# GREENHEART GROUP LIMITED
# 綠心集團有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 94)

## INSIDE INFORMATION

## PROFIT WARNING

This announcement is made by Greenheart Group Limited (the "**Company**" together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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 2019 (the "**Period**") as compared to that for the 6-month period ended 30 June 2018.

The Group considers the significant increase in its net loss attributable to the shareholders of the Company was due to the following:

(i) a decrease in profit contributed by New Zealand division of the Group for the Period due to the reduction of sales volume by approximately 23%, reflecting the weakening market demand from China caused possibly by the intensified trade war between China and the United States;

(ii) a substantial decrease in non-cash fair value gain on plantation forest assets located in New Zealand by approximately HK$28 million for the Period, calculated based on the preliminary valuation report as at 30 June 2019 prepared by an independent valuer (the "**2019 Valuation Report**"). The decrease in the fair value gain was primarily attributable to the lower level of increase in near term forecasted selling price of logs and higher harvesting and cartage rates and roading cost. In addition, there is no increment of the fair value caused by any adjustment on the discount rates in the 2019 Valuation Report as compared to that for the 6-month period ended 30 June 2018 in which the discount rates were changed from 8.5% in 2017 to 8% in 2018; and

(iii) an increase in operating losses for Suriname division of the Group for the Period of approximately HK$11 million due to the clearance sale of low grade old stock, write-down of slow moving inventories and low production of both logs and lumber caused by the temporary suspension of the harvesting activities in one of the Group's largest concession in west Suriname.

The information contained in this announcement is only based on a preliminary assessment by the Board of the information currently available to it, including the latest unaudited consolidated management accounts of the Group prepared by the management of the Company, which have not been finalized as at the date of this announcement. Details of the performance of the Group for the 6-month period ended 30 June 2019 will be disclosed in the consolidated interim results announcement of the Company, which is expected to be published before end of August 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**
*Executive Director and Chief Executive Officer*

Hong Kong, 11 August 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, Wong Man Chung Francis and Cheung Pak To Patrick.*

*Website: http://www.greenheartgroup.com*