GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 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 loss for the year ended 31 December 2018 (the "**Year**") as compared to a profit for the year ended 31 December 2017.

The turnaround from profit to loss was due to the following:

(i) a decrease in revenue contributed by New Zealand division of the Group of approximately HK$173.7 million, of which HK$136.0 million was mainly due to the reduction of the harvesting volume in the Group's own plantation assets, and the decrease of the average selling prices. As disclosed in the Group's interim report 2018, the reduction of the harvesting volume was predominately caused by the temporary withdrawal of one harvesting crew during the first half of the Year. Although the Group was able to get back the harvesting crew afterwards, the harvesting volume could not increase enough to make up the shortfall;

(ii) a significant decrease in profit margin of the New Zealand division caused by the decline of the average export price of New Zealand radiata pine on Free on Board basis during the second half of the Year, and as disclosed in the Company's 2018 interim report, the increase of average unit direct operating costs caused by higher fuel costs and increased contractors' rates for tougher harvest terrain, together with the increase in non-cash unit forest depletion cost as a result of the increase in the fair value of the plantation forest assets, as disclosed in the Group's 2017 annual report and 2018 interim report;

(iii) a substantial decrease in non-cash fair value gain on plantation forest assets located in New Zealand by approximately HK$39.9 million for the Year. The gain was calculated based on the valuation report at the end of the Year prepared by an independent valuer and the decrease in gain was primarily attributable to the lower level of increase in both near term and long term forecasted selling price of logs in 2018 as compared to that in 2017; and

(iv) a one-off gain on disposal of certain idle vehicles in Suriname of HK$5.1 million and reversal of impairment of prepaid lease payments of HK$3.8 million were recorded in 2017 whereas contributions from these items were minimal in 2018.

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 nor audited by the Company's auditor as at the date of this announcement. Details of the performance of the Group for the year ended 31 December 2018 will be disclosed in the audited consolidated final results announcement ofthe Company, which is expected to be published before end of March 2019.

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
Ding Wai Chuen
Chief Executive Officer and Executive Director

Hong Kong, 10 March 2019

As at the date hereof, the Board comprises two executive Directors, namely Messrs. Ding Wai Chuen 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