GREENHEART GROUP LIMITED
綠心集團有限公司

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015 (the "Year"), together with the comparative figures for 2014, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
REVENUE	4	**591,412**	673,604
Cost of sales		**(477,687)**	(528,071)
Gross profit		**113,725**	145,533
Other income and gains	4	**19,819**	6,792
Fair value (loss)/gain on plantation forest assets		**(45,600)**	32,433
Selling and distribution costs		**(178,727)**	(214,689)
Administrative expenses		**(70,579)**	(65,946)
Provisions for impairment		**(407,157)**	(35,947)
Other operating expenses, net		**(2,119)**	(5,666)
Non-cash share option expenses		**(8,444)**	(2,287)
Finance costs	5	**(36,573)**	(43,435)

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
LOSS BEFORE TAX	6	**(615,655)**	(183,212)
Tax	7	**(17,587)**	(6,701)
LOSS FOR THE YEAR		**(633,242)**	(189,913)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(15,017)**	(6,547)
Item that will not be reclassified subsequently to profit or loss			
Revaluation gain/(loss) on forestry land		**408**	(61)
OTHER COMPREHENSIVE LOSS FOR THE YEAR,NET OF TAX OF NIL		**(14,609)**	(6,608)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(647,851)**	(196,521)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(436,933)**	(133,303)
Non-controlling interests		**(196,309)**	(56,610)
		(633,242)	(189,913)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(451,542)**	(139,911)
Non-controlling interests		**(196,309)**	(56,610)
		(647,851)	(196,521)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	**HK$(0.506)**	HK$(0.169)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**342,819**	471,877
Prepaid land lease payments		**20,992**	30,548
Goodwill		**–**	7,624
Timber concessions and cutting rights		**465,529**	758,707
Other intangible assets		**376**	2,382
Plantation forest assets		**357,907**	466,231
Prepayments, deposits and other receivables		**3,591**	9,947
Total non-current assets		**1,191,214**	1,747,316
CURRENT ASSETS			
Inventories		**30,114**	46,441
Trade receivables	9	**45,223**	35,991
Prepayments, deposits and other receivables		**46,559**	38,629
Due from former affiliated companies	13(b)(iv)	**–**	7,370
Tax recoverable		**2,804**	4,068
Cash and cash equivalents		**121,851**	108,056
Total current assets		**246,551**	240,555
CURRENT LIABILITIES			
Trade payables	10	**32,706**	32,603
Other payables and accruals		**51,924**	30,164
Finance lease payables		**9,853**	10,117
Loan from a former intermediate holding company	13(a)(i)	**–**	312,000
Loan from the former immediate holding company	13(a)(ii)	**–**	62,400
Loans from the immediate holding company	13(a)(i),(ii)	**339,300**	–
Loan from the ultimate holding company	13(a)(iv)	**78,000**	–
Due to the immediate holding company	13(b)(ii)	**15,597**	–
Due to the ultimate holding company	13(b)(iii)	**1,101**	–
Due to former affiliated companies	13(b)(iv)	**–**	4,757
Deposit received from a former fellow subsidiary	13(b)(i)	**–**	22,565
Convertible bonds	11	**–**	166,981
Tax payable		**48,551**	37,248
Total current liabilities		**577,032**	678,835
NET CURRENT LIABILITIES		**(330,481)**	(438,280)
TOTAL ASSETS LESS CURRENT LIABILITIES		**860,733**	1,309,036

	Notes	**2015** *HK$'000*	2014 *HK$'000*
NON-CURRENT LIABILITIES			
Loans from the former immediate holding company	13(a)(ii)	**–**	42,642
Loans from the immediate holding company	13(a)(ii),(iii)	**92,906**	–
Interest-bearing bank borrowings	12	**195,000**	195,000
Finance lease payables		**–**	8,699
Deferred tax liabilities		**115,054**	116,735
Total non-current liabilities		**402,960**	363,076
NET ASSETS		**457,773**	945,960
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**9,625**	7,899
Reserves		**570,863**	864,467
		580,488	872,366
Non-controlling interests		**(122,715)**	73,594
TOTAL EQUITY		**457,773**	945,960

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").

On 31 October 2014, Emerald Plantation Group Limited ("EPGL" or "Former Intermediate Holding Company"), Sino-Capital Global Inc. ("Sino-Capital" or "Former Immediate Holding Company") and Newforest Limited ("Newforest" or "Immediate Holding Company"), had entered into certain sales and purchase agreements, pursuant to which Newforest conditionally agreed to purchase (i) from Sino-Capital of 496,189,028 ordinary shares of the Company (the "Sale Shares") (approximately 62.82% equity interest of the Company at that time) 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 (collectively the "Sales"). The Sales was completed on 7 May 2015 and Newforest became the holder of the Sale Shares and assumed all the rights and benefits of the loans from EPGL and Sino-Capital.

Upon completion of the aforesaid transaction, a mandatory unconditional cash offer ("MGO") was 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 convertible bonds of the Company with a total outstanding principal amount of US$17,000,000 ("Convertible Bonds") held by Greater Sino Holdings Limited ("Greater Sino" or "Noteholder") and the cancellation of all outstanding options granted by the Company under the share option scheme of the Company on 14 May 2015. The MGO was completed on 4 June 2015 and Newforest obtained additional 124,802 ordinary shares of the Company.

Immediate after the MGO, Newforest held 496,313,830 shares, representing approximately 61.85% of the issued share capital of the Company. Following that in August 2015, the Company has successfully placed 160,000,000 new shares to certain independent third parties and used the proceeds from the placing, together with other internal resources, to redeem the entire US$17,000,000 outstanding convertible bonds. Accordingly, Newforest's shareholding in the Company decreased to 51.57% as at 31 December 2015.

In the opinion of the Directors, as at 31 December 2015 the immediate holding company of the Company is Newforest, a company incorporated in Cayman Islands, and the ultimate holding company of the Company is Chow Tai Fook Enterprises Limited ("CTFE" or "Ultimate Holding Company"), a company incorporated in Hong Kong.

1.2. BASIS OF PRESENTATION

The Group had net current liabilities of approximately HK$330,481,000 as at 31 December 2015, of which HK$339,300,000 represented the loans from the Immediate Holding Company, with HK$312,000,000 and HK$27,300,000 being repayable on 21 March 2016 and 28 June 2016, respectively, and HK$78,000,000 represented the loan from the Ultimate Holding Company, which is repayable on 21 August 2016.

On 20 January 2016, the Company entered into a subscription agreement with Newforest pursuant to which Newforest has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue new shares at the subscription price of HK$0.611 per share by way of capitalization of the loan from the Immediate Holding Company of US$40,000,000 (equivalent to HK$312,000,000) and the interest accrued thereon up to the completion date (the "Loan Capitalization"). The Loan Capitalization was completed on 22 March 2016 and a total of 523,691,559 new shares were allotted and issued to Newforest. As at the date of this announcement, Newforest held 1,020,005,389 shares, representing approximately 68.63% of the issued share capital in the Company.

On 11 March 2016, supplemental agreements relating to the loan agreements with principal amounts of HK$62,400,000, HK$27,300,000 and HK$23,400,000 were signed with the Immediate Holding Company, pursuant to which the Immediate Holding Company agreed to extend the maturity date of repayment of both loan principals and interest payable to 31 March 2018.

On 11 March 2016, supplemental agreement relating to loan agreement with principal amount of HK$78,000,000 was signed with the Ultimate Holding Company, pursuant to which the Ultimate Holding Company agreed to extend the maturity date of repayment of loan principal to 12 August 2017.

Taking into account of the implications in relation to above-mentioned Loan Capitalization and extension of loan principals from and interest payable to Immediate Holding Company and loan principal from Ultimate Holding Company, the Group's net current liabilities position of approximately HK$330,481,000 as at 31 December 2015 would have improved to pro forma net current assets position of approximately HK$102,232,000.

On the above basis, 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) subsequent to the year end, the Bank of New Zealand ("Bank"), subject to certain additional conditions, principally agreed to relax the third party debt ratio from 40% to 50% (i.e. the total third party debts in New Zealand division shall not at any time exceed 50% of the aggregate value of plantation forest assets and forestry land). Based on the financial information as at 31 December 2015, additional unutilized bank loan facilities of HK$30,490,000 (equivalent to US$3,909,000) will be available upon the relaxation is granted;

(ii) 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;

(iii) the Group has appointed a new local management team in Suriname during the year ended 31 December 2015, aiming to turnaround the Group's Suriname division by, inter alia, reconfiguring the machineries production layout, downsizing the workforce, subcontracting out certain services, and commissioning a bio-energy plant to reduce fuel expenses;

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

(v) various cost control measures have been taken by the Group, and are continuing, to tighten 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 any such possible 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 the disclosure requirements of the 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 at 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 revised HKFRSs for the first time in preparing this Year's consolidated financial statements:

Amendments to HKAS 19 (2011)	*Defined Benefit Plans: Employee Contributions*
Annual improvements 2010-2012 Cycle	*Amendments to a number of HKFRSs*
Annual improvements 2011-2013 Cycle	*Amendments to a number of HKFRSs*

The adoption of the revised HKFRSs has had no significant financial effect on these consolidated financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the 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, sale and trading of logs and timber products
New Zealand:	Softwood plantation management, log harvesting, marketing, sale and trading 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, non-cash share option expenses and reversal of accrued forest concession levy ("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 2015

	Suriname^	**New Zealand^**	**Unallocated**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
SEGMENT REVENUE	**63,367**	**528,045**	**–**	**591,412**
SEGMENT RESULTS (“Adjusted EBITDA”)	**(57,822)**	**123,383**	**(35,238)**	**30,323**
Reconciliation of the segment results:				
Items other than finance costs, tax, forest depletion costs as a result of harvesting, depreciation and amortization				
Fair value loss on plantation forest assets	**–**	**(45,600)**	**–**	**(45,600)**
Interest income	**8**	**32**	**–**	**40**
Impairment of goodwill***	**(7,624)**	**–**	**–**	**(7,624)**
Impairment of property, plant and equipment***	**(110,429)**	**–**	**–**	**(110,429)**
Impairment of timber concessions and cutting rights***	**(278,940)**	**–**	**–**	**(278,940)**
Impairment of trade receivables***	**(400)**	**–**	**–**	**(400)**
Impairment of prepayments, deposits and other receivables***	**(1,375)**	**–**	**–**	**(1,375)**
Impairment of prepaid land lease payments***	**(8,389)**	**–**	**–**	**(8,389)**
Write-down of inventories, net*	**(23,572)**	**–**	**–**	**(23,572)**
Non-cash share options expenses	**–**	**–**	**(8,444)**	**(8,444)**
Reversal of accrual forest concession fee	**13,441**	**–**	**–**	**13,441**

	Suriname^	New Zealand^	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT RESULTS ("EBITDA")	**(475,102)**	**77,815**	**(43,682)**	**(440,969)**
Finance costs	**(7,952)**	**(19,418)**	**(9,203)**	**(36,573)**
Forest depletion cost as a result of harvesting*	**–**	**(74,662)**	**–**	**(74,662)**
Depreciation	**(30,626)**	**(3,021)**	**(1,336)**	**(34,983)**
Amortization of harvest roading*	**–**	**(17,788)**	**–**	**(17,788)**
Amortization of timber concessions and cutting rights*	**(8,815)**	**–**	**–**	**(8,815)**
Amortization of prepaid land lease payments**	**(1,587)**	**–**	**–**	**(1,587)**
Amortization of other intangible assets*	**(278)**	**–**	**–**	**(278)**
LOSS BEFORE TAX				**(615,655)**
SEGMENT ASSETS	**715,461**	**705,911**	**16,393**	**1,437,765**
SEGMENT LIABILITIES	**361,001**	**616,381**	**2,610**	**979,992**
Other segment information				
Capital expenditures#	**(17,707)**	**(45,238)**	**(1,652)**	**(64,597)**

^ 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.

Year ended 31 December 2014

	Suriname^ *HK$'000*	New Zealand^ *HK$'000*	Elsewhere^ *HK$'000*	Unallocated *HK$'000*	Total *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)
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.

Geographical Information

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

	2015	2014
	HK$'000	*HK$'000*
Mainland China	**317,782**	516,873
Singapore	**131,547**	–
New Zealand	**42,405**	37,894
Hong Kong	**35,104**	3,841
India	**23,908**	55,519
Belgium	**16,459**	32,804
Suriname	**16,090**	22,591
The Netherlands	**5,305**	–
Denmark	**953**	1,413
United States	**700**	1,570
Taiwan	**650**	185
Aruba	**203**	–
Curacao	**184**	–
Germany	**122**	792
Thailand	**–**	122
	591,412	673,604

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

	2015	2014
	HK$'000	*HK$'000*
Suriname	**641,963**	1,084,393
New Zealand	**544,909**	657,091
Hong Kong	**4,342**	5,832
	1,191,214	1,747,316

Information on major customers

During the Year, the Group had transactions with three (2014: two) customers from New Zealand segment who each contributed over 10% of the Group's total revenue for the Year. A summary of revenue earned from each of these major customers is set out below:

	2015	2014
	HK$'000	*HK$'000*
Customer 1	**143,103**	N/A*
Customer 2	**131,547**	N/A*
Customer 3	**73,070**	133,138
Customer 4	**N/A***	70,655
	347,720	203,793

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

4. REVENUE, OTHER INCOME AND GAINS

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sales of logs and timber products	**591,412**	673,604
Other income and gains		
Bank interest income	**40**	49
Other interest income	**–**	258
Gain on disposal of carbon credits	**2,999**	2,705
Rental income for lease of plant and machinery	**2,906**	2,915
Reversal of accrued forest concession levy	**13,441**	–
Others	**433**	865
	19,819	6,792

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on Convertible Bonds	**9,203**	17,691
Interest on a loan from a Former Intermediate Holding Company	**4,142**	11,821
Interest on loans from the Former Immediate Holding Company	**1,909**	4,742
Interest on loans from the Immediate Holding Company	**11,716**	–
Interest on a loan from the Ultimate Holding Company	**1,101**	–
Interest on finance leases	**1,070**	1,979
Interest on interest-bearing bank borrowings	**7,432**	7,202
	36,573	43,435

6. LOSS BEFORE TAX

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

	2015 ***HK$'000***	2014 *HK$'000*
Cost of inventories sold*	**292,973**	313,009
Amortization of timber concessions and cutting rights	**14,238**	5,696
Amount (capitalized in)/released from inventories	**(5,423)**	4,131
Current year expenditure*	**8,815**	9,827
Forest harvested as agricultural produce	**72,759**	98,304
Amount released from/(capitalized in) inventories	**1,903**	(38)
Forest depletion cost as a result of harvesting*	**74,662**	98,266
Depreciation	**34,983**	30,368
Amortization of		
harvest roading*	**17,788**	21,215
prepaid land lease payments**	**1,587**	1,874
other intangible assets*	**278**	277
Impairment of		
property, plant and equipment***	**110,429**	5,117
goodwill***	**7,624**	27,854
timber concessions and cutting rights***	**278,940**	–
trade receivables***	**400**	500
prepayments, deposits and other receivables***	**1,375**	2,476
prepaid land lease payments***	**8,389**	–
Write-down of inventories, net*	**23,572**	6,609
Loss on disposal of items of property, plant and equipment	**2,052**	5,331
Fair value loss/(gain) on derivative financial instruments*	**500**	(500)
Minimum lease payments under operating leases for land and buildings	**9,621**	11,057
Auditor's remuneration	**1,620**	1,620
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**78,646**	91,895
Equity-settled share option expense	**8,444**	2,287
Pension scheme contributions (defined contribution scheme)	**556**	307
	87,646	94,489
Foreign exchange differences, net****	**708**	(2,165)

* 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.

**** Foreign exchange loss of HK$2,602,000 (2014: foreign exchange gain of HK$1,762,000) and foreign exchange gain of HK$1,894,000 (2014: HK$403,000) are included in "Cost of sales" and "Administrative expenses" in the consolidated statement of comprehensive income, respectively.

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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% (2014: 28%) on the estimated assessable profits arising in New Zealand.

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 renewed or extended for a further period upon expiry.

In 2014, 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 of an intercompany loan and tax administration matter on withholding tax payment for an intercompany loan interest. In view of the fact that the New Zealand Inland Revenue is currently working to implement changes to the withholding tax rules which will require the Company to pay withholding tax regularly, the related withholding tax has been provided for the year ended 31 December 2015. Up to the date of this announcement, the tax audit is still ongoing. However, based on the latest correspondence and discussion with the New Zealand Inland Revenue, the Directors of the Company are of the opinion that no material additional income tax or shortfall penalty is expected.

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the Year	**11,005**	11,889
Under-provision in prior years	**297**	–
	11,302	11,889
Current – Elsewhere		
Charge for the Year	**942**	2,270
Foreign exchange difference on income tax recoverable/payable	**81**	409
Deferred	**3,193**	(5,556)
Foreign exchange difference on deferred tax liabilities	**(4,944)**	(2,311)
Withholding	**7,013**	–
	17,587	6,701

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 863,736,974 (2014: 789,889,104) 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 2015 and 2014 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

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**46,009**	36,427
Less: impairment	**(786)**	(436)
	45,223	35,991

The Group's trading terms with its customers are mainly letters of credit at sight to 90 days for New Zealand export sales or on open account with credit terms of 5 days to 130 days for other. 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:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**33,845**	29,291
From 1 to 3 months	**8,732**	6,532
Over 3 months	**2,646**	168
	45,223	35,991

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:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**28,486**	32,270
From 1 to 3 months	**2,679**	35
Over 3 months	**1,541**	298
	32,706	32,603

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 dollars denominated convertible notes with an aggregate principal amount of US$25,000,000 with a maturity date of 17 August 2015 to Greater Sino Holdings Limited ("Greater Sino" or 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."

Due to the Change of Control in the Company's shareholding during the year ended 31 December 2013, the Noteholder required the Company to redeem the Convertible Bonds 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). As a result, the outstanding principal amount of the Convertible Bonds was reduced to US$17,000,000 (equivalent to approximately HK$132,600,000) as at 31 December 2014. 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.

On 14 July 2015, the Company received a notice from the Noteholder in which the Company was requested to redeem the Convertible Bonds on the maturity date of the Convertible Bonds, being 17 August 2015 (the "Maturity Date"), pursuant to the terms of the Convertible Bonds ("Redemption at Maturity"). On 17 August 2015, the Convertible Bonds were fully redeemed at the redemption amount of US$22,162,780 (equivalent to HK$172,870,000).

* As a result of the completion of the share placement by the Company on 4 August 2015, the conversion price to the outstanding Convertible Bonds has been adjusted from HK$2.002 to HK$1.943. Further details are set out in the Company's announcements dated 15 July 2015 and 4 August 2015.

12. INTEREST-BEARING BANK BORROWINGS

During the year ended 31 December 2014, the Group's bank loan facilities were renegotiated with the interest rate reduced to base rate ("Base Rate"), as determined by the Bank, plus 1.65% per annum and the final maturity date was extended to 28 February 2017.

As at 31 December 2015 and 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.

The Group's bank loan facilities are subject to the fulfillment of certain financial covenants as required by the Bank. During the year ended 31 December 2015, one of the financial covenants was not complied with and therefore caused a review of event according to the bank loan facilities agreement with the Bank. The Group has rectified the non-compliance and the Bank has confirmed the continuity of the bank loan facilities offered to the Group. As at 31 December 2015, all financial covenants relating to the bank loan facilities were met.

As at 31 December 2015, the Group does not have any available unutilized bank loan facilities (2014: HK$33,914,000 (equivalent to US$4,348,000), bearing interest at the Base Rate plus 1.35% per annum). The facilities were determined by after taking into account the third party debt ratio as set out in the financial covenants under the facility as at 31 December 2015. Subsequent to the year end, the Bank, subject to certain additional conditions, principally agreed to relax the third party debt ratio from 40% to 50% (i.e. the total third party debts in New Zealand division shall not at any time exceed 50% of the aggregate value of plantation forest assets and forestry land). Based on the financial information as at 31 December 2015, additional unutilized bank loan facilities of HK$30,490,000 (equivalent to US$3,909,000) will be available upon the relaxation is granted.

As at 31 December 2015 and 2014, 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$91,272,000 (2014: HK$103,713,000) ("Forestry Land");

(b) the Group's plantation forest assets (located in New Zealand) with a net carrying value of approximately HK$357,907,000 (2014: HK$466,231,000) 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*	**2015** *HK$'000*	2014 *HK$'000*
The Former Intermediate Holding Company	Interest expenses paid and payable on a loan	(i)	**4,142**	11,821
The Former Immediate Holding Company	Interest expenses paid and payable on loans	(ii)	**1,909**	4,742
The Immediate Holding Company	Interest expenses paid and payable on loans	(i), (ii),(iii)	**11,716**	–
The Ultimate Holding Company	Interest expenses paid and payable on a loan	(iv)	**1,101**	–
Noteholder	Interest expenses paid and payable on the Convertible Bonds	(v)	**9,203**	17,691
The Former Ultimate Holding Company and a former fellow subsidiary	Recharge of license fee and administrative expenses received and receivable	(vi)	**1,247**	6,252
Former fellow subsidiary	Sales of logs and timber products	(vii)	**4,366**	6,433
Former fellow subsidiary	Reimbursements	(viii)	**67**	289

Notes:

(i) On 7 May 2015, the Former Intermediate Holding Company assigned all of its right and benefits under its loan to the Group, to the Immediate Holding Company.

The interest expenses were charged on an unsecured loan with principal amount of HK$312,000,000 (i.e. US$40,000,000) and interest rate based on the London Interbank Offered Rate plus 3.5% per annum and repayable on 21 March 2016.

(ii) On 7 May 2015, the Former Immediate Holding Company assigned all of its right and benefits under its loans to the Group, to the Immediate Holding Company.

The interest expenses were charged based on the Hong Kong Prime Rate on the following loans:

- an unsecured loan with principal amount of HK$62,400,000 (i.e. US$8,000,000) (2014: HK$62,400,000 (i.e. US$8,000,000)) which is repayable on 26 January 2017;

- an unsecured loan with principal amount of HK$27,300,000 (i.e. US$3,500,000) (2014: 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$23,400,000 (i.e. US$3,000,000) (2014: HK$15,342,000 (i.e. US$1,967,000)) which is repayable on 19 June 2017.

(iii) The interest expenses were charged based on the Hong Kong Prime Rate on an unsecured loan with principal amount of HK$7,106,000 (i.e. US$911,000) which is drawn down during the Year and repayable on 27 May 2018.

(iv) The interest expenses were charged on an unsecured loan with principal amount of HK$78,000,000 (i.e. US$10,000,000) (2014: Nil) with interest rate based on the Hong Kong Prime Rate and repayable on 21 August 2016.

(v) The amount 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$3,314,000 (2014: HK$6,629,000).

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

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

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

(b) Outstanding balances with related parties

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

(ii) The amounts due to the immediate holding company as at 31 December 2015 represented interest payables in relation to the loans from Immediate Holding Company, which were unsecured and repayable on demand.

(iii) The amount due to the ultimate holding company as at 31 December 2015 represented interest payables in relation to the loan from Ultimate Holding Company, which was unsecured and repayable within one year.

(iv) Included in the amounts due from affiliated companies as at 31 December 2014 was a trade balance with a former fellow subsidiary of HK$3,031,000 with credit terms of 60 days which was unsecured and interest-free. The remaining balances with the Former Ultimate Holding Company and a former fellow subsidiary were unsecured, interest-free and repayable within one year.

The amounts due to affiliated companies as at 31 December 2014 represented interest payables in relation to loans from the Former Immediate Holding Company and the Former Intermediate Holding Company amounting to HK$4,756,000 and HK$1,000, respectively, which were unsecured, interest-free and repayable within one year.

(c) Compensation of key management personnel of the Group

	2015	2014
	HK$'000	*HK$'000*
Short-term employee benefits	**12,747**	8,128
Compensation for loss of office	**–**	3,402
Equity-settled share options	**7,831**	1,157
Pension scheme contributions	**59**	22
	20,637	12,709

14. EVENTS AFTER THE REPORTING PERIOD

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

(a) On 7 January 2016, Greenheart NZ Forest Holding Company Limited (as the purchaser), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Kingsford Trustee (2013) Limited and Ms. Elizabeth Anne Kingsford, (independent third parties as the vendors), whereby it conditionally agreed to purchase the entire equity interest in Northland Forest Managers (1995) Limited, a company incorporated in New Zealand principally engaging in the provision of forest management service in New Zealand, at a total consideration of NZ$1,500,000 (equivalent to HK$7,715,000). The acquisition was made as part of the Group's strategy to expand its New Zealand division. The transaction was completed on 1 February 2016. Further details are set out in the Company's announcement dated 7 January 2016.

The Group is in the process of finalizing the fair value assessment of the identifiable assets and liabilities as at of the date of acquisition and therefore the initial accounting for this business combination is not yet completed as at the date of this announcement. Hence, except for the above-mentioned information, other disclosures as required under the relevant HKFRS 3 are not provided in this announcement.

(b) On 20 January 2016, the Company entered into a subscription agreement with Newforest pursuant to which Newforest has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue new shares ("Capitalization Shares") at the subscription price of HK$0.611 per share by way of capitalization of the loan from Newforest of US$40,000,000 (equivalent to HK$312,000,000) and the interest accrued thereon up to the completion date. The Loan Capitalization was completed on 22 March 2016 and a total of 523,691,559 new shares were allotted and issued to Newforest. As at the date of this announcement, Newforest held 1,020,005,389 shares, represented approximately 68.63% of the issued share capital in the Company.

Further details are set out in the Company's announcements dated 20 January 2016 and 22 March 2016, and shareholders' circular dated 25 February 2016.

(c) On 11 March 2016, supplemental agreements relating to the loan agreements with principal amounts of HK$62,400,000, HK$27,300,000 and HK$23,400,000 were signed with the Immediate Holding Company, pursuant to which the Immediate Holding Company agreed to extend the maturity date of repayment of both loan principal and interest payable to 31 March 2018.

(d) On 11 March 2016, supplemental agreement relating to loan agreement with principal amount of HK$78,000,000 was signed with the Ultimate Holding Company, pursuant to which the Ultimate Holding Company agreed to extend the maturity date of repayment of loan principal to 12 August 2017.

15. COMPARATIVE AMOUNTS

Certain comparative amounts of "Other operating expenses, net" have been reclassified as "Other income and gains" and "Cost of sales" to better reflect the nature of gains and losses in respect of the disposal of carbon credits and fair value movements on derivative financial instruments, in order to conform to the presentation in the current year. These reclassifications have had no significant financial effect on these consolidated financial statements.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2015 was without doubt a challenging year, with the slowest economy growth in China in 25 years, volatile currency and commodity price. Most of the commodities prices sank to its lowest since 1999. The Group's financial performance for the year ended 31 December 2015 has inevitably been affected by the difficult macroeconomic environment. However, the predominant reason for significant loss for the Year was two non-cash events, including provisions for impairment of timber concessions and cutting rights, property, plant and equipment, prepaid land lease payments and goodwill of HK$405,382,000 and increase of fair value loss on plantation assets of HK$78,033,000. As a result, the net loss amounting to HK$633,242,000 was recorded for the Year.

Financial Performance

New Zealand

With the slowdown in Mainland China, the export price of A-grade New Zealand radiata pine on cost and freight basis dropped from US$136.9 per m^3 in January 2015 to a record low of US$89.5 per m^3 in September 2015. The prices however rebounded sharply in November and December 2015 to US$122.5 per m^3. Overall, revenue contributed by New Zealand division decreased by HK$63,673,000 to HK$528,045,000 and EBITDA decreased by HK$104,591,000 to HK$77,815,000. In the first two months in 2016, despite reduced demand from China during Chinese New Year, the prices held reasonably firm.

Stable housing market is critical for maintaining both the demand for and price of wood products in China. At the beginning of February 2016, the central bank of China announced an additional stimulus package to put extra momentum into the housing market. It has lowered mortgage restrictions for first and second home buyers for the purpose of reducing the oversupply of housing in Tier 3 and 4 cities. Therefore, the Group anticipated that 2016 will be a more positive year for its New Zealand division than 2015.

For years, New Zealand division remained the largest contributor to the Group's operating cash inflow and net profit. With our proven track record in New Zealand division, we will allocate and focus more of our resources in plantation industry. Recently, in February 2016, the Group completed the acquisition of the entire equity interest of Northland Forest Managers (1995) Limited ("NFM") which is principally engaged in the provision of forest management services for more than 20 years and has provided services to the Group's New Zealand division since 2010. We believe NFM's experienced forest management team can provide great assistance in the possible expansion of the Group's plantation business in New Zealand and to other regions in the future.

Suriname

2015 was a year of change for our Suriname operations. A change of the management was necessary for better realization of our business strategy and plans in the supply of hardwood to Asia, especially to the China market and to the global market, in view of the change in market conditions. The management team has undergone intensive initiatives of cost control, workforce rationalization and a review on its main contractors, of which the benefits were seen in late 2015. Work has begun on a new sawmill line with first production expected in the first quarter of 2016, whereas the existing sawmill line will undergo a redesign and refitting assessment to improve its efficiency. The slowdown in the economic growth of China together with the economic situation in Brazil has affected the demand and prices for tropical hardwood, which has forced the Company to look beyond its traditional customer base. Being a Forest Steward Council ("FSC") certified company, the Company is able to diversify its sales strategy risk into different markets.

Although the country of Suriname has seen a devaluation of the local currency and felt the effect of the fall on global bauxite prices, credit ratings agencies put Suriname economy as stable with the government looking heavily at the forestry sector to booster its fiscal revenue as an offset to the falling oil prices. We believe the Company remains in a good position to take advantage of any changes in economic reform.

2016 goals are strong on sales focus and production driven targets. There will be a continuation on 2015 initiatives to drive improvement on cost efficiencies from workforce rationalization to higher yield ratios in the forest and sawmill facilities. Greenheart will take a lead position within the Suriname forestry sector for policy reforms, industry practices and development of further downstream product initiatives in the country.

Environmental and Social Responsibility

During the Year, the Group has successfully renewed the full FSC certificate accreditation for all its Suriname forestry and sawmill operations. Hong Kong head office has also been awarded the Caring Company, by the Hong Kong Council of Social Service, in recognition of the Group's commitment in caring for the community, caring for the employees and caring for the environment over the past years. Corporate social responsibility is an integral part of the Group's culture. The Group and our staff will regularly conduct volunteer work and make donations to aid vulnerable groups.

Corporate and Financial Management

The mandatory unconditional cash offer made by Newforest, a subsidiary of CTFE, was completed on 4 June 2015 and on completion, Newforest gained control of 61.85% of the issued share capital of the Company. After that, in August 2015, the Company has successfully placed 160 million new shares to independent third parties and used the proceeds from the placing, together with other internal resources, to redeem the entire US$17 million outstanding Convertible Bonds. Accordingly, Newforest held 51.57% of the issued share capital of the Company as at 31 December 2015. In order to further strengthen the Company's financial position and equity base, in January 2016, the Company and Newforest entered into a subscription agreement pursuant to which Newforest agreed to subscribe for the Company's new shares by way of capitalization of US$40 million loan and the outstanding interest thereon. The transaction was completed on 22 March 2016 and a total 523,691,559 new shares were issued to Newforest. At present, Newforest holds 68.63% of the issued share capital of the Company.

Challenging Yet Promising Future

Looking ahead, we do not expect a material turnaround of the global economy in 2016. However, we believe that China is working towards developing a long-term healthy economy. China's One-Belt-One-Road strategy will also create plenty of opportunities and room for development and stimulate the domestic consumption and fuel demand for construction projects in the foreseeable future.

With the support from Newforest and CTFE and experienced management team and staff, we are in a good position to navigate through this weak and uncertain market condition and benefit from the possible best opportunity for acquisition of good quality forestry and plantation assets which can provide long-term, sustainable growth. Simultaneously, the Group has been continuously implementing stringent cost control policies and enhancing the operation efficiency so as to improve the working capital and financial position of the Group.

Appreciation

In closing, I would like to take this opportunity to express my gratitude to the Group's staff for their dedication, commitment and hardwork. I also sincerely thank all my fellow directors and our shareholders for trust and support.

Cheng Chi-Him, Conrad
Non-executive Chairman

Hong Kong
23 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group recorded a net loss of HK$633,242,000, an increase of HK$443,329,000 as compared to last year. Such substantial increase was mainly attributable to the one-off non-cash provision for impairment on the timber concessions and cutting rights, property, plant and equipment, goodwill and prepaid land lease payments of HK$405,382,000 in relation to its Suriname division and the increase in non-cash fair value loss on plantation forest assets of HK$78,033,000 from New Zealand division.

Revenue

The Group's total revenue reduced to HK$591,412,000, representing a 12.2% decrease from HK$673,604,000 as compared to last year. The decrease was mainly attributable to the New Zealand division as a result of the drop in average selling price of New Zealand radiata pine and decrease in sales volume in the Suriname division during the Year.

During the Year, revenue contributed by the New Zealand division decreased 10.8% to HK$528,045,000 from HK$591,718,000 last year, The decrease in revenue was due to the drop in the average selling price from US$122.9 per m^3 last year to US$93.0 per m^3 for the Year despite that sales volume has increased 18.0% from 617,000 m^3 to 728,000m^3.

Revenue contributed by the Suriname division decreased by 22.2% from HK$81,437,000 in the prior year to HK$63,367,000 for the Year. The decrease was mainly due to decrease in sales volume and selling price of lumber products.

There was no trading of logs and lumber products during the Year (2014: HK$449,000).

Gross profit

The Group's gross profit for the Year was approximately HK$113,725,000, representing a 21.9% decrease from HK$145,533,000 for 2014. The aggregate gross profit contribution from the New Zealand division was HK$192,788,000 (2014: HK$225,696,000) while the Suriname division recorded a gross loss of HK$79,063,000 (2014: HK$80,180,000). There was no gross profit contributed from trading business for the Year (2014: HK$17,000).

The Group's gross profit margin for the Year was 19.2% as compared to 21.6% last year. The gross profit margin for the Group's New Zealand division for the Year was 36.5% (2014: 38.1%) while the Suriname division recorded a gross loss margin of 124.8% (2014: 98.5%).

Notwithstanding the 24.3% decrease in the average selling price of New Zealand radiata pine, the gross profit margin for the New Zealand division remained relatively stable during the Year. That is because the effect of the price reduction was offset by the decrease in non-cash forest depletion cost as a result of the decrease in the fair value of the plantation assets and the reduction of operating costs due to the depreciation of New Zealand dollars during the Year.

The gross profit margin for Suriname division has deteriorated during the Year as a result of low selling prices for clearance sales of low grade lumber as well as increase in write-down of obsolete inventories. However, these negative factors were partially offset by the increase in the harvesting volume which reduced the unit fixed cost of logs and the reduction of the forest concession levy in March 2015 with effective from 1 January 2015 as described below.

Other income and gains

Other income and gains amounted to HK$19,819,000 (2014: HK$6,792,000) for the Year was mainly contributed by the reversal of accrued concession levy of HK$13,441,000 (2014: Nil) as a result of the new Ministerial Order announced in March 2015, which revokes the concession levy of SR$20 per hectare per year as originally announced by Suriname government in 2014. Commencing from 1 January 2015, the concession fee is levied at SR$5 per hectare per year.

The gain on disposal of carbon credit of HK$2,999,000 (2014: HK$2,705,000), rental income received from subcontractors in Suriname for the lease of plant and machinery of HK$2,906,000 (2014: HK$2,915,000) and bank and other interest income of HK$40,000 (2014: HK$307,000) also contributed to the other income and gains for the Year.

Fair value loss on plantation forest assets

The fair value loss on the plantation forest assets, located in New Zealand, amounted to HK$45,600,000 (2014: fair value gain of HK$32,433,000) for the Year. The loss was primarily attributable to the decrease in the forecasted logs selling price in United States dollars term.

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 logs and timber products.

During the Year, selling and distribution expenses was HK$178,727,000, representing a decrease of HK$35,962,000 as compared to HK$214,689,000 in last year. The decrease was primarily attributable to the substantial decrease in ocean freight rate for New Zealand radiata pine from US$33.8 per m^3 to US$20.3 per m^3 during the Year which was due to the plunge in crude oil price throughout the Year and the Group began to charter its own vessels directly since late June 2015.

As a percentage of revenue, sales and distribution costs for the Year were comparable to that in 2014.

Administrative expenses

Administrative expenses increased by HK$4,633,000 to HK$70,579,000 for the Year. Such increase was mainly because of reduction in recharge of license fee and administrative expenses to the Former Ultimate Holding Company and a former fellow subsidiary of HK$5,005,000 and an one-off non-recurrent legal and professional fee of HK$2,340,000 incurred in relation to the Sales and the MGO made during the Year, which was partially offset by the one-off severance payment of HK$3,857,000 last year.

Provisions for impairment

During the Year, provisions for impairment mainly related to timber concessions and cutting rights of HK$278,940,000 (2014: Nil) and goodwill of HK$7,624,000 (2014: HK$27,854,000), property, plant and equipment of HK$110,429,000 (2014: HK$5,117,000), prepaid land lease payments of HK$8,389,000 (2014: Nil), prepayment, deposits and other receivables of HK$1,375,000 (2014: HK$2,476,000) and trade receivables of HK$400,000 (2014: HK$500,000).

The provisions for impairment were mainly attributable to the Suriname division. During the Year, Group has appointed a new local management team aiming to turnaround the Group's Suriname division. After a detailed review, the new local management found that certain of the existing machineries are not able to meet the planned production yield and volume and contribute positive returns in the future. Therefore, provisions for impairment have been made for the shortfall of fair value less costs to sell as compared to the carrying amounts of the cash-generating units of the forestry and timber business and certain individual assets in Suriname division.

Non-cash share option expenses

Share option expenses incurred in the Year of HK$8,444,000 (2014: HK$2,287,000) were non-cash in nature and represented the fair value of share options granted during the Year and 2014. There was no vesting period for the share options granted during the Year and the share options granted in 2014 vested immediately as a result of the MGO made during the Year.

Finance costs

Finance costs mainly represented (i) interest on Convertible Bonds of HK$9,203,000 (2014: HK$17,691,000); (ii) interest on loans from the Immediate Holding Company, the Former Intermediate Holding Company and the Former Immediate Holding Company of HK$17,767,000 in aggregate (2014: HK$16,563,000 in aggregate); (iii) interest on loan from the Ultimate Holding Company of HK$1,101,000 (2014: Nil); (iv) interest on finance leases of HK$1,070,000 (2014: HK$1,979,000); and (v) interest on interest-bearing bank borrowings of HK$7,432,000 (2014: HK$7,202,000). As mentioned above, all the loans from the Former Intermediate Holding Company and the Former Immediate Holding Company were assigned to Newforest on 7 May 2015.

The finance costs for the Year decreased by HK$6,862,000, was mainly attributable to the net effect of the decrease in the interest on Convertible Bonds by HK$8,488,000 following the redemption of the Convertible Bonds at maturity on 17 August 2015; and additional interest of HK$1,101,000 on loan from the Ultimate Holding Company with principal amounts of HK$78,000,000 drawn down during the Year.

Tax

Tax charges incurred for the Year mainly represented a tax provision of HK$12,244,000 (2014: HK$14,159,000) for New Zealand division, a deferred tax charge of HK$3,193,000 (2014: deferred tax credit of HK$5,556,000), and withholding tax of HK$7,013,000 (2014: Nil) resulting from the intercompany interest and net exchange differences arising from the translation of foreign currency denominated income tax recoverable and deferred tax liabilities.

The deferred tax charge for the Year comprised of the deferred tax charges of HK$22,967,000 (2014: Nil) and deferred tax credit of HK$19,774,000 (2014: HK$5,556,000) in Suriname and New Zealand divisions, respectively.

The deferred tax charge in Suriname division represented the net movement of taxable temporary differences arising from amortization of fair value adjustments in previous years' acquisition of subsidiaries and decrease in tax losses recognized following the reforecast of future profits during the Year.

The deferred tax credit in New Zealand division represented the net movement of taxable temporary differences of HK$35,948,000 (2014: HK$12,973,000), which included the fair value loss on New Zealand plantation forest assets, recognition of tax losses, 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 dollars denominated term loans etc. In addition, 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 dollars has depreciated significantly against the United States dollars (the Group's functional currency) as at the Year end (31 December 2015: 0.6831; 31 December 2014: 0.7797), a deferred tax charge of HK$16,174,000 (2014: HK$7,417,000) 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 dollars exchange rate.

EBITDA

The EBITDA of the Group decreased by HK$463,019,000 from positive EBITDA of HK$22,050,000 for 2014 to negative EBITDA of HK$440,969,000 for the Year.

The decrease in the EBITDA of the Group was largely contributed by the Suriname division because of the significant provisions for impairment of timber concessions and cutting rights, property, plant and equipment, goodwill and prepaid land lease payments as mentioned above. As a result, the negative EBITDA of Suriname division increased by HK$345,817,000 from HK$129,285,000 last year to HK$475,102,000.

Due to the increased fair value loss on plantation assets by HK$78,033,000 from fair value gain of HK$32,433,000 last year to HK$45,600,000 and lower revenue as mentioned above, the EBITDA of New Zealand division decreased by HK$104,591,000 from HK$182,406,000 last year to HK$77,815,000.

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$133,303,000 for 2014 to HK$436,933,000 for the Year.

LIQUIDITY AND FINANCIAL REVIEW

As at 31 December 2015, the Group's current assets and current liabilities were HK$246,551,000 and HK$577,032,000 (2014: HK$240,555,000 and HK$678,835,000), respectively, of which the Group maintained cash and bank balances of approximately HK$121,851,000 (2014: HK$108,056,000). The Group's outstanding borrowings as at 31 December 2015 represented the loans from Immediate Holding Company amounting to HK$432,206,000 (2014: loan from Former Intermediate Holding Company of HK$312,000,000 and loans from Former Immediate Holding Company of HK$105,042,000), the loan from the Ultimate Holding Company amounting to HK$78,000,000 (2014: Nil), interest-bearing bank borrowings amounting to HK$195,000,000 (2014: HK$195,000,000) and finance lease payables of HK$9,853,000 (2014: HK$18,816,000). 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 123.2% (2014: 72.3%).

Notwithstanding the Group's net current liabilities of HK$330,481,000 as at 31 December 2015 (2014: HK$438,280,000), in view that the Loan Capitalization was completed on 22 March 2016 and on the basis that the extensions of the loan principals from and interest payable to Immediate Holding Company and loan principal from Ultimate Holding Company were effected subsequent to the reporting period end date, the Directors, after taking into account the 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 2015, there were 962,477,947 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 dollars 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 years ended 31 December 2015 and 2014, the Group entered into forward exchange contracts to manage the foreign exchange exposure on New Zealand dollars. As at 31 December 2015, the Group did not have any outstanding forward contracts (2014: HK$500,000).

PROSPECTS

Looking ahead, China will continue to be a headwind for the global economy in 2016. It is expected that the economy of China will continue to slow down. However, the Management reckoned that the impact of China's slow growth on wood industry should not be overstated. With the economic growth of the around 6% per annum and over 1.3 billion population and the increasing stringent rules and regulations on environmental protection, China's demand for eco-friendly wood and its related products, like the Group's FSC products from Suriname and New Zealand radiata pine, will continue to increase in the future.

Having said that, for the immediate future, the market sentiment will remain negative. The Group anticipated that its financial performance will continue to be impacted by the challenging macroeconomic environment and the softening in both demand for and selling prices of the wood and related products in China. As such, proactive cost controls remain the Group's top priority. During the Year, Suriname division has reduced its headcount by 16.9% from 402 to 334 and the Hong Kong office has been relocated to reduce the rental expenditures. The Group will continue to take aggressive actions to enhance the operation efficiency and implement vigorous cost control policies over operating costs and capital expenditure.

Despite the current difficult operating environment, there are indeed some good opportunities which suit for the Group's long term strategies. Subsequent to the Year, in January 2016, the Group acquired a forest management service company in New Zealand which will not only increase the Group's presence in New Zealand but also assist the Group greatly in the possible expansion of its plantation business in New Zealand and to other regions (e.g. China) in the future. For details of the acquisition, please refer to the announcement dated 7 January 2016. Meanwhile, the Group will continue to review its business portfolio to ensure its resources are allocated to area which can provide long-term and sustainable returns to its shareholders.

The Group is confident in its long-term prospect. In March 2016, the Group has just completed the capitalization of the loan of US$40 million from Newforest which will strengthen the Group's financial position and enlarge its equity base. With the support from our major shareholders, Newforest and CTFE, the Group is in a good position to weather the current market difficulties and capture the growth opportunities in forestry and plantation industry ahead.

CHARGE ON ASSETS

As at 31 December 2015 and 2014, 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$91,272,000 (2014: HK$103,713,000) ("Forestry Land");

  b. the Group's plantation forest assets (located in New Zealand) with a net carrying value of approximately HK$357,907,000 (2014: HK$466,231,000) 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 (2014: Nil).

CAPITAL EXPENDITURE

During the Year, the Group incurred capital expenditure of approximately HK$33,082,000 (2014: approximately HK$52,812,000) on investment in property, plant and equipment.

BUSINESS ACQUISITION AND DISPOSAL

The Group had no material business acquisitions or disposals for the Year.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: Nil).

EVENTS 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.

SHARE OPTION SCHEME

As at 31 December 2015, there were share options for 13,700,000 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. Movements of the outstanding share options of the Company during the Year are set out below:

	Notes	**Number of shares**
As at 1 January 2015		17,488,145
Granted during the Year	(a)	13,700,000
Lapsed during the Year		–
Cancelled during the Year	(b)	(4,899,302)
Exercised during the Year		(12,588,843)
		13,700,000

Notes:

(a) A total of 13,700,000 share options were granted by the Company on 17 July 2015.

(b) Due to the unconditional mandatory general cash offer ("Option Offer") made to the Company's option holders by Newforest (please refer to the composite offer and response document issued by Newforest and the Company relating to, among other things, the Option Offer dated 14 May 2015 for further details) for the then outstanding options granted, (i) all unvested options have been vested when the Option Offer was made on 14 May 2015; (ii) each option holder (or his personal representative(s)) may exercise all options (in whole or in part) at any time within 14 days after the Option Offer was made ("Change of Control Period"); and (iii) any vested option not exercised during the Change of Control Period would automatically lapse pursuant to the terms of the share option scheme and; (iv) where the option holders accepted the Option Offer, the options involved were cancelled. For the number of acceptance of the Option Offer, please refer to the Company's announcement dated 4 June 2015.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2015, the total number of employees of the Group was 353 (2014: 421). Employment costs (including Directors' emoluments) amounted to approximately HK$87,646,000 for the Year (2014: HK$94,489,000). 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 three independent non-executive Directors, namely Mr. Wong Man Chung, Francis (Chairman), Mr. Nguyen Van Tu, Peter and Mr. Tang Shun Lam, Steven, all of them were appointed on 2 July 2015, and one non-executive Director, namely Mr. Tsang On Yip, Patrick who was appointed on 19 November 2015. 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, 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.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore Stephens CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Moore Stephens CPA Limited on the preliminary announcement.

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. Code Provisions A.2.2 to A.2.9 of the CG Code outline the role and responsibilities of the Chairman of the Board. Following the resignation of Mr. Wang Tong Sai, Eddie as the Non-executive Chairman of the Board on 4 June 2015, the Company does not have a Chairman of the Board, and hence the Company had not been in strict compliance with Code Provisions A.2.2 to A.2.9 of the CG Code, although the functions of the Chairman during the period has been performed by the executive Directors or the Company Secretary of the Company (as the case may be). After the reporting period on 22 March 2016, Mr. Cheng Chi-Him, Conrad was appointed as the Non-executive Chairman of the Board. In accordance with the good corporate governance practice, the Chairman will provide leadership and is responsible for the effective functioning of the Board. As at the date of this announcement, the roles of the Chairman and the Chief Executive Officer of the Company were separated to ensure a balance of power and authority and in comply with the Code Provision A.2.1 of the CG Code that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

2. 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.

3. 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 one of our non-executive Directors, Mr. Simon Murray was unable to attend the annual general meeting of the Company held on 29 June 2015 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 Board would like to take this opportunity to express its sincere gratitude to our shareholders, clients and suppliers for their continuous and valuable support and to extend its appreciation to our management and staff for their diligence and dedication, despite the fact that 2015 was a challenging year.

By Order of the Board
Greenheart Group Limited
Wu Wai Leung Danny
Chief Executive Officer and Executive Director

Hong Kong, 23 March 2016

As at the date hereof, the Board comprises two executive Directors, namely, Messrs. Wu Wai Leung, Danny and Lim Hoe Pin, three non-executive Directors, namely, Messrs. Cheng Chi-Him, Conrad, Tsang On-Yip, Patrick and Simon Murray and three independent non-executive Directors, namely, Messrs. Nguyen Van Tu, Peter, Tang Shun Lam, Steven and Wong Man Chung, Francis.

Website: http://www.greenheartgroup.com