision A.2

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer ("CEO") should be separated and should not be performed by the same person.

The Company's Chairman was not re-elected on 6 January 2014 while the Company does not have a formal CEO all along. The Company is still looking for suitable candidates to fill up the two roles and will make proper announcements accordingly.

CHANGES OF DIRECTOR'S INFORMATION UNDER LISTING RULES 13.51(B)1

(i) Dr. Chiao Li was appointed as an independent non-executive director with effect from 6 September 2013, and is entitled to a monthly director's fee of HK$8,000, with reference to this roles, duties and responsibilities assumed in the Board. Upon his appointment as an Independent Non-executive Director of the Company, he was also appointed as a member of the audit, the remuneration and the nomination committees of the Company on the same day.

(ii) Mr. Pang King Sau, Nelson was appointed as a non-executive director with effect from 7 October 2013, and is entitled to a monthly director's fee of HK$8,000, with reference to this roles, duties and responsibilities assumed in the Board.

(iii) Mr. Chan Yee Ping, Michael was appointed as an independent non-executive director with effect from 7 October 2013, and is entitled to a monthly director's fee of HK$8,000, with reference to this roles, duties and responsibilities assumed in the Board. Upon his appointment as an Independent Non-executive Director of the Company, he was also appointed as a member of the audit, the remuneration and the nomination committees of the Company on the same day.

(iv) Mr. Tan Cheow Teck was not re-elected as an Executive Director and Chairman, with effect from 6 January 2014.

(v) Mr. Shannon Tan Siang-Tau was not re-elected as an Executive Director, with effect from 6 January 2014.

(vi) Ms. Juanita Dimla De Guzman has resigned as an Executive Director, with effect from 6 January 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 January 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 of the Listing Rules. In response to specific enquiry made by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 January 2014.

AUDIT COMMITTEE

The Audit Committee was set up with the responsibilities of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises four Independent Non-Executive Directors, namely Dr. Chiao Li, Mr. Chan Yee Ping Michael, Mr. Wen Jian Sheng and Mr. Sai Chun Yu who is the Chairman of this committee.

The unaudited interim financial statements of the Group for the six months ended 31 January 2014 have been reviewed by the Audit Committee of the Company. The Audit Committee is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee was set up with the responsibility for providing recommendations to the Board the remuneration policy of all the Directors and the senior management. The Remuneration Committee comprises four Independent Non-Executive Directors, namely Dr. Chiao Li, Mr. Chan Yee Ping Michael, Mr. Wen Jian Sheng and Mr. Sai Chun Yu who is the Chairman of this committee. The Remuneration Committee has specific written Terms of Reference which follow closely with the requirement of the CG code.

The Remuneration Committee is authorized to investigate any matter within its Terms of Reference and seeks any information it requires from any employee or Director of the Company and obtains outside legal or other independent professional advice at the cost of the Company if it considers necessary.

NOMINATION COMMITTEE

On 30 March 2012, the Company established a Nomination Committee which is primarily responsible for making recommendations to the Board regarding the Group's engagement of appropriate directors and managerial personnel (including the skills, knowledge and experience) to complement the Company's corporate strategies. The Nomination Committee comprises four Independent Non-Executive Directors, namely Dr. Chiao Li, Mr. Chan Yee Ping Michael, Mr. Wen Jian Sheng and Mr. Sai Chun Yu who is the Chairman of this committee.

APPRECIATION

I would like to thank our fellow directors for their contribution and support throughout the period, and our management and employees for their dedication and hard working.

I would also like to express our sincere appreciation to our shareholders, customers, bankers and suppliers for their continuing support.

By order of the Board
Yueshou Environmental Holdings Limited
Shen Xia
Executive Director

Hong Kong, 31 March 2014