GREENHEART GROUP LIMITED
綠心集團有限公司

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the "Board") of directors (the "Directors") of Greenheart Group Limited ("Greenheart" or the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "Period"), together with the comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	5	**228,406**	297,344
Cost of sales		**(177,810)**	(226,072)
Gross profit		**50,596**	71,272
Other income and gains	5	**2,005**	18,628
Fair value gain/(loss) on plantation forest assets		**45,857**	(86,918)
Selling and distribution costs		**(49,172)**	(92,255)
Administrative expenses		**(24,231)**	(31,515)
Provisions for impairment		**(6,000)**	(2,830)
Other operating income/(expenses), net		**422**	(1,076)
Non-cash share option expenses		**–**	(1,668)
Finance costs	6	**(11,766)**	(22,114)
PROFIT/(LOSS) BEFORE TAX	7	**7,711**	(148,476)
Tax	8	**(18,617)**	22,030
LOSS FOR THE PERIOD		**(10,906)**	(126,446)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Notes	For the six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**4,909**	(16,078)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX OF NIL		**4,909**	(16,078)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(5,997)**	(142,524)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the Company		**7,407**	(107,583)
Non-controlling interests		**(18,313)**	(18,863)
		(10,906)	(126,446)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
Equity holders of the Company		**12,316**	(123,661)
Non-controlling interests		**(18,313)**	(18,863)
		(5,997)	(142,524)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	9	**HK$0.006**	HK$(0.136)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**344,709**	342,819
Prepaid land lease payments		**20,379**	20,992
Goodwill		**5,651**	–
Timber concessions and cutting rights		**464,072**	465,529
Other intangible assets		**236**	376
Plantation forest assets		**359,570**	357,907
Prepayments, deposits and other receivables		**2,804**	3,591
Total non-current assets		**1,197,421**	1,191,214
CURRENT ASSETS			
Inventories		**51,126**	30,114
Trade receivables	10	**21,602**	45,223
Prepayments, deposits and other receivables		**44,899**	46,559
Tax recoverable		**2,964**	2,804
Cash and cash equivalents		**118,841**	121,851
Total current assets		**239,432**	246,551
CURRENT LIABILITIES			
Trade payables	11	**42,192**	32,706
Other payables and accruals		**49,359**	51,924
Interest-bearing bank borrowings		**195,000**	–
Finance lease payables		**8,778**	9,853
Loans from the immediate holding company	12(a)(i), 12(a)(ii)	**–**	339,300
Loan from the ultimate holding company	12(a)(iv)	**–**	78,000
Due to the immediate holding company	12(b)(i)	**362**	15,597
Due to the ultimate holding company	12(b)(iii)	**1,085**	1,101
Tax payable		**29,460**	48,551
Total current liabilities		**326,236**	577,032
NET CURRENT LIABILITIES		**(86,804)**	(330,481)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,110,617**	860,733

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Loans from the immediate holding company	12(a)(ii), 12(a)(iii)	**120,206**	92,906
Loan from the ultimate holding company	12(a)(iv)	**78,000**	–
Due to the immediate holding company	12(b)(ii)	**13,173**	–
Interest-bearing bank borrowings		**–**	195,000
Deferred tax liabilities		**127,987**	115,054
Total non-current liabilities		**339,366**	402,960
NET ASSETS		**771,251**	457,773
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**14,862**	9,625
Reserves		**897,417**	570,863
		912,279	580,488
Non-controlling interests		**(141,028)**	(122,715)
TOTAL EQUITY		**771,251**	457,773

Notes:

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").

As at 30 June 2016, the immediate holding company of the Company is Newforest Limited ("Newforest" or "Immediate Holding Company"), a company incorporated in Cayman Islands and held 1,020,005,389 shares, representing 68.63% of the issued share capital of the Company. In the opinion of the Directors, the ultimate holding company of the Company is Chow Tai Fook Enterprises Limited ("CTFE" or "Ultimate Holding Company"), a company incorporated in Hong Kong.

2. **BASIS OF PREPARATION AND PRESENTATION**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). These interim financial statements have been prepared under the historical cost convention, except for plantation forest assets and forestry land. Plantation forest assets are measured at fair value less cost to sell and forestry land is measured at fair value. These interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The Group had net current liabilities of approximately HK$86,804,000 as at 30 June 2016, of which HK$195,000,000 represented the interest-bearing bank borrowings repayable on 28 February 2017.

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 of the following:

(i) the Group has indicated its intention to the Bank of New Zealand ("Bank") for the extension of the maturity date of the interest-bearing bank borrowings of HK$195,000,000 for another term and the Bank's response is positive. The Group believes that the approval of uplifting the debt to asset ratio from 40% to 50% at the beginning of the Period reflected the support and confidence that the Bank placed on the Group. Based on the financial covenants under the current loan facility, the Group expects that majority of the abovementioned interest-bearing bank borrowings can be rolled forward for another year;

(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 restructuring of the Suriname division has basically completed and the West Suriname sawmill has resumed operation in August 2016. It is expected that there will be noticeable improvements on both revenue and profitability of the Suriname division in the coming months;

(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 costs of operations and to reduce various general and administrative expenses.

Accordingly, these unaudited condensed consolidated interim financial statements have been prepared on a 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 to 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 these adjustments have not been reflected in these unaudited condensed consolidated interim financial statements.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) effective from 1 January 2016, noted below.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiatives*
Amendments to HKAS 16 and HKAS 38	*Clarification of acceptable methods of depreciation and amortization*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*

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

4. 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 geographic 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 two 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 and provision of forest management services

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 earning/(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.

The following table presents revenue and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2016:

For the six months ended 30 June 2016

	Suriname^ *HK$'000*	**New Zealand^** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
SEGMENT REVENUE	**13,954**	**214,452**	**–**	**228,406**
SEGMENT RESULTS ("Adjusted EBITDA")	**(16,402)**	**83,283**	**(11,999)**	**54,882**
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	**–**	**45,857**	**–**	**45,857**
Interest income	**2**	**10**	**–**	**12**
Impairment of trade receivables***	**(6,000)**	**–**	**–**	**(6,000)**
Write-down of inventories, net*	**(7,345)**	**–**	**–**	**(7,345)**
SEGMENT RESULTS ("EBITDA")	**(29,745)**	**129,150**	**(11,999)**	**87,406**
Finance costs	**(5,197)**	**(6,569)**	**–**	**(11,766)**
Forest depletion cost as a result of harvesting*	**–**	**(41,790)**	**–**	**(41,790)**
Depreciation	**(9,998)**	**(1,702)**	**(536)**	**(12,236)**
Amortization of harvest roading*	**–**	**(10,740)**	**–**	**(10,740)**
Amortization of timber concessions and cutting rights*	**(2,411)**	**–**	**–**	**(2,411)**
Amortization of prepaid land lease payments**	**(613)**	**–**	**–**	**(613)**
Amortization of other intangible assets*	**(139)**	**–**	**–**	**(139)**
PROFIT BEFORE TAX				**7,711**

For the six months ended 30 June 2015

	Suriname^ *HK$'000*	New Zealand^ *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
SEGMENT REVENUE	32,782	264,562	–	297,344
SEGMENT RESULTS (“Adjusted EBITDA”)	(16,295)	55,194	(15,142)	23,757
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	–	(86,918)	–	(86,918)
Interest income	7	21	–	28
Impairment of property, plant and equipment***	(2,622)	–	–	(2,622)
Impairment of trade receivables***	(208)	–	–	(208)
Write-down of inventories, net*	(7,128)	–	–	(7,128)
Non-cash share options expenses	–	–	(1,668)	(1,668)
Reversal of accrued forest concession levy	13,441	–	–	13,441
SEGMENT RESULTS (“EBITDA”)	(12,805)	(31,703)	(16,810)	(61,318)
Finance costs	(3,393)	(9,406)	(9,315)	(22,114)
Forest depletion cost as a result of harvesting*	–	(35,012)	–	(35,012)
Depreciation	(14,026)	(1,465)	(615)	(16,106)
Amortization of harvest roading*	–	(8,894)	–	(8,894)
Amortization of timber concessions and cutting rights*	(4,036)	–	–	(4,036)
Amortization of prepaid land lease payments**	(857)	–	–	(857)
Amortization of other intangible assets*	(139)	–	–	(139)
LOSS BEFORE TAX				(148,476)

^ Reportable Segments

* Included in “Cost of sales” in the condensed consolidated statement of comprehensive income.

** Included in “Administrative expenses” in the condensed consolidated statement of comprehensive income.

*** Included in “Provisions for impairment” in the condensed consolidated statement of comprehensive income.

Geographical information

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Mainland China	**186,919**	219,343
New Zealand	**25,646**	21,684
Suriname	**4,024**	8,487
India	**3,295**	11,670
Netherlands	**2,932**	3,306
Hong Kong	**2,304**	19,212
Belgium	**1,399**	12,048
Taiwan	**1,026**	–
Vietnam	**272**	–
Denmark	**265**	953
Curacao	**140**	–
France	**97**	–
United States of America	**87**	315
Aruba	**–**	203
Germany	**–**	123
	228,406	297,344

Information about major customers

During the six months ended 30 June 2016, the Group had transactions with two (2015: two) customers from New Zealand segment who each contributed over 10% of the Group's total revenue for the Period. A summary of revenue earned from these major customers is set out below:

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer 1	**121,388**	N/A*
Customer 2	**64,122**	N/A*
Customer 3	**N/A***	58,592
Customer 4	**N/A***	48,325
	185,510	106,917

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

5. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sales of logs and timber products	**226,217**	297,344
Forest management fee	**2,189**	–
	228,406	297,344
Other income and gains		
Bank interest income	**12**	28
Compensation from an insurance company	**546**	–
Compensation for early termination of contract	**702**	–
Gain on disposal of carbon credits	**–**	2,999
Rental income for lease of plant and machinery	**582**	1,801
Reversal of accrued forest concession levy	**–**	13,441
Others	**163**	359
	2,005	18,628

6. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on loans from the Immediate Holding Company	**5,913**	2,620
Interest on a loan from the Ultimate Holding Company	**1,945**	–
Interest on finance leases	**255**	631
Interest on interest-bearing bank borrowings	**3,653**	3,497
Interest on convertible bonds	**–**	9,315
Interest on a loan from a Former Intermediate Holding Company	**–**	4,142
Interest on loans from the Former Immediate Holding Company	**–**	1,909
	11,766	22,114

7. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Forest harvested as agricultural produce	**48,925**	35,970
Amount capitalized in inventories	**(7,135)**	(958)
Forest depletion cost as a result of harvesting#	**41,790**	35,012
Amortization of timber concessions and cutting rights	**1,457**	9,482
Amount released from/(capitalized in) inventories	**954**	(5,446)
Current period expenditure#	**2,411**	4,036
Fair value loss on derivative financial instruments#	**–**	3,385

Included in "Cost of sales" disclosed in the condensed consolidated statement of comprehensive income.

8. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period.

No New Zealand income tax has been provided during the Period as the subsidiaries operating in New Zealand have available tax losses brought forward to offset the assessable profits during the Period based on existing legislation, interpretations and practices in respect thereof. New Zealand income tax has been provided at the rate of 28% on the estimated assessable profits arising in New Zealand during the period ended 30 June 2015.

Subsidiaries established in Suriname and New Zealand are subject to 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 period ended 30 June 2016. During the Period, the tax audit is completed and there is no material additional income tax or shortfall penalty is resulted.

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the Period	**5,299**	4,386
Current – Elsewhere		
Charge for the Period	**–**	942
Foreign exchange difference on income tax payable/recoverable	**(124)**	130
Deferred	**11,497**	(22,300)
Foreign exchange difference on deferred tax liabilities	**1,437**	(5,188)
Withholding	**508**	–
Tax expense/(credit)	**18,617**	(22,030)

9. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic profit/(loss) per share amount is based on the profit/(loss) for the Period attributable to equity holders of the Company, and the weighted average of 1,253,097,988 (2015: 793,414,659) ordinary shares in issue during the Period.

In respect of the diluted profit/(loss) per share amounts presented, no adjustment has been made to the basic profit/(loss) per share amounts presented for the six months ended 30 June 2016 and 2015 as the impact of the share options and convertible bonds outstanding during these periods had either no dilutive effect or had an anti-dilutive effect on the basic profit/(loss) per share amounts presented.

10. TRADE RECEIVABLES

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Trade receivables	**28,219**	46,009
Less: impairment	**(6,617)**	(786)
	21,602	45,223

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 others. 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 Period, based on invoice date and net of impairment, is as follows:

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Within 1 month	**14,631**	33,845
From 1 to 3 months	**29**	8,732
Over 3 months	**6,942**	2,646
	21,602	45,223

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the Period, based on invoice date, is as follows:

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
Within 1 month	**38,154**	28,486
From 1 to 3 months	**1,032**	2,679
Over 3 months	**3,006**	1,541
	42,192	32,706

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

12. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in this interim results announcement, the Group entered into the following material transactions with related parties during the Period:

Related party	**Nature of transaction**	*Notes*	**For the six months ended 30 June 2016 (Unaudited)** ***HK$'000***	2015 (Unaudited) *HK$'000*
The Former Intermediate Holding Company	Interest expenses paid and payable on a loan	(i)	–	4,142
The Former Immediate Holding Company	Interest expenses paid and payable on loans	(ii)	–	1,909
The Immediate Holding Company	Interest expenses paid and payable on loans	(i), (ii), (iii)	**5,913**	2,620
The Ultimate Holding Company	Interest expenses paid and payable on a loan	(iv)	**1,945**	–
Noteholder	Interest expenses paid and payable on the convertible bonds	(v)	–	9,315
The Former Ultimate Holding Company and a former fellow subsidiary	Recharge of license fee and administrative expenses received and receivable	(vi)	–	1,247
Former fellow subsidiary	Reimbursements	(vii)	–	67
Former fellow subsidiary	Sales of logs and timber products	(viii)	–	4,366

Notes:

(i) On 7 May 2015, Emerald Plantation Group Limited ("EPGL" or "Former Intermediate Holding Company") assigned all of its rights 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. The principal amount and the interest payable were capitalized on 22 March 2016.

(ii) On 7 May 2015, Sino-Capital Global Inc. ("Sino-Capital" or "Former Immediate Holding Company") assigned all of its rights 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). On 11 March 2016, a supplemental agreement was signed with the Immediate Holding Company to extend the maturity date of both loan principal and interest payable from 26 January 2017 to 31 March 2018;

- an unsecured loan with principal amount of HK$27,300,000 (i.e. US$3,500,000). On 11 March 2016, a supplemental agreement was signed with the Immediate Holding Company to extend the maturity date of both loan principal and interest payable from 28 June 2016 to 31 March 2018; and

- an unsecured loan with principal amount of HK$23,400,000 (i.e. US$3,000,000). On 11 March 2016, a supplemental agreement was signed with the Immediate Holding Company to extend the maturity date of both loan principal and interest payable from 19 June 2017 to 31 March 2018.

(iii) The interest expenses were charged based on the Hong Kong Prime Rate on an unsecured loan from Immediate Holding Company with principal amount of HK$7,106,000 (i.e. US$911,000) which is 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) with interest rate based on the Hong Kong Prime Rate. On 11 March 2016, a supplemental agreement was signed with the Ultimate Holding Company to extend the maturity date of the loan principal from 21 August 2016 to 12 August 2017.

(v) The amount disclosed above represented the imputed interest expenses charged to profit or loss for accounting purpose 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 was HK$3,314,000 for the six months period ended 30 June 2015. The convertible bonds were fully redeemed on 17 August 2015.

(vi) The license fee and administrative expenses were recharged to Emerald Plantation Holdings Limited ("EPHL" or "Former Ultimate Holding Company") and a former fellow subsidiary with reference to the actual costs incurred.

(vii) 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.

(viii) 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.

(b) Outstanding balances with related parties

(i) The amounts due to the Immediate Holding Company in current liabilities as at 30 June 2016 and 31 December 2015 represented interest payables in relation to the loans from Immediate Holding Company, which were unsecured and repayable on demand.

(ii) The amounts due to the Immediate Holding Company in non-current liabilities as at 30 June 2016 represented interest payables in relation to the loans from Immediate Holding Company, which were unsecured and repayable on 31 March 2018.

(iii) The amounts due to the Ultimate Holding Company as at 30 June 2016 and 31 December 2015 represented interest payables in relation to the loan from Ultimate Holding Company, which were unsecured and repayable within one year.

(c) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Short-term employee benefits	**6,072**	6,600
Equity-settled share options	**–**	964
Pension scheme contributions	**36**	20
	6,108	7,584

LETTER TO SHAREHOLDERS

Dear Shareholders,

Greenheart reported a substantially reduced net loss of HK$10,906,000 for the Period, a reduction of net loss of HK$115,540,000 as compared to the corresponding period last year. Against this background, the performance of the two divisions of the Group was actually mixed for the Period. We delivered good performance in New Zealand division, but our Suriname division fell short of our expectation due to the prolonged restructuring. The significant reduction of net loss is largely due to the fair value gain on the Group's New Zealand plantation forest assets. The increase of the underlying operating profit of the New Zealand division also contributed to the improvement of the overall result.

Performance Review

New Zealand

The New Zealand division performed well during the Period. Despite the revenue, impacted by lower harvesting volume and rescheduling of the last shipment in June to early July, decreased by 18.9% to HK$214,452,000 as compared to the corresponding period last year, the Adjusted EBITDA, which excluded the fair value gain on the plantation forest assets, contributed by the New Zealand division, increased by 50.9% to HK$83,283,000 for the Period.

The economic stimulus packages released earlier in the Period by the Chinese government have been supporting the wood market. Stable demand of New Zealand radiata pine in both China and overseas markets held the prices on cost and freight basis steady during the Period. Shipping rates to China have held at around US$11.6 per m^3, a decrease of US$11.7 per m^3 as compared to the same period a year ago. Low shipping rates, associated with weak New Zealand dollars rates, has more than offset the decline in revenue and helped boost our New Zealand division's net profit for the Period.

To reflect the overall improvement of the fundamentals of our New Zealand radiata pine business, our New Zealand division recorded a fair value gain of HK$33,017,000 for the Period (2015: a net loss of HK$62,581,000), after netting of the related deferred tax.

As previously disclosed, the Group has acquired Northland Forest Managers (1995) Limited ("NFM"), a New Zealand forest management company, in February 2016. This investment contributed a total of HK$3,136,000 net operating profit during the Period. While, as expected, the profit delivered was not substantial currently, we believe this acquisition will bring immense strategic value into the Group through expanding its business in New Zealand and to a different geographic area (e.g. China).

Suriname

The restructuring of the Suriname division was dragged for six months due to the unexpected prolonged government approval process for importing skilled labour for our sawmill operation. The good news is that we finally got the approval from Suriname government in August 2016 and has resumed the production of West Suriname sawmill straight afterwards.

The shortage of skilled labour necessitated the suspension of the West Suriname sawmill for an extended period. Although measures have been taken to minimize the operating costs during the suspension, we are still required to keep a minimum work force to cater to the production needs once we resume the sawmill production.

As a result, the revenue generated by Suriname division for the Period declined by 57.4% to HK$13,954,000 as compared to the corresponding period last year and the negative Adjusted EBITDA was still maintained at the level similar to that of last year (2016: HK$16,402,000; 2015: HK$16,295,000).

Outlook

China's economy grew 6.7% in the second quarter, beating market expectations. The direct impact of the Brexit decision is likely be limited, in view of China's low trade and financial exposure to the United Kingdom as well as the Chinese authorities' determination to achieve their growth target. It is expected that the growth momentum of China will remain broadly unchanged and the fundamentals of the economy will remain stable in the remaining 2016.

The 13th Five-Year Plan approved in March 2016 has set green development as one of the five major development concepts to be pursued by China in the coming 5 years. Among other environment preservation policies, China will push forward its natural forest protection program and phase out all commercial logging of natural forests by 2017. With the logging ban, timber imports are expected to further expand to fill the gap created by declines in domestic harvesting. The nation's timber and forest products imports are expected to increase by 60 million m^3 by 2025, and will eventually account for 12%-13% of global timber harvest.

Both our New Zealand and Suriname divisions will benefit from the surging demand for timber resulting from this policy. The Group therefore expects that its New Zealand division will continue its good momentum and function as the engine for profitable growth in the short to medium term. In the meantime, the Group is actively looking for appropriate acquisition opportunities in New Zealand in order to build a sustainable plantation assets portfolio which can complement the life cycle of our existing Mangakahia assets in the long term.

While there are still operational challenges ahead, the Group believes that the worst time of its Suriname division has passed. The West Suriname sawmill has resumed production, with new machines and skilled operators, in August 2016. With much improved production levels comes improved revenues and profitability, and the local management is confident that the Suriname division should have a very noticeable progressive improvement and output in the coming few months.

On top of this, the rising disposable income in China has created an exploding middle class which are more willing to invest in those that can bring them a more ecological way of life. Considering the current environmental challenges that China faces, a lot of reforms and massive amounts of resources will be required to meet this changing need. We believe this will create opportunities for the Group to extend its current business regime further to bring in ecological and other related services in our growth plan.

Looking ahead, the Group will accelerate the pace and enlarge the scale of change across our business in the second half of 2016. While the Group will continue to work hard to turnaround its Suriname division and improve its existing business, extra efforts and resources will be exerted in exploring new development opportunities to strengthen the Group's business portfolio to support a steady and healthy growth in profit and cash returns to the shareholders.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our shareholders, business partners and customers for their continued support. Appreciation must also be extended to the management team and our employees.

Cheng Chi-Him, Conrad
Non-executive Chairman

Hong Kong, 26 August 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Period, the Group's net loss reduced substantially to HK$10,906,000, a decrease of HK$115,540,000 or 91.4% on a year-on-year basis. Such improvement was mainly attributable to the fair value gain on plantation forest assets, reflecting the general improvement of the New Zealand radiata pine market and the increase of the underlying operating profit of our New Zealand division. This however was partly offset by the decline of the operating result of Suriname division due to the prolonged restructuring.

The substantial improvement of the profitability during the Period is contributed by the Group's wholly-owned New Zealand division, a positive basic earnings per share of HK$0.006 was recorded (2015: a negative of HK$0.136).

Revenue

The Group's total revenue reduced by HK$68,938,000 or 23.2% to HK$228,406,000 for the Period as compared to the corresponding period last year (2015: HK$297,344,000). The decrease was primarily attributable to the reduction of sales volume in both New Zealand and Suriname division.

During the Period, revenue contributed by the New Zealand division decreased by 18.9% to HK$214,452,000 from HK$264,562,000 for the same period last year. Such decrease was mainly due to the decrease of the sales volume of 76,207 m^3, a decrease of 21.9%, as a result of the lower harvesting volume and rescheduling of the last shipment in June to early July. The impact was slightly offset by the increase in the average selling price to US$99.9 per m^3 for the Period, as compared to US$97.3 per m^3 for the same period last year.

Revenue contributed from the Suriname division dropped more steeply by 57.4% from HK$32,782,000 in the same period last year to HK$13,954,000 for the Period. The drop was mainly due to the decrease in both sales volume and selling price of lumber products.

Other than the above, there is a new stream of income of HK$2,189,000 contributed by NFM, a wholly-owned subsidiary newly acquired by the Group in February 2016.

Gross profit

The Group's gross profit for the Period decreased to HK$50,596,000 from HK$71,272,000 in the same period last year. The gross profit contribution from the New Zealand division for the Period was HK$76,821,000 (2015: HK$94,231,000) while the Suriname division recorded a gross loss of HK$26,225,000 for the Period (2015: HK$22,959,000).

The Group's gross profit margin for the Period was 22.2% as compared to 24.0% for the same period last year. The gross profit margin for the Group's New Zealand division for the Period was 35.8% (2015: 35.6%) while the Suriname division recorded a gross loss margin of 187.9% for the Period (2015: 70.0%).

Notwithstanding the increase of the non-cash forest depletion cost as a result of the increase in the fair value of the plantation assets as at 31 December 2015, the gross profit margin for the New Zealand division remained stable during the Period. This is because the impact of the increase in the depletion cost is largely offset by the improvement in the average selling price of New Zealand radiata pine and the reduction of operating costs due to the depreciation of New Zealand dollars during the Period.

The gross loss margin for the Suriname division has deteriorated during the Period as a result of low selling prices for clearance sales of low grade lumber, as well as decrease in harvesting volume which increased the unit fixed cost of production during the Period.

Other income and gains

Other income and gains amounted to HK$2,005,000 (2015: HK$18,628,000) for the Period, mainly representing rental income received from subcontractors in Suriname for the lease of plant and machinery of HK$582,000 (2015: HK$1,801,000), the compensation received for early termination of a forest management contract of HK$702,000 (2015: nil) due to the change of ownership of the related forest owner and the insurance claim received for a damaged machinery of HK$546,000 (2015: nil).

The income recorded in the same period last year mainly included two one-off items: reversal of accrued concession levy in Suriname division of HK$13,441,000 and a gain on disposal of carbon credit of HK$2,999,000 in New Zealand division. No such events were recorded during the Period.

Fair value gain/(loss) on plantation forest assets

The fair value gain on our plantation forest assets in New Zealand amounted to HK$45,857,000 (2015: loss of HK$86,918,000) for the Period. The gain was calculated based on the valuation report at the end of the Period prepared by an independent valuer, and was primarily attributable to the increase in the forecasted near term selling price of most log grades.

Selling and distribution costs

Selling and distribution costs mainly represent trucking, barging and export handling expenses, ocean freight and logistic-related costs arising from the sale of logs and timber products.

During the Period, selling and distribution costs reduced significantly by 46.7% from HK$92,255,000 in the same period last year to HK$49,172,000. This is mainly due to the decrease in sales volume and the ocean freight rate, reflecting the decrease in global crude oil price and the excessive supply of vessels.

Administrative expenses

Administrative expenses decreased by HK$7,284,000 to HK$24,231,000 for the Period. Such decrease was mainly because of the decrease in rental expense and other office expenses of HK$2,454,000 as a result of the relocation of Hong Kong office and the decrease in legal and professional fee of HK$1,883,000 as compared to the same period last year which included were one-off expenses in relation to the change in shareholding and mandatory unconditional cash offer ("MGO").

Provisions for impairment

During the Period, provisions for impairment was related to trade receivables of HK$6,000,000 as a result of a dispute regarding the quality of certain low grade Suriname lumber sold (2015: HK$208,000). In the same period last year, provisions for impairment on property, plant and equipment of HK$2,622,000 was recorded.

Non-cash share option expenses

Non-cash share option expenses of HK$1,668,000 in the same period last year represented the fair value of share options granted in 2014, which became vested immediately as a result of the MGO made in the same period last year. There was no unvested share options during the Period.

Finance costs

Finance costs represented (i) interest on loans from Newforest, EPGL and Sino-Capital of HK$5,913,000 (2015: HK$8,671,000 in aggregate); (ii) interest on a loan from CTFE of HK$1,945,000 (2015: nil); (iii) interest on interest-bearing bank borrowings of HK$3,653,000 (2015: HK$3,497,000); (iv) interest on finance leases of HK$255,000 (2015: HK$631,000); and (v) interest on convertible bonds of nil (2015: HK$9,315,000).

The substantial reduction in finance costs for the Period was mainly due to the redemption of convertible bonds on 17 August 2015 and capitalization of the loan from Newforest of HK$312,000,000 (i.e. US$40,000,000) on 22 March 2016.

Tax

Tax charges for the Period mainly represented deferred tax charge of HK$11,497,000 (2015: tax credit of HK$22,300,000), tax provision of HK$5,299,000 (2015: HK$5,328,000) arising from our New Zealand division, withholding tax of HK$508,000 (2015: 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 Period comprised of the deferred tax charges of HK$11,041,000 (2015: deferred tax credit of HK$22,300,000) and HK$456,000 (2015: nil) in New Zealand and Suriname divisions, respectively.

The swing of the deferred tax of New Zealand division is mainly due to the taxable temporary differences arising from the fair value change on the plantation forest assets and the appreciation of the New Zealand dollar exchange rate, the base currency for New Zealand tax calculation purpose, as compared to 31 December 2015.

The deferred tax charge in Suriname division represented the 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 Period.

EBITDA

The EBITDA of the Group changed from negative HK$61,318,000 in the same period last year to positive HK$87,406,000 during the Period, representing an increase of HK$148,724,000.

The improvement in EBITDA of the Group was largely contributed by the New Zealand division as a result of the fair value gain on planation assets of HK$45,857,000 (2015: loss of HK$86,918,000) recorded for the Period and lower selling and distribution costs as mentioned above. Consequently, the EBITDA of the New Zealand division rose from a negative of HK$31,703,000 in the same period last year to a positive of HK$129,150,000 for the Period.

Such improvement was hampered by the increase of negative EBITDA of Suriname division from HK$12,805,000 in the same period last year to HK$29,745,000 for the Period which was attributable to the absence of the reversal of accrued concession levy in Suriname division during the Period.

Profit for the Period attributable to equity holders of the Company

As a result of the aforementioned, the profit attributable to the equity holders of the Company increased to HK$7,407,000 for the Period from the loss attributable to the equity holders of HK$107,583,000 in the same period last year.

Equity attributable to equity holders of the Company

The equity attributable to equity holders of the Company increased by HK$331,791,000 to HK$912,279,000 as at 30 June 2016 from HK$580,488,000 as at 31 December 2015. Such significant increase was mainly contributed by capitalization of the loan from Newforest of HK$312,000,000 (i.e. US$40,000,000) on 22 March 2016.

LIQUIDITY AND FINANCIAL REVIEW

As at 30 June 2016, the Group's current assets and current liabilities were HK$239,432,000 and HK$326,236,000 (31 December 2015: HK$246,551,000 and HK$577,032,000), respectively, of which the Group maintained cash and bank balances of approximately HK$118,841,000 (31 December 2015: HK$121,851,000). The Group's outstanding borrowings as at 30 June 2016 represented the loans from Immediate Holding Company amounting to HK$120,206,000 (31 December 2015: HK$432,206,000), the loan from the Ultimate Holding Company amounting to HK$78,000,000 (31 December 2015: HK$78,000,000), interest-bearing bank borrowings amounting to HK$195,000,000 (31 December 2015: HK$195,000,000) and finance lease payables of HK$8,778,000 (31 December 2015: HK$9,853,000). Accordingly, the Group's gearing ratio as of 30 June 2016, which was calculated on the basis of outstanding borrowings as a percentage of equity attributable to equity holders of the Company, was 44.1% (31 December 2015: 123.2%).

Notwithstanding that the Group had net current liabilities of HK$86,804,000 as at 30 June 2016 (31 December 2015: HK$330,481,000), on the basis that the extensions of the interest-bearing bank borrowings will be agreed, the Directors, after taking into account the measures as mentioned in note 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 30 June 2016, there were 1,486,169,506 ordinary shares of the Company in issue. The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in current 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 Period, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 June 2016. However, we will continue to closely monitor all possible exchange risk arising from the Group's existing operations and new investments in the future and will implement the necessary hedging arrangement(s) to mitigate any significant foreign exchange exposure.

PROSPECTS

Despite the mixed global economic conditions, we continue to remain generally positive about the long term outlook for the Group. After a turbulent start of the Period, we are now seeing clear signs of stablisation in China's economy. Compared to 2015, the real estate market in China has been stable so far in 2016, housing prices in first tier cities, in particular, even recorded a strong growth during the first quarter of 2016.

The growth of China real estate sector has supported the demand of wood products. Although the import of New Zealand radiata pine to China has yet to catch up the volume achieved for the same period last year, the strong intake from India and South Korea has more than compensated the lower sales to China and therefore helped to hold the export price and total export volume of New Zealand radiata pine during the Period. Though there is a slight recovery of both New Zealand dollars and shipping rates recently, we believe that if China's demand sustains, such increases in rates should be able to be transferred to the customers and will not have material impact on the returns.

Heading into the third quarter of 2016, due to the relatively low inventory level across China in July 2016 and the reasonable offtake levels recently, it is unlikely that there will be significant reduction in demand and the market price of New Zealand radiata pine in the short term. Based on the recent economic indicators for China, we are still cautiously optimistic about the performance of New Zealand division in the second half of the year.

While the outlook of the Group's New Zealand division is generally positive, the crux of challenges remains in the Group's Suriname division in the second half of 2016. The resumption of the production in West Suriname in early August is expected to be transformational for the Suriname division allowing us to significantly increase the production capacity of lumber, consequently boosting the revenue and the returns.

Sales and productions are the clear priority in the Suriname division. The local management has been exploring different ways to improve the utilization of the resources and scale benefits, including by partnering with industry participants. At the same time, the Suriname division will maintain a very strong focus on cost and capital control, and the Group will continue to look at all options to maximize the shareholders' value from this business.

Looking ahead, the Group's key market will continue to be China. With the Central government's determination to build a greener China and the rising disposable income, we believe Greenheart can benefit by leveraging the solid foundation of its New Zealand plantation business and its major shareholders and management's strong relationship to seize the emerging opportunities brought about by this trend in China. To respond to the more complex customer needs, the Group has decided to reframe its business strategies to extend its scope of business from simply a wood fiber and products provider to cover also the provision of ecology services which offers practical and economical solutions for protecting and restoring the ecological health of our environment. The management will prioritise efforts in those investment and acquisition opportunities that complement and geographically extend the Group's existing operations, which can help strengthen the competitiveness of its business portfolio and improve its returns to shareholders in the short and long term.

CHARGE ON ASSETS

As at 30 June 2016 and 31 December 2015, 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$95,320,000 (31 December 2015: HK$91,272,000) ("Forestry Land");

  b. the Group's plantation forest assets (located in New Zealand) with the net carrying amount of approximately HK$359,570,000 (31 December 2015: HK$357,907,000) 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.

INTERIM DIVIDEND

The Board has resolved not to recommend any dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

CAPITAL EXPENDITURE

During the six months ended 30 June 2016, the Group spent approximately HK$9,509,000 (year ended 31 December 2015: approximately HK$33,082,000) on the acquisition of items of property, plant and equipment.

MATERIAL ACQUISITION AND DISPOSAL

On 7 January 2016, Greenheart NZ Forestry 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 Ann Kingsford (independent third parties as the vendors), whereby it conditionally agreed to purchase the entire equity interest in NFM, a company incorporated in New Zealand principally engaging in the provision of forest management service in New Zealand, at a total consideration of not more than NZ$1,500,000 (equivalent to HK$7,715,000). The acquisition was part of the Group's strategy to expand its New Zealand division. The transaction was completed in February 2016 and total cash consideration of NZ$1,255,000 (equivalent to HK$6,379,000) was fully settled during the six months ended 30 June 2016.

CONTINGENT LIABILITIES

As at 30 June 2016 and 31 December 2015, the Group did not have any significant contingent liabilities.

SHARE OPTION SCHEME

As at 30 June 2016, there were options to subscribe 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, as adopted by the shareholders of the Company on 28 June 2012 which were valid and outstanding.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2016, the total number of employees of the Group was 335 (31 December 2015: 353). Employees' costs (including Directors' emoluments) amounted to approximately HK$30,182,000 for the six months ended 30 June 2016 (2015: HK$39,349,000). Remuneration of the employees includes salary and discretionary bonuses based on the Group's results and individual performance. Medical and retirement benefits schemes are made available to all levels of personnel.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "Audit Committee") 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 and one non-executive Director, namely, Mr. Tsang On-Yip, Patrick. None of them are members of the former or existing auditors of the Company. The Board considers that the Audit Committee has extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial and internal controls, accounting policies and practices with management and external auditors; and; to review the Company's compliance with the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and 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 the management the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 the CG Code throughout the six months ended 30 June 2016 except for a minor deviation as explained below:

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.

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 set out in the Model Code for Securities Transactions by Directors of Listed Issuers 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 six months ended 30 June 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

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 Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

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

Hong Kong, 26 August 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