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GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(StockCode:94)

PROFIT WARNING

INSIDE INFORMATION

This announcement is made by Greenheart Group Limited (the "**Company**" together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the information currently available, the Group expects to record a significant increase in its net loss for the 6-month period ended 30 June 2018 (the "**Period**") as compared to that for the 6-month period ended 30 June 2017.

The significant increase in loss attributable to equity holders of the Company was due to the following:

(i) a decrease in revenue contributed by New Zealand division of the Group approximately HK$60 million due to a significant decline of the harvest volume in the Group's own plantation assets by 31%, which was predominately caused by the temporary withdrawal of one harvesting crew;

(ii) a significant increase of average unit direct operating costs in the New Zealand division of the Group of approximately 5%, reflected by higher fuel costs and increased contractors' rates for tougher harvest terrain, together with the increase in non-cash forest depletion cost as a result of the increase in the fair value of the plantation forest assets as at 31 December 2017; and

(iii) an increase in the amortisation of timber concessions and cutting rights by approximately HK$6.8 million due to the change of the accounting estimate from unit-of-production basis to straight line method and the significant reduction of the harvested volume from west Suriname region during the Period.

The information contained in this announcement is only based on a preliminary assessment by the Board based on the information currently available to it, including the latest unaudited management accounts of the Group prepared by the management of the Company, which have not yet been finalized as at the date of this announcement. Details of the performance of the Group for the six months ended 30 June 2018 will be disclosed in the unaudited consolidated interim results announcement of the Company, which is expected to be published before end of August 2018.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 23 August 2018

As at the date hereof, the Board comprises two executive Directors, namely Messrs. Wu Wai Leung, Danny and Lim Hoe Pin, four non-executive Directors, namely Messrs. Cheng Chi-Him, Conrad, Tsang On-Yip, Patrick, Simon Murray and Cheng Yang, 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