GREENHEART GROUP LIMITED
綠森集團有限公司*

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board (the "Board") of directors (the "Directors") of Greenheart Group Limited ("Greenheart" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2014 (the "Year"), together with the comparative figures for 2013, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2014

	Notes	**2014** ***HK$'000***	2013 *HK$'000* (Restated)
REVENUE	4	**673,604**	724,583
Cost of sales		**(528,571)**	(480,164)
Gross profit		**145,033**	244,419
Other income and gains	4	**4,087**	8,547
Fair value gain on plantation forest assets		**32,433**	108,847
Selling and distribution costs		**(214,689)**	(224,155)
Administrative expenses		**(65,946)**	(89,135)
Provisions for impairment		**(35,947)**	(11,228)
Other operating expenses, net		**(2,461)**	(816)
Non-cash share option expenses		**(2,287)**	(3,060)
Finance costs	5	**(43,435)**	(47,344)

* *For identification purpose only*

	Notes	**2014** ***HK$'000***	2013 *HK$'000* (Restated)
LOSS BEFORE TAX	6	**(183,212)**	(13,925)
Tax	7	**(6,701)**	(46,372)
LOSS FOR THE YEAR		**(189,913)**	(60,297)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(6,547)**	(1,254)
Item that will not be reclassified subsequently to profit or loss			
Revaluation (loss)/gain on forestry land		**(61)**	695
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX OF NIL		**(6,608)**	(559)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(196,521)**	(60,856)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(133,303)**	(5,739)
Non-controlling interests		**(56,610)**	(54,558)
		(189,913)	(60,297)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(139,911)**	(6,298)
Non-controlling interests		**(56,610)**	(54,558)
		(196,521)	(60,856)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	**HK$(0.169)**	HK$(0.007)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**471,877**	458,294
Prepaid land lease payments		**30,548**	14,684
Goodwill		**7,624**	7,624
Timber concessions and cutting rights		**758,707**	710,817
Other intangible assets		**2,382**	6,970
Plantation forest assets		**466,231**	521,764
Prepayments, deposits and other receivables		**9,947**	6,218
Total non-current assets		**1,747,316**	1,726,371
CURRENT ASSETS			
Inventories		**46,441**	58,966
Trade receivables	9	**35,991**	64,242
Prepayments, deposits and other receivables		**38,629**	108,367
Due from affiliated companies	13(b)(ii)	**7,370**	–
Tax recoverable		**4,068**	579
Cash and cash equivalents		**108,056**	204,014
Total current assets		**240,555**	436,168
CURRENT LIABILITIES			
Trade payables	10	**32,603**	46,451
Other payables and accruals		**30,164**	20,337
Finance lease payables		**10,117**	10,600
Loan from an intermediate holding company	13(a)(i)	**312,000**	312,000
Due to affiliated companies	13(b)(ii)	**4,757**	145
Loan from the immediate holding company	13(a)(ii)	**62,400**	–
Deposit received from a fellow subsidiary	13(b)(i)	**22,565**	22,565
Convertible bonds	11	**166,981**	155,919
Tax payable		**37,248**	25,360
Total current liabilities		**678,835**	593,377
NET CURRENT LIABILITIES		**(438,280)**	(157,209)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,309,036**	1,569,162

	Notes	**2014** *HK$'000*	2013 *HK$'000*
NON-CURRENT LIABILITIES			
Loans from the immediate holding company	13(a)(ii)	**42,642**	89,700
Interest-bearing bank borrowings	12	**195,000**	195,000
Finance lease payables		**8,699**	19,717
Deferred tax liabilities		**116,735**	124,551
Total non-current liabilities		**363,076**	428,968
NET ASSETS		**945,960**	1,140,194
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**7,899**	7,899
Reserves		**864,467**	1,002,091
		872,366	1,009,990
Non-controlling interests		**73,594**	130,204
TOTAL EQUITY		**945,960**	1,140,194

Notes:

1.1. CORPORATE INFORMATION

Greenheart Group Limited is a limited liability company incorporated in Bermuda, the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As at 31 December 2014, the immediate holding company of the Company was Sino-Capital Global Inc. ("Sino-Capital" or "Immediate Holding Company"), which is incorporated in the British Virgin Islands ("BVI") which held 496,189,028 shares, representing approximately 62.82% of the issued share capital of the Company. The ultimate holding company of the Company was Emerald Plantation Holdings Limited ("EPHL" or "Ultimate Holding Company"), a company incorporated in the Cayman Islands with limited liability.

1.2. BASIS OF PRESENTATION

The Group had net current liabilities of approximately HK$438,280,000 as at 31 December 2014, of which HK$312,000,000 and HK$62,400,000 represented loans from Emerald Plantation Group Limited ("EPGL" or "Intermediate Holding Company") and Sino-Capital, which are repayable on 17 May 2015 ("Intermediate Holding Company Loan") and 26 March 2015 ("Immediate Holding Company Loan"), respectively and convertible bonds of HK$166,981,000 ("Convertible Bonds") held by Greater Sino Holdings Limited ("Greater Sino or "Noteholder"), a company in which a director of the Company has an indirect interest, which mature on 17 August 2015.

On 31 October 2014, Sino-Capital, EPGL and Newforest Limited ("Newforest") entered into sale and purchase agreements regarding the sales of Sino-Capital's entire shareholding, and Sino-Capital's and EPGL's debt interests, in the Company and the Group to Newforest, including the Intermediate Holding Company Loan and Immediate Holding Company Loan ("Sales"). As at the date of this announcement, completion of the Sales is conditional mainly upon the approval from the New Zealand Overseas Investment Office ("OIO").

Upon completion of the Sales, Newforest will assume all the rights and benefits of both of the Intermediate Holding Company Loan and the Immediate Holding Company Loan and on this basis, Newforest confirms its intention to extend the repayment dates of both Intermediate Holding Company Loan and Immediate Holding Company Loan to at least one year from the date of the approval of these consolidated financial statements.

In addition, the Group has also obtained confirmation from the Ultimate Holding Company, the parent company of EPGL, that it intends to extend the repayment dates of both Intermediate Holding Company Loan and Immediate Holding Company Loan to a later date until the Sales are completed.

On the basis above, in the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

(i) on 28 January 2015 and 11 March 2015, supplemental agreements relating to the loan agreement dated 19 June 2014 were signed with Sino-Capital, pursuant to which Sino-Capital agreed to provide additional loans of US$515,000 and US$518,000, respectively, to Greenheart Resources Holdings Limited, a non-wholly owned subsidiary of the Company which is owned as to 60.39% by the Group and as to 39.61% by Sino-Capital, to finance the Group's capital investments in west Suriname. The additional loans are repayable on 19 June 2017;

(ii) as at 31 December 2014, the Group had an unutilized banking facility of US$4,348,000 (equivalent to HK$33,914,000) from the Bank of New Zealand. The Group determined this figure after taking into account the debt coverage ratio as set out in the financial covenants under the facility;

(iii) the bio-energy plant in west Suriname commenced operations in the third quarter of 2014 and according to its specifications, it will reduce the reliance of the sawmill on diesel powered generators by up to 80%. The Group has been working to improve operational efficiency by, inter alia, upgrading the capacity of the sawmill in west Suriname, including plant layout and streamlining material flows, optimization of the product and species mix, and subcontracting out certain services. The final stage of the sawmill enhancement programme in west Suriname ("Enhancement Program") is expected to be completed by mid-2015. By then, the annual log input volume is expected to increase from 60,000m^3 to 100,000m^3 (on a double shift basis). After completion of the Enhancement Program, the Group's capital investment needs in Suriname will be largely reduced and the efficiency and output of the west Suriname sawmill should improve;

(iv) the Group is exploring different options to obtain alternative sources of funding, in particular, to finance the Group's capital expenditure by way of, inter alia, leases and long term loans;

(v) if necessary, the Group will consider disposing of certain of its non-current assets to meet its financial obligations; and

(vi) various cost control measures have been taken by the Group, and are continuing, to reduce the cost of operations and to reduce various general and administrative expenses.

Accordingly, the consolidated financial statements have been prepared on the going concern basis.

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

1.3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for plantation forest assets, forestry land and derivative financial instruments. Plantation forest assets are measured at fair value less cost to sell and forestry land and derivative financial instruments are measured in fair value. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time in preparing this Year's consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	*Meaning of Effective HKFRSs*

Other than as further explained below regarding the impact of amendments in HKAS 36, the adoption of the new and revised HKFRSs has had no significant financial effect on these consolidated financial statements.

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The required disclosures are included in these consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

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

The Group manages its businesses by geographical location and the chief operating decision makers also review the segment information by such category to allocate resources to segments and to assess their performance. The Group has presented the following three reportable segments:

Suriname:	Selective hardwood log harvesting, timber processing, marketing and sale of logs and timber products
New Zealand:	Softwood plantation management, log harvesting, marketing and sale of logs
Elsewhere:	Trading of logs and timber products

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of earnings/(loss) before finance costs, tax, depreciation, forest depletion costs as a result of harvesting and amortization ("EBITDA"). EBITDA is further adjusted to exclude fair value gains or losses on plantation forest assets, government grants, interest income, write-down of inventories, impairment losses/reversal and non-cash share option expenses ("Adjusted EBITDA"), which is also a measure evaluated by management.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following table presents revenue, profit/(loss), assets and liabilities information regarding the Group's operating segments for the Year:

Year ended 31 December 2014

	Suriname^	New Zealand^	Elsewhere^	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE	**81,437**	**591,718**	**449**	**–**	**673,604**
SEGMENT RESULTS ("Adjusted EBITDA")	**(87,006)**	**149,960**	**18**	**(28,819)**	**34,153**
Reconciliation of the segment results: Items other than finance costs, tax, forest depletion costs as a result of harvesting, depreciation and amortization					
Fair value gain on plantation forest assets	**–**	**32,433**	**–**	**–**	**32,433**
Interest income	**277**	**13**	**–**	**17**	**307**
Impairment of goodwill***	**(27,854)**	**–**	**–**	**–**	**(27,854)**
Impairment of property, plant and equipment***	**(5,117)**	**–**	**–**	**–**	**(5,117)**
Impairment of trade receivables***	**(500)**	**–**	**–**	**–**	**(500)**
Impairment of prepayments, deposits and other receivables***	**(2,476)**	**–**	**–**	**–**	**(2,476)**
Write-down of inventories, net*	**(6,609)**	**–**	**–**	**–**	**(6,609)**
Non-cash share options expenses	**–**	**–**	**–**	**(2,287)**	**(2,287)**
SEGMENT RESULTS ("EBITDA")	**(129,285)**	**182,406**	**18**	**(31,089)**	**22,050**
Finance costs	**(6,721)**	**(19,022)**	**–**	**(17,692)**	**(43,435)**
Forest depletion cost as a result of harvesting*	**–**	**(98,266)**	**–**	**–**	**(98,266)**
Depreciation	**(26,386)**	**(2,519)**	**–**	**(1,463)**	**(30,368)**
Amortization of harvest roading*	**–**	**(21,215)**	**–**	**–**	**(21,215)**
Amortization of timber concessions and cutting rights*	**(9,827)**	**–**	**–**	**–**	**(9,827)**
Amortization of prepaid land lease payments**	**(1,874)**	**–**	**–**	**–**	**(1,874)**
Amortization of other intangible assets*	**(277)**	**–**	**–**	**–**	**(277)**
LOSS BEFORE TAX					**(183,212)**

	Suriname^ HK$'000	New Zealand^ HK$'000	Elsewhere^ HK$'000	Unallocated HK$'000	Total HK$'000
SEGMENT ASSETS	**1,150,480**	**825,295**	**–**	**12,096**	**1,987,871**
SEGMENT LIABILITIES	**254,253**	**618,562**	**–**	**169,096**	**1,041,911**
Other segment information					
Capital expenditures#	**(31,730)**	**(49,168)**	**–**	**(42)**	**(80,940)**

^ Reportable Segments

Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, timber concessions and cutting rights, harvest roading and plantation forest assets and excluding assets from the acquisition of subsidiary.

* Included in "Cost of sales" in the consolidated statement of comprehensive income.

** Included in "Administrative expenses" in the consolidated statement of comprehensive income.

*** Included in "Provisions for impairment" in the consolidated statement of comprehensive income.

Year ended 31 December 2013

	Suriname^	New Zealand^	Elsewhere^	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE	59,945	663,833	805	–	724,583
SEGMENT RESULTS (“Adjusted EBITDA”)	(76,514)	211,216	233	(47,911)	87,024
Reconciliation of the segment results: Items other than finance costs, tax, forest depletion costs as a result of harvesting, depreciation and amortization					
Fair value gain on plantation forest assets	–	108,847	–	–	108,847
Government grant of carbon credits	–	3,164	–	–	3,164
Interest income	2,214	22	–	207	2,443
Reversal of impairment of other intangible assets***	–	652	–	–	652
Impairment of trade receivables***	(74)	–	–	–	(74)
Impairment of timber concessions and cutting rights***	(11,695)	–	–	–	(11,695)
Impairment of prepayments, deposits and other receivables****	(2,375)	–	–	–	(2,375)
Write-down of inventories, net*	(2,125)	–	–	–	(2,125)
Non-cash share options expenses	–	–	–	(3,060)	(3,060)
SEGMENT RESULTS (“EBITDA”)	(90,569)	323,901	233	(50,764)	182,801
Finance costs	(5,906)	(19,090)	–	(22,348)	(47,344)
Forest depletion cost as a result of harvesting*	–	(99,360)	–	–	(99,360)
Depreciation	(22,862)	(1,896)	–	(2,482)	(27,240)
Amortization of harvest roading*	–	(15,433)	–	–	(15,433)
Amortization of timber concessions and cutting rights*	(6,629)	–	–	–	(6,629)
Amortization of prepaid land lease payments**	(444)	–	–	–	(444)
Amortization of other intangible assets*	(276)	–	–	–	(276)
LOSS BEFORE TAX					(13,925)

	Suriname^	New Zealand^	Elsewhere^	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT ASSETS	1,179,625	876,018	–	106,896	2,162,539
SEGMENT LIABILITIES	238,420	624,928	–	158,997	1,022,345
Other segment information					
Capital expenditures#	(63,275)	(47,499)	–	(633)	(111,407)

^ Reportable Segments

Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, timber concessions and cutting rights, harvest roading and plantation forest assets.

* Included in "Cost of sales" in the consolidated statement of comprehensive income.

** Included in "Administrative expenses" in the consolidated statement of comprehensive income.

*** Included in "Provisions for impairment" in the consolidated statement of comprehensive income.

**** HK$2,264,000 and HK$111,000 are included in "Cost of sales" and "Provisions for impairment" in the consolidated statement of comprehensive income, respectively.

Geographical Information

(a) Revenue is attributed to the following geographical regions according to customer location:

	2014	2013
	HK$'000	*HK$'000*
Mainland China	**516,873**	567,711
India	**55,519**	81,532
New Zealand	**37,894**	35,246
Belgium	**32,804**	13,527
Suriname	**22,591**	15,084
Hong Kong	**3,841**	3,282
United States	**1,570**	–
Denmark	**1,413**	166
Germany	**792**	–
Taiwan	**185**	–
Thailand	**122**	–
The Netherlands	**–**	7,158
United Kingdom	**–**	630
Singapore	**–**	247
	673,604	724,583

(b) Non-current assets below is based on the locations of the assets:

	2014	2013
	HK$'000	*HK$'000*
Suriname	**1,084,393**	1,015,014
New Zealand	**657,091**	703,862
Hong Kong	**5,832**	7,495
	1,747,316	1,726,371

Information on major customers

During the Year, the Group had transactions with two (2013: three) customers from New Zealand segment who each contributed over 10% of the Group's total gross revenue before export tax for the Year. A summary of revenue earned from each of these major customers is set out below:

	2014	2013
	HK$'000	*HK$'000*
Customer 1	**133,138**	126,905
Customer 2	**70,655**	N/A*
Customer 3	**N/A***	106,947
Customer 4	**N/A***	73,576
	203,793	307,428

* The corresponding revenue of the related customers did not contribute over 10% of the Group's total gross revenue before export tax.

4. REVENUE, OTHER INCOME AND GAINS

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sales of logs and timber products	**673,604**	724,583
Other income and gains		
Bank interest income	**49**	255
Other interest income	**258**	2,188
Rental income for lease of plant and machinery	**2,915**	2,120
Government grants of carbon credits	**–**	3,164
Others	**865**	820
	4,087	8,547

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on Convertible Bonds	**17,691**	17,253
Interest on a loan from the Intermediate Holding Company	**11,821**	11,949
Interest on loans from the Immediate Holding Company	**4,742**	3,553
Interest on finance leases	**1,979**	2,353
Interest on interest-bearing bank borrowings	**7,202**	7,141
Loss on partial early redemption of Convertible Bonds *(Note 11)*	**–**	5,095
	43,435	47,344

6. LOSS BEFORE TAX

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

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold*	**313,009**	283,123
Amortization of timber concessions and cutting rights	**5,696**	15,616
Amount released from/(capitalized in) inventories	**4,131**	(8,987)
Current year expenditure*	**9,827**	6,629
Forest harvested as agricultural produce	**98,304**	97,523
Amount (capitalized in)/released from inventories	**(38)**	1,837
Forest depletion cost as a result of harvesting*	**98,266**	99,360
Depreciation	**30,368**	27,240
Amortization of		
harvesting roading*	**21,215**	15,433
prepaid land lease payments**	**1,874**	444
other intangible assets*	**277**	276
Impairment/(reversal of impairment) of		
property, plant and equipment***	**5,117**	–
goodwill***	**27,854**	–
timber concession and cutting rights***	**–**	11,695
trade receivables***	**500**	74
prepayments, deposits and other receivables****	**2,476**	2,375
other intangible assets***	**–**	(652)
Write-down of inventories, net*	**6,609**	2,125
Gain on disposal of carbon credits	**(2,705)**	–
Loss on disposal of items of property, plant and equipment	**5,331**	506
Fair value gain on derivative financial instruments	**(500)**	–
Minimum lease payments under operating leases for land and buildings	**11,057**	7,971
Auditor's remuneration	**1,620**	1,550

	2014	2013
	HK$'000	*HK$'000*
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**91,895**	104,108
Equity-settled share option expense	**2,287**	3,060
Pension scheme contributions (defined contribution scheme)	**307**	317
	94,489	107,485
Foreign exchange differences, net	**(403)**	(1,270)

* Included in "Cost of sales" in the consolidated statement of comprehensive income.

** Included in "Administrative expenses" in the consolidated statement of comprehensive income.

*** Included in "Provisions for impairment" in the consolidated statement of comprehensive income.

**** For the year ended 31 December 2014, HK$2,476,000 is included in "Provision for impairment" in the consolidated statement of comprehensive income. For the year ended 31 December 2013, HK$2,264,000 and HK$111,000 are included in "Cost of sales" and "Provisions for impairment" in the consolidated statement of comprehensive income, respectively.

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year.

New Zealand income tax has been provided at the rate of 28% on the estimated assessable profits arising in New Zealand (2013: 28%).

Subsidiaries established in Suriname and New Zealand are subject to the relevant tax rules and regulations of Suriname and New Zealand at the statutory tax rate of 36% and 28%, respectively. One of the Company's major subsidiaries in Suriname is currently enjoying a local income tax exemption for an original period of nine years from 2007 to 2016, which, subject to the approval by the Suriname authorities, may be renewable or extended for a further period upon expiry.

During the Year, the New Zealand Inland Revenue has commenced a transfer pricing audit on an indirect subsidiary of the Company which relates primarily to the interest rate paid for an inter-company loan. Up to the date of these financial statements, the tax audit is still ongoing and therefore it is not practicable to state the outcome, amount and timing of additional income tax payment, if any. The Directors of the Company are of the opinion that it is not probable that the New Zealand Inland Revenue will succeed in assessing any additional income tax and, accordingly, no provision for any liability has been made in these financial statements.

	2014	2013
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the Year	**11,889**	13,369
Current – Elsewhere		
Charge for the Year	**2,270**	1,324
Foreign exchange difference on income tax recoverable/payable	**409**	6
Deferred	**(5,556)**	30,686
Foreign exchange difference on deferred tax liabilities	**(2,311)**	(63)
Withholding	**–**	1,050
	6,701	46,372

8. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss for the Year attributable to equity holders of the Company, and the weighted average of 789,889,104 (2013: 787,854,501) ordinary shares in issue during the Year.

In respect of the diluted loss per share amounts presented, no adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2014 and 2013 as the impact of the share options and Convertible Bonds outstanding during these years either had no dilutive effect or had an anti-dilutive effect on the basic loss per share amounts presented.

9. TRADE RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**36,427**	64,316
Less: impairment	**(436)**	(74)
	35,991	64,242

The Group's trading terms with its customers are mainly letters of credit at sight or on open account with credit terms of 5 days to 60 days. Each open account customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**29,291**	62,916
From 1 to 3 months	**6,532**	194
Over 3 months	**168**	1,132
	35,991	64,242

10. TRADE PAYABLES

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

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**32,270**	45,690
From 1 to 3 months	**35**	536
Over 3 months	**298**	225
	32,603	46,451

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

11. CONVERTIBLE BONDS

In August 2010, the Company issued US dollar denominated convertible notes with an aggregate principal amount of US$25,000,000 (the "Convertible Bonds") with a maturity date of 17 August 2015 to the Noteholder, a company in which a director of the Company has an indirect interest, for a total cash consideration of US$24,750,000. The Noteholder has the right to convert the whole or part of the principal amount of the Convertible Bonds into ordinary shares of the Company at HK$2.002 each from time to time and may require the Company to redeem all or part of the Convertible Bonds on each of the dates falling on the third anniversary (i.e. 17 August 2013) and on the fourth anniversary (i.e. 17 August 2014) of the issuance date of the Convertible Bonds at the redemption amount as defined in the terms and conditions of the Convertible Bonds. In addition, the Noteholder may require the Company to redeem the Convertible Bonds in whole or in part following the occurrence of a "Change of Control".

On 30 January 2013, Sino-Forest Corporation ("Sino-Forest"), the former ultimate holding company of the Company, announced that it had implemented its plan of compromise and reorganization as approved by the creditors of Sino-Forest on 3 December 2012 and as sanctioned by the Ontario Superior Court of Justice on 10 December 2012 pursuant to the Companies' Creditors Arrangement Act (the "Plan") and under which, among other things, all of the shares held by Sino-Forest in its directly owned subsidiaries, including the entire issued share capital of Sino-Capital were transferred to EPGL, a newly formed entity which is ultimately owned by EPHL, a company incorporated in the Cayman Islands with limited liability. The implementation of the Plan triggered the "Change of Control" provisions of the Convertible Bonds. Accordingly, the Noteholder became entitled to require the Company to redeem the Convertible Bonds in whole or in part and, on 20 February 2013, the Company redeemed US$8,000,000 (equivalent to approximately HK$62,400,000) of the principal amount of the Convertible Bonds at a redemption amount of approximately US$9,542,000 (equivalent to approximately HK$74,426,000) upon the partial exercise by the Noteholder of its redemption right following the occurrence of a "Change of Control". Accordingly, the difference between the redemption amount allocated to the liability component of the Convertible Bonds and the carrying amount of the liability component as at the redemption date of approximately US$653,000 (equivalent to approximately HK$5,095,000 (note 5)) was recognized as loss on partial early redemption of convertible bonds and was charged to the profit or loss during the year ended 31 December 2013.

Following the early redemption as mentioned above and as at 31 December 2014, the outstanding principal amount of the Convertible Bonds was reduced to US$17,000,000 (equivalent to approximately HK$132,600,000). Under the terms and conditions of the Convertible Bonds, the Noteholder may subsequently exercise its redemption right (in whole or in part of its outstanding Convertible Bonds), by giving an exercise notice of at least 30 days prior to such further redemption, at any time prior to the maturity of the Convertible Bonds. Accordingly, the entire outstanding liability component of the Convertible Bonds was classified as a current liability as at 31 December 2014.

As at the date of this announcement, the Group has not received any further notice from the Noteholder with regard to its intention regarding the remaining outstanding principal amount of the Convertible Bonds of US$17,000,000 (equivalent to approximately HK$132,600,000).

12. INTEREST-BEARING BANK BORROWINGS

During the Year, the Group's bank loan facilities were renegotiated with the interest rate reduced to base rate ("Base Rate"), as determined by Bank of New Zealand ("Bank"), plus 1.65% per annum and the final maturity date was extended to 28 February 2017.

As at 31 December 2014, the Group's bank borrowings were denominated in United States dollars and amounted to HK$195,000,000 (equivalent to US$25,000,000), bearing interest at the base rate determined by the Bank plus 1.65% per annum (2013: Base Rate plus 1.75% per annum). The Group's bank loan facilities are subject to the fulfillment of certain financial covenants as required by the Bank. During the Year, none of the financial covenants relating to the bank loan facilities were breached.

As at 31 December 2014, the Group has available unutilized bank loan facilities amounting to HK$33,914,000 (equivalent to US$4,348,000) (2013: HK$39,000,000 (equivalent to US$5,000,000)), bearing interest at the Base Rate plus 1.35% per annum (2013: Base Rate plus 1.5% per annum). The Group determined this figure after taking into account the debt coverage ratio as set out in the financial covenants under the facility.

As at 31 December 2014 and 2013, the Group's bank loan facilities are secured by:

(i) All the present and after-acquired property (the "Personal Property") of certain indirect wholly owned subsidiaries of the Company (the "Selected Group Companies"); and

(ii) A Fixed Charge over:

(a) the Group's forestry land (located in New Zealand) with a net carrying value of approximately HK$103,713,000 (2013: HK$109,324,000) ("Forestry Land") (note 14);

(b) the Group's plantation forest assets (located in New Zealand) with a net carrying value of approximately HK$466,231,000 (2013: HK$521,764,000) and all other estates and interests in the Forestry Land and all buildings, structures and fixtures on the Forestry Land; and

(c) all other present and after-acquired property that is not Personal Property of the Selected Group Companies.

13. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in this announcement, the Group entered into the following transactions with related parties during the Year:

Related party	Nature of transaction	*Notes*	**2014** *HK$'000*	2013 *HK$'000*
The Intermediate Holding Company	Interest expenses paid and payable on a loan	(i)	**11,821**	11,949
The Immediate Holding Company	Interest expenses paid and payable on a loan	(ii)	**4,742**	3,553
Noteholder	Interest expenses paid and payable on the Convertible Bonds	(iii)	**17,691**	17,253
The Ultimate Holding Company and a Fellow Subsidiary	Recharge of license fee and administrative expenses received and receivable	(iv)	**6,252**	–
Fellow subsidiary	Sales of logs and timber products	(v)	**6,433**	–
Fellow subsidiary	Reimbursements	(vi)	**289**	4,888

Notes:

(i) The interest expenses on the Intermediate Holding Company Loan, which is unsecured and repayable on 17 May 2015, were charged based on the London Interbank Offered Rate plus 3.5% per annum.

(ii) The interest expenses were charged based on the Hong Kong Prime Rate on the following loans from the Immediate Holding Company:

- an unsecured loan with principal amount of HK$62,400,000 (i.e. US$8,000,000) which is repayable on 26 March 2015;

- an unsecured loan with principal amount of HK$27,300,000 (i.e. US$3,500,000) which is repayable on 28 June 2016; and

- an unsecured loan with principal amount of HK$15,342,000 (i.e. US$1,967,000) which is repayable on 19 June 2017.

(iii) The amounts disclosed above represents the imputed interest expenses charged to profit or loss for accounting purposes for the Convertible Bonds. The actual coupon calculated based on the coupon rate of 5% per annum as set out in the terms and conditions of the Convertible Bonds is HK$6,629,000 (2013: HK$6,661,000).

(iv) The license fee and administrative expenses were recharged to the Ultimate Holding Company and fellow subsidiary with reference to the actual costs incurred.

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

(vi) The reimbursements for the Year were recharged by a fellow subsidiary with reference to the actual costs incurred and paid on behalf of the Group in relation to certain administrative expenses. The reimbursements for the year ended 31 December 2013 were recharged by a fellow subsidiary with reference to the actual costs incurred and paid on behalf of the Group in relation to the remuneration and out of pocket expenses of a director of the Company.

(b) Outstanding balances with related parties

(i) The deposit received from a fellow subsidiary is trade in nature, and is unsecured and interest-free.

(ii) Included in the amounts due from affiliated companies is a trade balance with a fellow subsidiary of HK$3,031,000 (2013: nil) with credit terms of 60 days which is unsecured and interest-free. The remaining balances with the Ultimate Holding Company and fellow subsidiary are unsecured, interest-free and repayable within one year.

The amounts due to affiliated companies represented interest payables in relation to the Immediate Holding Company Loan and Intermediate Holding Company Loans amounting to HK$4,756,000 and HK$1,000 (2013: HK$15,000 and HK$130,000), respectively, which are unsecured, interest-free and repayable within one year.

(c) Compensation of key management personnel of the Group

	2014	2013
	HK$'000	*HK$'000*
Short-term employee benefits	**8,128**	19,187
Compensation for loss of office	**3,402**	–
Equity-settled share options	**1,157**	1,474
Pension scheme contributions	**22**	44
	12,709	20,705

14. EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred subsequent to the end of the reporting period:

(a) On 31 October 2014, the Company announced that EPGL, Sino-Capital and Newforest, had entered into certain sales and purchase agreements, pursuant to which Newforest conditionally agreed to purchase (i) from Sino-Capital of approximately 62.82% of the issued share capital of the Company for a total consideration of US$45,000,000 (equivalent to approximately HK$351,000,000); (ii) from Sino-Capital of approximately 39.61% equity interest in Greenheart Resources Holdings Limited ("Greenheart Resources", a non-wholly owned subsidiary of the Company), being 3,036,000,000 ordinary shares of Greenheart Resources, for a total consideration of US$10,000,000 (equivalent to approximately HK$78,000,000); and (iii) the debt interests of EPGL and Sino-Capital in the Group in the aggregate sum of US$53,466,960 (equivalent to approximately HK$417,042,288) together with any further principal amount to be borrowed by Greenheart Resources from Sino-Capital plus accrued but unpaid interest thereon.

Upon completion of the aforesaid transaction, a mandatory unconditional cash offer will be made by Newforest under The Hong Kong Code on Takeovers and Mergers for all the issued ordinary shares of the Company (other than those already owned by or agreed to be acquired by Newforest and parties acting in concert with it) and the cancellation of all outstanding options granted by the Company under the share option scheme of the Company and the Convertible Bonds of the Company.

Further details of the aforesaid transaction are set out in the Company's announcement dated 11 December 2014 and circular to shareholders dated 23 January 2015.

(b) On 22 January 2015, representatives of the Suriname government and the coalition of the forestry industry signed an agreement in principle regarding the proposed change to the forest concession levy and harvest royalty fee requirements. The concession levy of SR$20 per hectare per year as originally announced by the Suriname government in early 2014 is to be revoked as if it has never taken effect and commencing from 1 January 2015, the concession fee will be levied at SR$5 per hectare per year while at the same time the harvest royalty fee will be reduced from the range of US$5.5 per cbm to US$6 per cbm to US$3.95 per cbm from 1 March 2015 onwards. The outcome of the agreement in principle was approved by the Board of Ministers on 30 January 2015. A new Ministerial Order with the revised concession levy and royalty fees was subsequently enacted by the Minister of Forestry and the Minister of Finance and was published in the official Gazette in Suriname on 2 March 2015. As at 31 December 2014, the Group has made an accrual in respect of the increased concession levy of HK$15,751,000, of which HK$13,441,000 has been charged to profit or loss for the Year and the remaining HK$2,310,000 has been capitalized in closing inventory as at 31 December 2014. No levy payments were made during 2014 pending clarification of the new concession levy. As a result of the enactment of the said Ministerial Order, the entire amount of HK$15,751,000 will be reversed, of which HK$13,441,000 will be credited as other income in 2015 and the remaining HK$2,310,000 will be reversed from inventory in 2015.

15. COMPARATIVE AMOUNTS

In prior years, the Group's gross profit was defined as revenue less cost of goods sold and other expenses such as unallocated production overheads, write down/write back of inventories, amortization of harvest roading and provisions for impairment, were separately disclosed in "Other operating expenses" in the consolidated statement of comprehensive income.

During the Year, in order to provide a better understanding of the Group's performance, the Group's gross profit was redefined and the unallocated production overheads, write-down/write back of inventories, impairment of prepayments, deposits and other receivables related to inventories and amortization of harvest roading were classified as "Cost of Sales" in the consolidated statement of comprehensive income and "Provisions For Impairment" are separately disclosed in the consolidated statement of comprehensive income for the current Year. Accordingly, certain comparative amounts have been reclassified to conform to the presentation of the current Year.

16. EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group audited consolidated financial statements for the year ended 31 December 2014:

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2[#] to the consolidated financial statements which indicates that the Group incurred a consolidated net loss attributable to the equity holders of the Company of HK$133,303,000 for the year ended 31 December 2014 and, as of that date, the Group's current liabilities exceeded its current assets by HK$438,280,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As further detailed in note 2# to the consolidated financial statements, as at the date of approval of the consolidated financial statements, the Group has obtained consent from the ultimate holding company to extend the repayment dates of both the "Intermediate Holding Company Loan" of HK$312,000,000 and the "Immediate Holding Company Loan" of HK$62,400,000 until the sales of the immediate holding company's entire shareholding and debt interests (including both the Intermediate Holding Company Loan and the Immediate Holding Company Loan) in the Company and the Group are completed. Upon completion of the sales, the purchaser will assume all the rights and benefits of the debt interests. On this basis, the purchaser confirms its intention to extend the respective repayment dates of the debt interests for at least one year from the date of approval of the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group extending the repayment dates of the debt interests. The consolidated financial statements do not include any adjustments that would result should the Group be unable to operate as a going concern.

[#]: Being Note 1.2 in this results announcement.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2014 was a year of challenge. The Group's performance has fallen short of expectations as a result of highly volatile prices for New Zealand radiata pine, the Group's primary revenue earner, which impacted both top-line revenue and profitability, and the impairment of goodwill of HK$27,854,000 arising from the acquisition of Suma Lumber Company N.V. ("Suma Lumber") largely due to an unexpected sharp increase in the forestry concession levy in Suriname. The Group's revenue decreased by 7 percent to HK$673,604,000 and the loss for the Year increased by HK$129,616,000 to HK$189,913,000.

Financial Performance

New Zealand

New Zealand radiata pine prices were very volatile in 2014. After an initial rally from an average of US$154.5 per m^3 for A-grade logs in 2013 to a record high of around US$172.1 per m^3 in March 2014, prices fell by 27% and reached as low as US$126.3 per m^3, in June 2014 as China's construction market slowed, credit tightened and the logs inventories in China accumulated putting downwards pressure on import prices. Management took the decision, in view of these lower prices, to scale back harvesting in the second half of the year, which resulted in total export volume for 2014 being lower than that for 2013.

Since June, there has been some recovery in the export price of New Zealand radiata pine with the price stabilizing at approximately US$137 per m^3 towards the end of 2014 and the beginning of 2015. In addition, after an appreciation of 6.6% of the New Zealand dollar against the US dollar between 1 January 2014 and 30 June 2014, which increased harvesting and hauling costs, the exchange rate then depreciated by 11.0% between 30 June 2014 and 31 December 2014. Oil prices also fluctuated and led to lower shipping rates, although the majority of the Group's exports are made under long term shipping contracts. In short, our New Zealand division has been affected by a number of external factors, largely beyond our control, but at the end of 2014 export prices were short of management expectations with such disappointment partly offset by lower harvesting, hauling and shipping costs.

In summary, the financial performance of the New Zealand division was substantially weaker in 2014, recording a total revenue of HK$591,718,000 (2013: HK$663,833,000) and EBITDA of HK$182,406,000 (2013: HK$323,901,000) for the Year.

Suriname

The revenue contributed by Suriname division increased by 35.9% to HK$81,437,000 for the Year, mainly from the sale of lumber from west Suriname.

We have made progress in turning around our operations in central Suriname, following the acquisition of Suma Lumber in February. Output from the sawmill has climbed and harvesting and logistics costs have fallen such that central Suriname is now operating on a cash break-even basis. However, the turnaround of the west Suriname sawmill is still underway. We have experienced some delays in installing new sawmill capacity and some operational setbacks with our new kilns and energy plant. As of today, the west Suriname sawmill production capacity enhancement program, which was originally scheduled to be completed by end of 2014, is now expected to be completed in mid-2015. The delay is largely caused by the late arrival on site of certain critical parts and equipment, which I understood are on site as at the date of this announcement.

As noted in the 2014 interim report, the Suriname government unexpectedly announced a sharp increase in the forestry concession levy at the beginning of 2014. This has been opposed by the forestry industry and talks with Government representatives have been in progress for a year. Although you will observe from note 14(b) of the attached consolidated financial statements some positive developments in relation to the levy, an accrual of HK$15,751,000 has been made in respect of the levy of which HK$13,441,000 has been charged to profit and loss with the balance being included in year end inventories. In addition, a provision for goodwill of HK$27,854,000 in relation to the acquisition of Suma Lumber was made as a result of the impact of the levy on the valuation of Suma Lumber's concession. With the enactment of the new Ministerial Orders in respect of the revised forest concession levy as mentioned below, the entire accrual made in 2014 will be reversed in 2015.

As a result of the above, the EBITDA (loss) of Suriname increased by HK$38,716,000 to HK$129,285,000 during the Year.

The management of the Company has continued to look for cost savings throughout the Year. The number of staff reduced from 566 to 421, with most of the reduction taking place in Suriname, and the Group's administrative costs reduced by 26%, or HK$23,189,000, to HK$65,946,000 during the Year, also due to cost savings in Hong Kong.

Outlook

New Zealand

We are experiencing further changes in the price of A grade radiata pine in the first half of 2015. The China cost and freight basis price softened in February and March 2015 to approximately US$122 per m^3 after remaining in a relatively narrow range of approximately US$137 per m^3 to US$142 per m^3 from October 2014 to January 2015. This price adjustment is in part due to our customers becoming aware of our lower cost structure due to exchange rate and shipping rate fluctuations, and leading them to exert downward pressure on prices, but, in fact, the prices at wharf gate and net cash return per m^3 after the price adjustment should still be higher than December 2014 due to our lower costs.

The Chinese Government's GDP growth target for 2015 is around 7%. However, due an anticipated recovery in the USA property market, which will divert softwood supply from North America away from China, management believe New Zealand radiata pine is well-positioned to fill the supply gap and is planning to increase overall production to 700,000m^3 and export volume from New Zealand up to 600,000m^3 in 2015. Management will watch pricing carefully and will cut back production if export prices and margins do not meet expectations.

Suriname

After a whole year's negotiation and collective effort by the forestry industry, finally in January 2015, representatives of the Suriname government and the coalition of Suriname forestry industry participants have agreed in principle to reduce the forest concession levy from SR$20 per hectare per year to SR$5 per hectare per year from 1 January 2015 and the harvest royalty fee will be reduced from the range of US$5.5 per m^3 to US$6 per m^3 to US$3.95 per m^3 from 1 March 2015 onwards. No adjustment will be made to the levy and royalty for 2014 which will remain at the same levels as 2013.

Based on the budgeted harvest volume in 2015, such change will reduce the total cash payments by the Group by HK$13,113,000 in 2015, of which HK$11,225,000 arises from the reduced concession levy and HK$1,888,000 arises from the reduced royalty. Such proposed new rates have been approved by the Minister of Forestry and the Minister of Finance which was published in the Gazette on 2 March 2015. In view of the fact that the new rates have become formalized in 2015, the increased accrued forest concession levy of HK$15,751,000 made in 2014 will be reversed, of which HK$13,441,000 will be credited as other income in 2015 and the remaining HK$2,310,000 will be reversed from opening inventory. This is a significant achievement for the Group and I would like to thank our Suriname management for their hard work in making this happen.

Regarding the west Suriname sawmill's capacity enhancement program, the Suriname management team has strived to complete the program as soon as possible. On completion of the program, the log input capacity should be increased from 60,000m^3 to 100,000m^3 per annum therefore reducing the overhead per cubic metre substantially. All of our cost reduction and streamlining initiatives are focused on reducing unit costs, thereby improving margins and allowing us to harvest hitherto marginal species.

Together with the sales price premium in Europe of 10% to 15% expected for Forest Steward Council fully accredited products, which west Suriname received in February 2015, increased sale volumes for lumber and further costs savings west Suriname is expected to become cash flow positive in the second half of 2015.

Some additional limited expenditure will be made on the central Suriname sawmill to increase output in 2015.

Corporate

On 31 October 2014, the Company's largest shareholder, Sino-Capital, which owns over 62% of the shares of the Company, entered into an agreement to sell all its interests in the Company's shares and debts (the "Sales") to Newforest, a company owned as to 60% by Chow Tak Fook Enterprises Limited and 40% by Mr. Danny Wu Wai Leung. The relevant announcements and shareholder meetings have already taken place and the transaction is currently expected to be completed before 30 April 2015. Completion of the Sales will bring a significant new investor into Greenheart to take it to the next step in its development. It is also likely that it will ring to an end my time as Chairman of the Company. I wish the new majority owners every success in the future.

Appreciation

On behalf of the Board, I would like to thank shareholders for their continued support and to extend my thanks to all of my colleagues across Greenheart for their commitment and their invaluable contribution in what has been a challenging year for the business.

Wang Tong Sai, Eddie
Non-executive Chairman

Hong Kong
20 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group recorded a reduction of revenue by 7.0% to HK$673,604,000, mainly due to a decrease in the average export selling price of New Zealand radiata pine which, in combination with a decrease in sales volume (reflecting our strategy of reducing logging when export prices fall) caused a decrease of the New Zealand division's sales revenue of HK$72,115,000 to HK$591,718,000. Sales arising from Suriname improved by HK$21,492,000, as a result of an increase in sales of lumber products, which have a higher unit sales value than logs. However, the increase from Suriname was not enough to compensate for the decrease in New Zealand revenue. Due to the decrease of the average export selling price, the fair value gain on the New Zealand plantation forest assets decreased significantly from HK$108,847,000 in 2013 to HK$32,433,000 during the Year. Although the local Suriname management team has been actively implementing measures to improve operational efficiency in forestry operations, along the supply chain and in the saw mills, the overall capacity improvement program in west Suriname will not be completed until mid-2015. Hence, their efforts have not yet been fully reflected in this Year's financial results.

In addition, a non-cash impairment of HK$27,854,000 was recorded in relation to the acquisition of Suma Lumber, the Company's operation in central Suriname, which was mainly caused by the sudden sharp increase in the forest concession levy promulgated by the Suriname government in January 2014, shortly after the Group signed the sales and purchase agreement for Suma Lumber.

As a result, the Group reported a net loss of HK$133,303,000 attributable to equity holders of the Company, an increase of HK$127,564,000 as compared to last year.

Revenue

The Group's total revenue fell by 7.0% to HK$673,604,000 for the Year, with HK$591,718,000 (2013: HK$663,833,000) being contributed by the New Zealand division and HK$81,437,000 (2013: HK$59,945,000) being contributed by the Suriname division.

The reduction in sales of the New Zealand radiata pine was mainly due to the decrease in the export sales volume and the average export selling price of New Zealand radiata pine, to 531,000 m^3 (2013: 582,000 m^3) and to US$134.0 per m^3 (2013: US$138.4 per m^3), for the Year. The export selling price reached an historical high in March 2014 when the price of A-grade New Zealand radiata pine reached US$172.1 per m^3. Following this peak, the price of A-grade pine fell sharply to approximately US$126.3 per m^3 at the end of June 2014. This situation prevailed until August 2014 and then prices gradually improved to US$139.0 per m^3 in the fourth quarter of 2014, thereby reducing the average export selling price recorded during the Year.

On the other hand, the Group's Suriname division sales improved during the Year. The revenue contributed from the Suriname business unit increased from HK$59,945,000 in the prior year to HK$81,437,000 for the Year. The increase was mainly due to an increase in sales volume of both lumber products from west and central Suriname and clearance sales of logs from east Suriname.

Other than the above, the trading business of logs and lumber products also contributed HK$449,000 to the Group's revenue during the Year (2013: HK$805,000).

Gross profit

The Group's gross profit for the Year was approximately HK$145,033,000, representing a 40.7% decrease from HK$244,419,000 for 2013. The aggregate gross profit contribution from the New Zealand division was approximately HK$225,196,000 (2013: HK$304,335,000) while the Suriname division recorded a gross loss of HK$80,180,000 (2013: HK$60,149,000). The gross profit for the Group's trading business was HK$17,000 (2013: HK$233,000) for the Year.

The Group's gross profit margin for the Year was approximately 21.5 percent as compared to 33.7 percent last year. The gross profit margin for the Group's New Zealand division for the Year was 38.1 percent (2013: 45.8 percent) while the Suriname division recorded a gross loss margin of 98.5 percent (2013: 100.3 percent).

The decrease in gross profit and margin contributed by the New Zealand division was mainly due to lower average export selling prices and increased unit harvesting costs. The forest depletion rate fluctuated significantly during the Year due to the significant decrease of the fair value of the plantation assets as at 30 June 2014, reflecting the volatility of the export selling price of New Zealand radiata pine. After this downward adjustment, the average forest depletion unit rate for the entire Year is largely the same as that of last year with less than 6% increment.

The gross profit for Suriname division decreased during the Year as a result of high production expenses due to operational inefficiency. The increase in the forest concession levy as described below during the Year also contributed to a lower gross profit by HK$13,441,000. The negative gross profit margin during the Year improved slightly mainly due to the increase in average export selling price of lumber as a result of the change of the species mix in the second half of the 2014, notwithstanding the negative impact of local clearance sales of low grade lumber and aged logs in the first half year.

Other income and gains

Other income and gains amounted to HK$4,087,000 (2013: HK$8,547,000) for the Year, mainly representing rental income for the lease of plant and machinery of HK$2,915,000 (2013: HK$2,120,000) and bank and other interest income of HK$307,000 (2013: HK$2,443,000).

The decrease of HK$4,460,000 as compared with HK$8,547,000 for last year was primarily because 242,000 units of New Zealand carbon credits were granted by the New Zealand Ministry of Primary Industries in 2013. The fair value of these carbon credits of HK$3,164,000 was recognized in 2013 and there was no such granting of carbon credits in the Year.

The decrease in interest income of HK$1,930,000 from the loan to Suma Lumber arose following completion of the Suma Lumber acquisition in February 2014 when the loan was cancelled.

Fair value gain on plantation forest assets

The fair value gain on the plantation forest assets of HK$32,433,000 (2013: HK$108,847,000) was primarily attributable to the net effect of changing production and transport costs, forest yield, harvest profile and the hybrid valuation methodology of young trees. The relevant qualifications, experience and independence of the valuer, the work performed by the independent valuer and the key inputs and assumptions used in the valuation will be set out in note 19 to the annual report.

Selling and distribution costs

Selling and distribution costs mainly represents trucking, barging and export handling expenses, ocean freight and logistic-related costs arising from the sale of Suriname logs and timber products, and ocean freight and logistic related costs arising from the sale of New Zealand radiata pine. The decrease during the Year was primarily attributable to the decrease in sales volume from New Zealand radiata pine.

As a percentage of revenue, sales and distribution costs increased approximately 1% during the Year. The percentage for the New Zealand and Suriname divisions was 33.0% (2013: 30.5%) and 24.1% (2013: 36.3%), respectively. The increase in the New Zealand division was mainly due to the decrease of average export selling price of New Zealand radiata pine, while the decrease in the Suriname division was contributed by the increased average export selling price of Suriname lumber products as well as the switch of sales term under cost and freight basis in 2013 to free on board basis, and hence less ocean freight charges were incurred in Suriname division during the Year.

Administrative expenses

Administrative expenses decreased by HK$23,189,000 to HK$65,946,000 for the Year. Such decrease was mainly because of various cost control measures imposed by the Group during the Year, amounting to HK$27,046,000, offset by severance payments of HK$3,857,000.

Provisions for impairment

During the Year, provisions for impairment mainly related to goodwill of HK$27,854,000 (2013: Nil), property, plant and equipment of HK$5,117,000 (2013: Nil), prepayment, deposits and other receivables of HK$2,476,000 (2013: Nil) and trade receivables of HK$500,000 (2013: HK$74,000).

The provision for impairment of goodwill of HK$27,854,000 made for the Year, being the excess of the consideration paid over the identifiable assets acquired and liabilities assumed, in relation to the acquisition of the entire issued share capital of Suma Lumber, a company incorporated in Suriname, which holds several forest concessions, a parcel of land, and sawmill plant and equipment in central Suriname (please refer to the announcement of the Company dated 19 December 2013 for details of the acquisition) was due to an unexpected significant increase in the forest concession levy announced by the Suriname government in early 2014. The acquisition of Suma Lumber was completed in February 2014.

The provision for impairment on property, plant and equipment of HK$5,117,000 was mainly attributable to immovable property, plant and equipment in east Suriname as the Group has substantially completed the process of selling and disposing of logs on hand during the Year and no recommencement of operations was planned during the second half of 2014.

Non-cash share option expenses

Share option expenses incurred in the Year of HK$2,287,000 were non-cash in nature and represented mainly the amortization of fair value of share options granted during the Year.

Finance costs

Finance costs decreased by HK$3,909,000 to HK$43,435,000 for the Year. The decrease was mainly attributable to the net effect of the following: (i) loss of HK$5,095,000 in February 2013 arising from the early redemption ("Early Redemption") of US$8,000,000 principal amount of the Convertible Bonds by the Noteholder in accordance with the terms and conditions of the convertible bond whereas no such amount was incurred during the Year; (ii) an increase in interest by HK$1,188,000 from HK$433,000 to HK$1,621,000 incurred on loans with principal amounts of HK$27,300,000 and HK$15,342,000 granted by Sino-Capital on 28 June 2013 and 19 June 2014, respectively, to proportionately finance the Group's operations in west Suriname, which is owned as to 60.39% by the Group and as to 39.61% by Sino-Capital.

Tax

Tax charges incurred for the Year mainly represented a general tax provision of HK$14,159,000 (2013: HK$14,693,000) attributable to the New Zealand division, a deferred tax credit of HK$5,556,000 (2013: deferred tax charge of HK$30,686,000) and net exchange differences arising from the translation of foreign currency denominated income tax recoverable and deferred tax liabilities.

The deferred tax credit for the Year mainly represented the net movement of taxable temporary differences arising from the New Zealand division of HK$12,973,000 (2013: deferred tax charge of HK$29,434,000), which included the recognition of tax losses, fair value gains on New Zealand plantation forest assets, different amortization/depreciation rates for tax and accounting purposes related to the New Zealand plantation forest and forest roads assets and the Year end foreign currency translation adjustment for United States dollar denominated term loans etc. In addition to this, the deferred tax credit for the Year also included temporary differences arising from the New Zealand plantation forest assets which have a tax base denominated in New Zealand dollars. As the New Zealand dollar has depreciated significantly against the United States dollar (the Group's functional currency) as at the Year end (31 December 2014: 0.7797; 31 December 2013: 0.8214), a deferred tax charge of HK$7,417,000 (2013: HK$1,252,000) was recorded for this temporary difference between the tax base and the carrying amount of the New Zealand plantation forest assets solely related to fluctuation of the New Zealand dollar exchange rate.

EBITDA

The EBITDA of the Group decreased from HK$182,801,000 for 2013 to HK$22,050,000 for the Year; a decrease of HK$160,751,000.

The significant decline in EBITDA of the Group was largely contributed by the New Zealand division, which recorded a decreased fair value gain on plantation assets of HK$76,414,000 to HK$32,433,000 (2013: HK$108,847,000) and lower revenue generated as mentioned above. As a result, the EBITDA of New Zealand division decreased by HK$141,495,000 from HK$323,901,000 in last year to HK$182,406,000.

In addition, due to the provision of impairment on goodwill arising from the acquisition of Suma Lumber and property, plant and equipment, the negative EBITDA of the Suriname division increased by HK$38,716,000 from HK$90,569,000 in last year to HK$129,285,000.

Loss for the Year attributable to equity holders of the Company

As a result of the above, the loss attributable to the equity holders of the Company rose from HK$5,739,000 for 2013 to HK$133,303,000 for the Year.

Event after the reporting period

Details of the significant events after the reporting period of the Group are set out in note 14 to this announcement.

LIQUIDITY AND FINANCIAL REVIEW

As at 31 December 2014, the Group's current assets and current liabilities were HK$240,555,000 and HK$678,835,000 (2013: HK$436,168,000 and HK$593,377,000), respectively, of which the Group maintained cash and bank balances of approximately HK$108,056,000 (2013: HK$204,014,000). The Group's outstanding borrowings as at 31 December 2014 represented an Intermediate Holding Company Loan amounting to HK$312,000,000 (2013: HK$312,000,000), loans from Sino-Capital amounting to HK$105,042,000 (2013: HK$89,700,000), interest bearing bank borrowings amounting to HK$195,000,000 (2013: HK$195,000,000) and finance lease payables of HK$18,816,000 (2013: HK$30,317,000). Accordingly, the Group's gearing ratio, which was calculated on the basis of outstanding borrowings as a percentage of equity attributable to equity holders of the Company, was 72.3% (2013: 62.1%).

Notwithstanding the Group's net current liabilities of HK$438,280,000 as at 31 December 2014 (2013: HK$157,209,000) on the basis that the extensions of the Intermediate Holding Company Loan, the Immediate Holding Company Loan were agreed, the Directors, after taking into account the unutilized banking facility of HK$33,914,000, the possible sell-off of certain non-current assets and other measures as mentioned in note 1.2 to this announcement, are of the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future.

As at 31 December 2014, there were 789,889,104 ordinary shares of the Company in issue. The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in United States dollars and Hong Kong dollars. The Group's liquidity and financing requirements are reviewed regularly.

Most of the Group's sales are denominated in United States dollars, to which the Hong Kong dollar is pegged, and is the currency in which all the Group's outstanding borrowings, and the majority of costs and expenses incurred in Hong Kong and Suriname are denominated. The domestic sales generated from the New Zealand plantation assets are denominated in New Zealand dollars which helps to partly offset the Group's operating expenses payable in New Zealand dollars. During the Year, the Group entered into forward exchange contracts to manage the foreign exchange exposure on New Zealand dollars. As at 31 December 2014, the Group recorded the fair value of outstanding forward exchange contracts of HK$500,000, the details which will be set out in note 23 and 38 to the annual report.

PROSPECTS

The financial results of the Group during the Year were impacted significantly by the fall in the price of New Zealand radiata pine in the second half of the Year, and a provision for impairment of goodwill in relation to the acquisition of Suma Lumber in Suriname.

Despite the significant drop in export prices of New Zealand radiata pine in mid-2014, prices gradually recovered to approximately US$136.9 per m^3 for A-grade logs in the last two months of 2014. Total softwood logs inventories in China at the end of 2014 fell to 3.1 million m^3, a drop of 9% compared to November 2014. However, due to a slow-down in industrial activity due to Chinese New Year, some softness in prices has occurred in the first quarter 2015. After taking into account significantly lower shipping costs, primarily due to lower oil prices, and a significant fall in the exchange rate of the New Zealand dollar, in which, all logging, ground transportation and forestry management fees are denominated, the net cash return per m^3 for the New Zealand division has increased in the first few weeks of 2015.

China's growth rate in 2014 slowed to 7.4%, the lowest in 24 years. At present, the market consensus is that China will cut its growth target further to around 7% in 2015. In order to avoid a hard-landing of the economy, it is expected that the Chinese government will continue to take some measures to stimulate the real estate sector and investment, including lowering interest rates, lowering first time buyers' down payment requirements, and allowing more bank credit to flow to the real estate industry. As such, in the short term, management anticipate that sales volumes for New Zealand radiata pine to China should remain reasonably stable but the net cash return should improve, should lower shipping rates and a weaker New Zealand dollar continue to prevail.

Following China, India is the second largest market for the New Zealand division's radiata pine. The economic signals in India are currently positive, with a high GDP growth rate and a manufacturing sector showing steady growth. Both the volume and the value for New Zealand radiata pine exported to India achieved reached record levels in 2014. It is expected both the price and demand from India will continue at a similar level for 2015, which in the long run will create competition for Chinese importers.

As a result of the above considerations, the New Zealand division is targeting harvest volume of 700,000 m^3 for 2015, the majority of which is allocated to export. Given there are still some uncertainties in the market, e.g. the depreciation of the Rouble, which may increase the competitiveness of the Russian logs and the recovery of the US property market, which will drive away some of the log supply from North America to China, the management will monitor market conditions closely and adjust the harvesting volume where deemed necessary.

Regarding the sudden increase in the forest concession levy in Suriname, which occurred in January 2014, at the end of January 2015, representatives of the Suriname government and the forest industry coalition reached an agreement to a proposed change to the forest concession levy and harvest royalty fee requirements. The concession levy of SR$20 per hectare per year as originally announced by Suriname government in 2014 will be revoked as if it has never taken effect and commencing from 1 January 2015, the concession fee will be levied at SR$5 per hectare per year while at the same time the harvest royalty fee will be reduced from the range of US$5.5 per m^3 to US$6 per m^3 to US$3.95 per m^3 from 1 March 2015 onwards. These proposed changes were approved and published in the Gazette on 2 March 2015 in the form of a new Ministerial Order authorizing the Minister of Forestry and Minister of Finance to formalize as the new levy rates as law. As at 31 December 2014, the Group has accrued but not paid the increased concession levy, amounting to HK$15,751,000, of which HK$13,441,000 has been charged to profit or loss for the Year and the remaining HK$2,310,000 has been capitalized in closing inventory as at 31 December 2014. As a result of the enactment of the said Ministerial Order, the entire amount of HK$15,751,000 will be reversed in 2015, of which HK$13,441,000 will be credited as other income in 2015 and the remaining HK$2,310,000 will be reversed from inventory.

The final stage of the west Suriname sawmill capacity enhancement program is currently underway and should be completed by mid-2015. By then, the log input volume will increase to 100,000m^3 (based on a double shift) per annum from 60,000m^3. In 2014, the Group has largely completed the whole-tree solution for all major species which should help to increase production efficiency and improve the profitability by standardizing the products and improving the yield. Another key objective for the Suriname division is to ensure that the division's logistics operations can accommodate the increased output from the sawmill. During the Year, the Suriname division contracted out certain logistic activities in order to lower and stabilize cost structures, to allow greater flexibility and to facilitate better focus on selling and marketing. These measures have met with some success. Suriname management has also been working with the local Suriname Forestry Authority to streamline export approval procedures for logs and lumber; this remains a key business challenge, especially as export volumes increase.

West Suriname has just received the full Forest Steward Council ("FSC") certificate accreditation in February 2015. The price premium in Europe for FSC products over non-FSC products ranges from 10% to 15%. Full FSC accreditation will also allow further penetration into the United States, and in particular, European markets which increasingly require FSC products.

Extensive cost rationalization programs have been carried out across the entire Group in 2014 which had substantially reduced its base cost. Subject to the successful completion of the sawmill upgrade in west Suriname by mid-2015 and stable prices for exports, management anticipate that 2015 will show an improvement over the results of 2014.

UPDATE ON SALES

On 31 October 2014, Sino-Capital, EPGL and Newforest entered into sale and purchase agreements regarding the sales ("Sales") of Sino-Capital's entire share and Sino-Capital's and EPGL's debt interests in the Company and the Group to Newforest, including the Intermediate Holding Company Loan and Immediate Holding Company Loan. Upon completion of the Sales, Newforest will assume all the rights and benefits of both of the Intermediate Holding Company Loan and the Immediate Holding Company Loan. As at the date of this announcement, the completion of the Sales will take place before 30 April 2015.

In addition, upon completion of the Sales, a mandatory general offer will be made by Newforest under The Hong Kong Code on Takeovers and Mergers for all the ordinary shares of the Company and the outstanding options and convertible notes of the Company (other than those already owned by or agreed to be acquired by Newforest and parties acting in concert with it).

CHARGE ON ASSETS

As at 31 December 2014 and 2013, the Group's bank loan facilities are secured by:

(i) All the present and after-acquired property (the "Personal Property") of certain indirect wholly owned subsidiaries of the Company (the "Selected Group Companies"); and

(ii) A Fixed Charge over:

  a. the Group's forestry land (located in New Zealand) with a net carrying value of approximately HK$103,713,000 (2013: HK$109,324,000) ("Forestry Land");

  b. the Group's plantation forest assets (located in New Zealand) with a net carrying value of approximately HK$466,231,000 (2013: HK$521,764,000) and all other estates and interests in the Forestry Land and all buildings, structures and fixtures on the Forestry Land; and

  c. all other present and after-acquired property that is not Personal Property of the Selected Group Companies.

DIVIDEND

The Board has resolved not to recommend any dividend for the Year.

CAPITAL EXPENDITURE

During the Year, the Group incurred capital expenditure of approximately HK$52,812,000 (2013: approximately HK$79,797,000) on investment in property, plant and equipment.

BUSINESS ACQUISITION AND DISPOSAL

On 19 December 2013, Greenheart Forest Suriname Suma Limited, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Sumaroeba Holdings A.V.V., an independent third party, whereby it has conditionally agreed to purchase the entire equity interest in Suma Lumber, a company incorporated in Suriname which holds several forest concessions, a parcel of land, sawmill plant and equipment in Suriname, for a total cash consideration of US$7,800,000 (equivalent to HK$60,840,000). The transaction was completed on 12 February 2014. Suma Lumber is the entity through which the Group's central Suriname operations are managed.

Save as disclosed above, the Group had no material business acquisitions or disposals for the Year.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any significant contingent liabilities (2013: HK$990,000).

SHARE OPTION SCHEME

As at 31 December 2014, there were share options for 17,488,145 ordinary shares of HK$0.01 each in the share capital of the Company granted by the Company pursuant to the share option scheme adopted by the shareholders of the Company on 28 June 2012 (the "Share Option Scheme"), which were valid and outstanding. A total of 17,693,517 share options were granted by the Company pursuant to the Share Option Scheme. 205,372 Share options lapsed during the Year.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2014, the number of employees of the Group was 421 (2013: 566). Employment costs (including Directors' emoluments) amounted to approximately HK$94,489,000 for the Year (2013: HK$107,485,000). Remuneration of employees includes salary and discretionary bonus, based on the Group's results and individual performance. Medical and retirement benefits schemes are made available to all levels of personnel.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") currently has four members comprising the three independent non-executive Directors, namely Mr. Wong Che Keung, Richard (Chairman), Mr. Wong Kin Chi, Mr. Tong Yee Yung, Joseph and one non-executive Director, namely, Mr. Colin Denis Keogh who was appointed on 31 March 2014. None of them are members of the former or existing auditors of the Company. The Board considers the Audit Committee to have extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, reviewing and monitoring financial reporting and the judgment contained therein; reviewing financial and internal controls, accounting policies and practices with management and external auditors; and reviewing the Company's compliance with the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls and financial reporting matters, and the Company's policies and practices on corporate governance. The Audit Committee has reviewed and discussed with management and external auditors the consolidated financial statements for the Year. During the Year, two meetings were held by the Audit Committee, one of which was attended by the external auditors.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Group are committed to maintaining a high standard of corporate governance which is reviewed and strengthened from time to time. The Company has complied with all the code provisions set out in CG Code throughout the Year except for certain minor deviations as explained below:

1. Under code provision A.5.6 of the CG Code, the nomination committee of the Company (the "Nomination Committee") (or the Board) should have a policy concerning the diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report. The Nomination Committee reviews the board composition from time to time and presently considers that board diversity is self-evident and therefore no written policy is required.

2. Under Code Provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend the general meetings and develop a balanced understanding of the views of shareholders. It was noted that a non-executive Director, Mr. Colin Denis Keogh was unable to attend the annual general meeting of the Company held on 30 June 2014 due to unavoidable business commitments overseas.

DIRECTORS' SECURITIES TRANSACTIONS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

FORWARD LOOKING STATEMENTS

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

APPRECIATION

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

By Order of the Board
Greenheart Group Limited
Paul Jeremy Brough
Interim Chief Executive Officer and
Executive Director

Hong Kong, 20 March 2015

As at the date hereof, the Board comprises two executive Directors, namely, Messrs. Paul Jeremy Brough and Hui Tung Wah Samuel, three non-executive Directors, namely, Messrs. Simon Murray, Colin Denis Keogh and Wang Tong Sai Eddie and three independent non-executive Directors, namely, Messrs. Wong Che Keung Richard, Tong Yee Yung Joseph and Wong Kin Chi.

Website: http://www.greenheartgroup.com

* *For identification purposes only*