GREENHEART GROUP LIMITED
綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code:94)

INSIDE INFORMATION
IN INSPECT OF THE COOPERATION FRAMEWORK AGREEMENT

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

Reference is made to the announcements of the Company dated 4 January 2018 and 12 June 2018 (the "**Announcements**") in relation to a possible investment in the Target by the Group. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to inform the shareholders and potential investors of the Company that the Cooperation Framework Agreement and the Supplemental Cooperation Framework Agreement (collectively, the "**Framework Agreements**") have been terminated as no Formal Agreement was entered into within the Exclusivity Period, which expired on 30 September 2018 (the "**Termination**").

The Group had paid an aggregate sum of RMB50,000,000 as earnest money (the "**Earnest Money**") to the then Vendors, namely 江美文 ("**Mr. Jiang**") and 周美兰 ("**Ms. Zhou**"), being the two beneficial owners of the Target, 瑞昌市華中國際木業有限公司, a company incorporated in Jiangxi Province, the People's Republic of China ("**PRC**"), with its principal business in timber trading, timber port investment and operations, logistics service and timber industrial park investment, development and management, in accordance with the terms of the Framework Agreements as referred to in the Announcements. Pursuant to the Framework Agreements, the Vendors shall refund the Earnest Money to the Investor, a wholly-owned subsidiary of the Company, within ten (10) business days from the date of the Termination, i.e. on or before 15 October 2018. The Investor has demanded the Vendors to return the Earnest Money to the Investor repeatedly after the date of Termination and in December 2018, the Target provided a joint and several liability guarantee to the Company, pursuant to which the Target unconditionally and irrevocably undertakes Mr. Jiang and Ms. Zhou's obligations to return the Earnest Money on or before 15 March 2019 (the "**Repayment Date**") to the Investor. Besides, the Company received a corporate guarantee dated 10 December 2018 from China National Forest Products Company Limited ("**CNF**"), pursuant to which CNF unconditionally and irrevocably undertakes to pay the sum of RMB50,000,000 to the Company on 15 March 2019 if the Target fails to return the Earnest Money to the Group on or before 15 March 2019 which corporate guarantee was subsequently requested by CNF to extend to 26 March 2019. CNF is a wholly-owned subsidiary of China Forestry Group Corporation which is a stated-owned enterprise in PRC.

On 25 March 2019, the Company has received partial payment in the amount of RMB20,000,000 for the Earnest Money. As such, the Company will commence legal actions against the Vendors, the Target and CNF for the recovery of the remaining balance (being RMB30,000,000) of the Earnest Money as and when appropriate.

As the Company has failed to recover the whole of the Earnest Money from the Vendors, there will be material adverse effect on the financial position and results of operation of the Group. The Group expects to record a further loss for the year ended 31 December 2018 in addition to those disclosed in the announcement of the Company dated 10 March 2019.

The Company will make further announcement to update the shareholders regarding the progress of this matter as and when appropriate.

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

By order of the Board
Greenheart Group Limited
Ding Wai Chuen
Executive Director and Chief Executive Officer

Hong Kong, 26 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