



GREENHEART GROUP LIMITED

綠森集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

Directors

Executive Directors

Mr. W. Judson Martin

Mr. Hui Tung Wah Samuel

Non-executive Director

Mr. Simon Murray

Independent Non-executive Directors

Mr. Wong Che Keung Richard

Mr. Tong Yee Yung Joseph

Mr. Wong Kin Chi

Principal Office

16/F., Dah Sing Financial Centre

108 Gloucester Road, Wanchai

Hong Kong

Registered Office

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

7 March 2013

To the Shareholders,

holders of the Options and holder of the Convertible Notes

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFERS
BY MOELIS & COMPANY ASIA LIMITED ON BEHALF OF
EMERALD PLANTATION GROUP LIMITED
TO ACQUIRE ALL THE ISSUED ORDINARY SHARE CAPITAL OF
GREENHEART GROUP LIMITED
(OTHER THAN THE ORDINARY SHARES ALREADY OWNED OR CONTROLLED BY
EMERALD PLANTATION GROUP LIMITED AND PARTIES ACTING IN CONCERT
WITH IT AT THE TIME THE OFFER IS MADE),
OFFER FOR THE CANCELLATION OF ALL OUTSTANDING OPTIONS AND
OFFER FOR ALL OUTSTANDING CONVERTIBLE NOTES**

* For identification purpose only

INTRODUCTION

Reference is made to the Offeror's Announcement, the Announcement and the Offer Document.

On 31 January 2013, the Offeror announced, among other things, that pursuant to the Plan, all of Sino-Forest's group companies and substantially all of the other assets of Sino-Forest, including the entire issued share capital of SCGI (which holds 495,519,102 Shares representing approximately 63.6% of the issued Shares), were transferred to the Offeror pursuant to the implementation of the Plan on 30 January 2013 (Toronto time). As a consequence, the Offeror acquired an indirect interest in 495,519,102 Shares representing approximately 63.6% of the issued Shares.

As a result of the implementation of the Plan, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory general offer for all of the Shares other than the Shares already owned or controlled by the Offeror and parties acting in concert with it and to make an appropriate offer for cancellation of all outstanding Options and an appropriate offer for the Convertible Notes. As the Offeror and parties acting in concert with it hold more than 50% of the voting rights of the Company, the Offers are unconditional.

On 21 February 2013, the Offeror despatched the Offer Document containing, among other matters, details of the Offers, to the Independent Shareholders, the holders of the Options and the holder of the Convertible Notes.

The purpose of this Response Document is to provide you with, among other things, information relating to the Group, the Offers, the recommendation from the Independent Board Committee to the Independent Shareholders, the holders of the Options and the holder of the Convertible Notes in respect of the Offers and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers.

INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors, namely, Mr. Simon Murray, Mr. Wong Che Keung Richard, Mr. Tong Yee Yung Joseph and Mr. Wong Kin Chi, none of whom has any direct or indirect interest in the Offers other than being Shareholders and/or holders of the Options and/or beneficial owner of the Convertible Notes, has been established to give recommendation (i) as to whether or not the Offers are fair and reasonable and (ii) as to acceptance. In particular, the Company understands that while Mr. Simon Murray was an independent non-executive director of Sino-Forest, he is not a party acting in concert with Sino-Forest or the Offeror and did not participate or have any involvement in the Plan or have any interest in any assets or companies transferred to the creditors of Sino-Forest under the Plan. Accordingly, the Company is of the view that Mr. Simon Murray shall be eligible to be a member of the Independent Board Committee.

Halcyon has been appointed as the independent financial adviser to the Independent Board Committee in respect of the Offers. The appointment of Halcyon by the Company has been approved by the Independent Board Committee. The letter of advice from Halcyon addressed to the Independent Board Committee is set out on pages 12 to 38 of this Response Document.

You are advised to read the “Letter from the Independent Board Committee” addressed to the Independent Shareholders, the holders of the Options and the holder of the Convertible Notes and the additional information contained in the appendices to this Response Document carefully before taking any action in respect of the Offers.

UNCONDITIONAL MANDATORY GENERAL CASH OFFERS

Principal terms of the Offers

The terms of the Offers as set out in the Offer Document are extracted below. You are recommended to refer to the Offer Document and the Forms of Acceptance for further details.

Moelis & Company Asia Limited, is making the Offers, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

For every Offer Share HK\$0.58 in cash

For cancellation of each Option with an exercise price of:

HK\$0.501 (14,430,000 options in total)	HK\$0.079 in cash
HK\$1.266 (300,000 options in total)	HK\$0.001 in cash
HK\$1.952 (2,000,000 options in total)	HK\$0.001 in cash
HK\$1.65 (9,770,000 options in total)	HK\$0.001 in cash
HK\$2.18 (6,576,000 options in total)	HK\$0.001 in cash
HK\$2.50 (7,626,070 options in total)	HK\$0.001 in cash
HK\$2.71 (2,000,000 options in total)	HK\$0.001 in cash
HK\$2.93 (3,500,000 options in total)	HK\$0.001 in cash

For each US\$1.00 face value of the Convertible Notes HK\$2.252 in cash

The Offer Shares will be acquired fully paid and free from all liens, charges, options, equities, encumbrances or other third party rights of any nature and together with all rights now or hereafter attaching or accruing to them, including the right to all dividends and other distributions (if any) declared, made or paid on or after the date of despatch of the Offer Document.

The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made and to any further Shares which are unconditionally allotted or issued after the date on which the Share Offer is made and before the date on which the Share Offer closes, including any Shares which are unconditionally allotted or issued on the exercise of Options granted under the Share Option Schemes or on conversion of the Convertible Notes, other than those Shares held by the Offeror, SCGI and any other member of the Offeror Group, and parties acting in concert with the Offeror.

The Option offer price of HK\$0.079 for Options with an exercise price of HK\$0.501 represents the difference between the exercise price of HK\$0.501 and the Share Offer Price. The exercise prices for Options between HK\$1.266 to HK\$2.93 are higher than the Share Offer Price and these Options are out of the money. In the circumstances, the Option Offer is made at a nominal price of HK\$0.001 for the cancellation of each corresponding Option.

Acceptance of the Option Offer by the holders of the outstanding Options will result in the cancellation of those outstanding Options, together with all rights attaching thereto.

The offer price for the Convertible Notes is HK\$2.252 for each US\$1.00 face value of the Convertible Notes determined, in accordance with Practice Note 6 to the Takeovers Code, as the “see-through” consideration for each Convertible Note being the number of Shares into which the Convertible Note is convertible multiplied by the Share Offer Price.

The Convertible Notes will be acquired fully paid and free from all liens, charges, options, equities, encumbrances or other third party rights of any nature and together with all rights now or hereafter attaching or accruing to them, including the right to all dividends and other distributions (if any) declared, made or paid on or after the date of despatch of the Offer Document. The Convertible Notes Offer will apply to the outstanding Convertible Notes in issue on the date on which the Convertible Notes Offer is made and will not apply to any Convertible Notes which are or have been converted into Shares prior to the close of the Share Offer.

Further details of the Offers

Further details of the Offers including, among other things, the expected timetable, the terms and procedures of acceptance and settlement of the Offers, are set out in the “Expected Timetable”, “Letter from Moelis” and Appendix I to the Offer Document and the Forms of Acceptance.

INFORMATION ON THE GROUP

General Information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company comprise log harvesting, timber processing, marketing and sales of logs and timber products.

For the year ended 31 December 2011, the Group recorded audited consolidated loss before taxation of approximately HK\$93.9 million and loss attributable to equity holders of the Company of approximately HK\$74.3 million. For the year ended 31 December 2010, the Group recorded audited consolidated loss before taxation of approximately HK\$80.2 million and loss attributable to equity holders of the Company of approximately HK\$67.6 million. The audited net assets attributable to equity holders of the Company as at 31 December 2011 were approximately HK\$1,072.4 million.

INFORMATION ON THE OFFEROR AND INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed “Information about the Offeror and the Offeror Group” and “The Offeror’s intentions in relation to the Offeree” in the “Letter from Moelis” of the Offer Document.

As stated in the Offer Document, if, within four months after making of the Share Offer, the Offeror together with other members of the Offeror Group acquires not less than nine-tenths in value of the Offer Shares from Shareholders representing three-fourths in number of the holders of Offer Shares, the Offeror intends to exercise any rights it may have under Section 102 of the Companies Act and in accordance with Rule 2.11 of the Takeovers Code to proceed to the Compulsory Acquisition of those Offer Shares not acquired by the Offeror pursuant to the Share Offer.

It is also stated in the Offer Document that if the Offeror does not achieve the level of acceptances required for Compulsory Acquisition, the directors of the Offeror intend that the Company shall maintain the listing of the Shares on the Stock Exchange. The Stock Exchange has stated that, if, at the close of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. As stated in the Offer Document, the directors of the Offeror understand that Rule 8.08 of the Listing Rules relating to the minimum prescribed percentage of Shares to be held by the public has to be complied with and will jointly and severally undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares if the Offeror does not achieve the level of acceptances required for Compulsory Acquisition.

In addition, as stated in the Offer Document, the Offeror has not formed any views on whether major changes should be introduced to the Company's business (including the redeployment of the fixed assets of the Company), on the continued employment of the employees of the Group. Thus, the Board does not have any views on the Offeror's plans for the Company and its employees.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 10 to 11 of this Response Document and the letter from the Independent Financial Adviser set out on pages 12 to 38 of this Response Document, which contains, among other things, its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it in arriving at its advice.

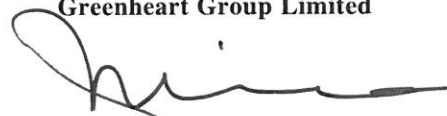
ADDITIONAL INFORMATION

You are also advised to read this Response Document together with the Offer Document and the Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Response Document.

Yours faithfully,

By order of the Board

Greenheart Group Limited



W. Judson Martin

Chairman, CEO and Executive Director