GREENHEART GROUP LIMITED

綠森集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

CLARIFICATION ANNOUNCEMENT

(1) FRUSTRATION OF A SUBCONTRACTING AGREEMENT IN RELATION TO CERTAIN HARVESTING RIGHTS IN EAST SURINAME; THE IMPACT OF THE FRUSTRATION ON THE GROUP'S CURRENT OVERALL BUSINESS OPERATION AND CASH FLOW IS NOT MATERIAL;

(2) APPLICATION HAS BEEN SUBMITTED BY THE GROUP TO BECOME THE LONG-TERM DIRECT LICENCEE OF THE CONCESSION; AND

(3) REVISED AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

(1) FRUSTRATION OF A SUBCONTRACTING AGREEMENT IN RELATION TO CERTAIN HARVESTING RIGHTS IN EAST SURINAME; THE IMPACT OF THE FRUSTRATION ON THE GROUP'S CURRENT OVERALL BUSINESS OPERATION AND CASH FLOW IS NOT MATERIAL

Pursuant to a subcontracting agreement (the "Subcontracting Agreement") between the license holder (the "License Holder") (an independent third party) of a forest concession of a gross area of approximately 128,000 hectares in East Suriname (the "Concession") and Forest Technologies N.V. ("FT"), a 60% indirectly owned subsidiary of the Company dated 1 October 2010, FT was granted the right to harvest, transport and sell timber from the Concession for a period of ten years commencing the date of the Subcontracting Agreement in return for payment of minimum annual royalties to the License Holder.

It has recently come to the attention of the Company from the notification given by the License Holder on 3 April 2013 (Hong Kong Time) that on 21 December 2012, the Suriname Ministry of Environmental Planning, Land and Forest Management ("RGB") had withdrawn the Concession right of the License Holder under the relevant Suriname laws and regulations (the "Withdrawal"). Accordingly, the License Holder has been prohibited to exploit any timber from the Concession. Since the holding of the Concession by the License Holder is an essential condition of the Subcontracting Agreement, as a result of the Withdrawal, the Subcontracting Agreement has been frustrated (the "Frustration") and has ceased to be of effect.

The Frustration reduces the harvesting rights of the Company and its subsidiaries (together, the "**Group**") obtained from the subcontracting agreement or similar arrangements in Suriname to approximately 92,000 hectares. Concessions directly held by the Group in Suriname remain unchanged at approximately 230,000 hectares. As of the date of this announcement, the total forest area under management in Suriname by the Group (including harvesting rights obtained from subcontracting agreement or similar arrangements and concessions directly held by the Group) is approximately 322,000 hectares.

As the Concession is in its early stages of development and only represents a small proportion of the Group's total operations in Suriname, the impact of the Frustration on the Group's current overall business operation is not material. During the year ended 31 December 2012, the Concession only generated revenue of approximately HK$2,094,000 and an operating loss after minority shareholders of approximately HK$11,542,000. Assuming the Group can become the license holder of the Concession as mentioned in part 2 below of this announcement, we can resume all operations on the Concession immediately.

FT intends to continue extracting all logs that have already been harvested and has the full support of the Stichting Bosbeheer en Bostoezicht ("SBB"), Suriname's administrative body and foundation for the forest production and management to do so. Therefore, no additional provision required for extracting those logs as a result of the Withdrawal. The SBB have informed FT that the Withdrawal is not related to FT's performance or responsibility as a subcontractor in the Concession.

(2) APPLICATION HAS BEEN SUBMITTED BY THE GROUP TO BECOME THE LONG-TERM DIRECT LICENCEE OF THE CONCESSION

The Group has submitted an application to the SBB to become the long-term direct licencee of the Concession. If the Group is successful in its application, the Group will no longer be required to pay harvesting royalties as it did to the previous License Holder, saving the Group up to US$8 per cubic meter harvested (based on the previous Subcontracting Agreement) and gaining full license rights and autonomy over the strategy and operations of the Concession. It is expected the whole application approval process will take up to several months.

Further announcement(s) as to the status on the application will be made by the Company as soon as reasonably practicable and as deemed necessary and appropriate by the Board.

(3) REVISED AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

Reference is made to the announcement of the Company dated 27 March 2013 in relation to the audited consolidated financial statements the (the "Financial Statements") of the Group for the year ended 31 December 2012 (the "Results Announcement").

As the Withdrawal was actually effective on 21 December 2012, even though the Group only became aware of it on 3 April 2013, provisions of impairment of HK$63,601,000 and HK$632,000, for the timber concessions and cutting rights and property, plant and equipment, respectively should be made for the year ended 31 December 2012. As a result, the Group has revised the audited consolidated results for the year ended 31 December 2012 ("Revised Results") as attached in the Annex to this announcement. The revised loss attributable to equity holders of the Company is HK$76,777,000 (previously stated at HK$38,237,000) and the revised basic loss per share attributable to equity shareholder of the Company is HK$0.098 (previously stated at HK$0.049). The revised net assets of the Group were HK$1,192,897,000 (previously stated at HK$1,257,130,000). Our auditors have reviewed and agreed the changes made in the Revised Results. The 2012 Annual Report will be prepared on this basis.

Please refer to the Annex to this announcement for the Revised Results. For reader's ease of reference, changes made against the Results Announcement have been underlined in the Annex.

Shareholders of the Company and potential investors are advised to take note of this development and exercise caution when dealing in the shares of the Company.

By Order of the Board
Greenheart Group Limited
W. Judson Martin
Chairman, CEO and Executive Director

Hong Kong, 5 April 2013

As at the date hereof, the Board comprises two executive directors, namely, Messrs. W. Judson Martin and Hui Tung Wah Samuel, one non-executive director, namely, Mr. Simon Murray, and three independent non-executive directors, namely, Messrs. Wong Che Keung Richard, Tong Yee Yung Joseph and Wong Kin Chi.

Website: http://www.greenheartgroup.com

* *For identification purpose only*

Annex I

REVISED RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The board (the "Board") of directors (the "Directors") of Greenheart Group Limited ("Greenheart" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2012 (the "Year"), together with the comparative figures for 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
REVENUE	3	**495,226**	326,984
Cost of goods sold		**(308,810)**	(172,200)
Gross profit		**186,416**	154,784
Other income and gains	4	**10,948**	8,414
Fair value gain on plantation forest assets		**94,764**	45,641
Selling and distribution costs		**(169,708)**	(129,767)
Administrative expenses		**(79,489)**	(91,100)
Other operating expenses		**(132,324)**	(46,038)
Non-cash share option expenses		**(1,361)**	(4,934)
Finance costs	5	**(39,966)**	(30,949)
LOSS BEFORE TAX	6	**(130,720)**	(93,949)
Tax	7	**(13,657)**	(11,938)
LOSS FOR THE YEAR		**(144,377)**	(105,887)

	Notes	**2012** *HK$'000*	2011 *HK$'000*
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**8,544**	2,408
Revaluation gain on forestry land		**2,612**	4,057
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX OF NIL		**11,156**	6,465
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(133,221)**	(99,422)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(76,777)**	(74,343)
Non-controlling interests		**(67,600)**	(31,544)
		(144,377)	(105,887)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the Company		**(65,621)**	(67,878)
Non-controlling interests		**(67,600)**	(31,544)
		(133,221)	(99,422)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	**HK$(0.098)**	HK$(0.098)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**407,489**	286,950
Prepaid land lease payments		**15,128**	15,572
Goodwill		**7,624**	7,624
Timber concessions and cutting rights		**738,128**	800,201
Other intangible assets		**3,409**	–
Plantation forest assets		**500,738**	489,568
Prepayments, deposits and other receivables		**11,663**	57,640
Total non-current assets		**1,684,179**	1,657,555
CURRENT ASSETS			
Inventories		**42,271**	7,822
Trade receivables	9	**35,263**	34,533
Prepayments, deposits and other receivables		**98,333**	26,155
Tax recoverable		**1,909**	–
Pledged deposits		**–**	20,118
Cash and cash equivalents		**144,285**	285,018
Total current assets		**322,061**	373,646
CURRENT LIABILITIES			
Trade payables	10	**31,961**	18,513
Other payables and accruals		**32,617**	27,548
Finance lease payables		**7,472**	6,208
Loan from the ultimate holding company	12(a)(i)	**312,000**	–
Due to the ultimate holding company	12(a)(i)	**132**	141
Deposit received from a fellow subsidiary	12(b)	**22,565**	22,565
Convertible bonds	11	**214,658**	–
Tax payable		**11,991**	662
Total current liabilities		**633,396**	75,637
NET CURRENT (LIABILITIES)/ASSETS		**(311,335)**	298,009
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,372,844**	1,955,564

	Notes	**2012** *HK$'000*	2011 *HK$'000*
NON-CURRENT LIABILITIES			
Loan from the ultimate holding company	12(a)(i)	–	312,000
Loan from the immediate holding company	12(a)(ii)	**62,400**	–
Convertible bonds	11	–	201,553
Finance lease payables		**23,669**	27,500
Deferred tax liabilities		**93,878**	89,754
Total non-current liabilities		**179,947**	630,807
NET ASSETS		**1,192,897**	1,324,757
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**7,797**	7,797
Reserves		**1,000,338**	1,064,598
		1,008,135	1,072,395
Non-controlling interests		**184,762**	252,362
TOTAL EQUITY		**1,192,897**	1,324,757

Notes:

1.1. CORPORATE INFORMATION

Greenheart Group Limited is a limited liability company incorporated in Bermuda and the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As at 31 December 2012, the immediate holding company of the Company was Sino-Capital Global Inc. ("Sino-Capital"), which is incorporated in the British Virgin Island ("BVI") and held 495,519,102 shares, representing approximately 63.55% of the issued share capital of the Company, and the ultimate holding company of the Company was Sino-Forest Corporation (the "Sino-Forest" or "Ultimate Holding Company"), which is incorporated in Canada.

Subsequent to the end of the reporting period, on 30 January 2013, Sino-Forest announced that it has implemented its plan of compromise and reorganization as approved by the creditors of Sino-Forest on 3 December 2012 and sanctioned by the Ontario Superior Court of Justice on 10 December 2012 pursuant to the Companies' Creditors Arrangement Act (the "Plan") and under which, among other things, all of the shares held by Sino-Forest in its directly owned subsidiaries, including the entire issued share capital of Sino-Capital were transferred to Emerald Plantation Group Limited ("EPGL"), a newly formed entity which is ultimately owned by Emerald Plantation Holdings Limited ("EPHL" or "the New Ultimate Holding Company"), a company incorporated in the Cayman Islands with limited liability.

As at the date of this announcement, the ultimate holding company of the Company is EPHL.

1.2. BASIS OF PRESENTATION

The Group had net current liabilities of approximately HK$311,335,000 as at 31 December 2012, of which HK$312,000,000 represented a loan from the Ultimate Holding Company, which is repayable on 17 August 2013 ("Holding Company Loan"). Notwithstanding the foregoing, up to the date of this announcement, the Group is still in discussion with the New Ultimate Holding Company, the parent company of EPGL whose assumed all the rights and benefits of the Holding Company Loan from the Ultimate Holding Company pursuant to the Plan, for the extension of the repayment date of the Holding Company Loan from 17 August 2013 to 31 March 2014, 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) As at 31 December 2012, the Group had unutilized banking facility of a total of US$30 million from the Bank of New Zealand, of which US$5 million overdraft facility is repayable on demand and the remaining US$25 million is cash advance facility maturing on 30 November 2015;

(ii) the Group has prioritized its funding and efforts to focus on the operation of its new sawmill in West Suriname which the Directors expect can generate adequate returns to the Group upon its full scale operation;

(iii) the Group is actively exploring different options to obtain alternative sources of funding, in particular to finance the Group's capital expenditure by way of lease and long term loans;

(iv) the Group may consider to sell off certain of its non-current assets to meet its financial obligations; and

(v) various cost control measures have been taken by the Group to tighten the costs of operations and various general and administrative expenses.

Accordingly, the consolidated financial statements have been prepared on the 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 the consolidated financial statements.

1.3. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). They have been prepared under the historical cost convention, except for plantation forest assets and forestry land which are measured at fair value less cost to sell and fair value, respectively. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current Year's consolidated financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfer of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

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

3. 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 maker in order to allocate resources to segments and to assess their performance.

The Group manages its businesses by geographical location and the chief operating decision maker (i.e. the Directors) also review the segment information by this category to allocate resources to segments and to assess their performance. The Group has presented the following three reportable segments:

Suriname:	Engaging in hardwood log harvesting, timber processing, marketing and sale of logs and timber products
New Zealand:	Engaging in softwood log harvesting, marketing and sale of logs
Elsewhere:	Engaging in trading of logs and timber products

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 adjusted earnings/(loss) before interest, tax, depreciation and amortization (the "Adjusted EBITDA"). The Adjusted EBITDA is measured consistently with the Group's loss before tax except that fair value gain on plantation forest assets, government grant, finance costs, forest depletion costs as a result of harvesting, amortization, depreciation, impairment losses, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following table presents revenue, profit/(loss), assets and liabilities information regarding the Group's operating segments for the Year:

Year ended 31 December 2012

	Suriname *HK$'000*	New Zealand *HK$'000*	Elsewhere *HK$'000*	Total *HK$'000*
SEGMENT REVENUE	**42,489**	**450,280**	**2,457**	**495,226**
SEGMENT RESULTS				
Adjusted EBITDA	**(57,254)**	**95,019**	**385**	**38,150**
Reconciliation of the segment results:				
Fair value gain on plantation forest assets	**–**	**94,764**	**–**	**94,764**
Government grant	**–**	**5,840**	**–**	**5,840**
Finance costs	**(4,570)**	**(12,574)**	**–**	**(17,144)**
Forest depletion cost as a result of harvesting	**–**	**(85,972)**	**–**	**(85,972)**
Amortization of harvest roading	**–**	**(7,662)**	**–**	**(7,662)**
Amortization of timber concessions and cutting rights	**(6,287)**	**–**	**–**	**(6,287)**
Amortization of prepaid land lease payments	**(444)**	**–**	**–**	**(444)**
Amortization of other intangible assets	**(92)**	**–**	**–**	**(92)**
Depreciation	**(12,829)**	**(1,348)**	**–**	**(14,177)**
Written down of inventories, net	**(2,958)**	**–**	**–**	**(2,958)**
Impairment of property, plant and equipment	**(632)**	**–**	**–**	**(632)**
Impairment of timber concessions and cutting rights	**(63,601)**	**–**	**–**	**(63,601)**
Impairment of other intangible assets	**–**	**(3,882)**	**–**	**(3,882)**
Corporate and other unallocated expenses, net				**(66,623)**
LOSS BEFORE TAX				**(130,720)**
SEGMENT ASSETS	**1,159,375**	**787,747**	**–**	**1,947,122**
Corporate and other unallocated assets				**59,118**
Total assets				**2,006,240**

	Suriname	New Zealand	Elsewhere	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
SEGMENT LIABILITIES	**222,966**	**372,475**	**–**	**595,441**
Corporate and other unallocated liabilities				**217,902**
Total liabilities				**813,343**
Other segment information				
Interest income*	**2,244**	**56**	**–**	**2,300**
Capital expenditures#	**(119,661)**	**(41,980)**	**–**	**(161,641)**

* Included in the "Segment Results" disclosed above.

\# Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, timber concessions and cutting rights, harvest roading and plantation forest assets.

Year ended 31 December 2011

	Suriname	New Zealand	Elsewhere	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE	25,501	300,655	828	326,984
SEGMENT RESULTS				
Adjusted EBITDA	(45,368)	57,735	251	12,618
Fair value gain on plantation forest assets	–	45,641	–	45,641
Finance costs	(267)	(9,215)	–	(9,482)
Forest depletion cost as a result of harvesting	–	(39,821)	–	(39,821)
Amortization of harvest roading	–	(2,080)	–	(2,080)
Amortization of timber concessions and cutting rights	(4,589)	–	–	(4,589)
Amortization of prepaid land lease payments	(297)	–	–	(297)
Depreciation	(5,337)	(701)	–	(6,038)
Written down of inventories, net	(5,874)	–	–	(5,874)
Impairment of goodwill	(1,301)	–	–	(1,301)

Corporate and other unallocated expenses, net				(82,726)
LOSS BEFORE TAX				(93,949)
SEGMENT ASSETS	1,102,946	729,599	–	1,832,545
Corporate and other unallocated assets				198,656
Total assets				2,031,201
SEGMENT LIABILITIES	152,100	347,812	–	499,912
Corporate and other unallocated liabilities				206,532
Total liabilities				706,444
Other segment information				
Interest income*	337	48	–	385
Capital expenditures#	(129,345)	(27,125)	–	(156,470)

* Included in the "Segment Results" disclosed above.

\# Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, timber concessions and cutting rights, harvest roading and plantation forest assets and excluding assets from the acquisition of subsidiaries.

Geographical Information

Revenue is attributed to the following geographical regions of the customers:

	2012	2011
	HK$'000	*HK$'000*
Mainland China	**357,727**	246,340
India	**77,200**	–
New Zealand	**26,064**	48,322
Suriname	**14,929**	2,543
Netherlands	**10,260**	2,308
South Korea	**6,225**	–
Hong Kong	**2,167**	650
Denmark	**293**	–
Belgium	**260**	–
United Kingdom	**101**	–
Singapore	**–**	26,821
	495,226	326,984

Information of major customers

During the Year, the Group had transactions with 3 (2011: 4) customers who each contributed over 10% of the Group's total gross revenue before export tax for the Year. A summary of revenue earned from each of these major customers is set out below:

	2012	2011
	HK$'000	*HK$'000*
Customer 1	**63,908**	N/A*
Customer 2	**56,335**	N/A*
Customer 3	**53,847**	N/A*
Customer 4	**N/A***	73,194
Customer 5	**N/A***	33,618
Customer 6	**N/A***	32,589
Customer 7	**N/A***	31,790
	174,090	171,191

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

4. OTHER INCOME AND GAINS

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**460**	3,617
Other interest income	**2,145**	241
Rental income for lease of plant and machinery	**2,257**	861
Government grant	**5,840**	–
Write-back of other payables	**–**	2,190
Recovery of insurance claim	**–**	586
Waive of charge on early loan repayment	**–**	222
Others	**246**	697
	10,948	8,414

5. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on convertible bonds	**22,822**	21,467
Interest on a loan from the ultimate holding company	**12,574**	9,215
Interest on a loan from the immediate holding company	**1,830**	–
Interest on finance leases	**2,740**	225
Interest on bank loans	**–**	42
	39,966	30,949

6. LOSS BEFORE TAX

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

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold#	**216,551**	127,790
Forest harvested as agricultural produce	**90,009**	38,597
Amount (capitalized)/released in inventories	**(4,037)**	1,224
Forest depletion cost as a result of harvesting#	**85,972**	39,821
Amortization of timber concessions and cutting rights	**10,167**	5,400
Less: Amount capitalized in inventories	**(3,880)**	(811)
Current year expenditure charged to cost of goods sold#	**6,287**	4,589
Impairment of an investment deposit*	**–**	7,410
Depreciation	**16,588**	7,979
Loss on disposal of items of property, plant and equipment*	**32**	2,426

Included in "Cost of goods sold" disclosed in the consolidated statement of comprehensive income.

* Included in "Other operating expenses" disclosed in the consolidated statement of comprehensive income.

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year.

No overseas income tax has been provided during the Year as the subsidiaries operating in overseas countries did not generate any assessable profits arising during the Year based on existing legislation, interpretations and practices in respect thereof.

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 authority, may be renewable or extended for a further period upon expiry. During the Year, the effective tax rate, calculated on the basis of total current and deferred tax expenses to its operating results, of the Group's New Zealand operation is 16.2%.

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	**9,524**	2,467
Current – Elsewhere		
Overprovision in prior year	**–**	(2,527)
Foreign exchange difference on income tax payable	**9**	(51)
Deferred	**2,824**	12,338
Foreign exchange difference on deferred tax liabilities	**1,300**	(289)
	13,657	11,938

8. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share amount is based on the loss for the Year attributable to equity holders of the Company, and the weighted average of 779,724,104 (2011: 755,920,294) ordinary shares in issue during the Year.

In respect of the diluted loss per share amounts presented, no adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2012 and 2011 as the impact of the share options and convertible bonds outstanding during these years either had no dilutive effect or had an anti-dilutive effect on the basic loss per share amounts presented.

9. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**32,496**	33,697
1 to 3 months	**2,267**	749
Over 3 months	**500**	87
	35,263	34,533

The Group's trading terms with its customers are mainly letters of credit at sight or on open accounts with credit terms of 30 days to 45 days, where a 20% to 40% deposit is normally required. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimise 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.

None of the trade receivables is impaired as at 31 December 2012 and 2011.

10. TRADE PAYABLES

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

	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**30,746**	17,940
1 to 3 months	**795**	238
Over 3 months	**420**	335
	31,961	18,513

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

11. CONVERTIBLE BONDS

In August 2010, the Company issued US dollar denominated convertible notes with an aggregate principal amount of US$25,000,000 (the "CN") with a maturity date of 17 August 2015 to Greater Sino Holdings Limited (the "Noteholder"), a company in which a Director of the Company has an indirect interests, for a total cash consideration of US$24,750,000. The Noteholder has the right to convert the whole or part of the principal amount of the CN into ordinary shares of the Company at HK$2.002 each from time to time and may require the Company to redeem all or part of the CN on each of the dates falling on the third anniversary (i.e. 17 August 2013) and on the fourth anniversary (i.e. 17 August 2014) of the issuance date of the CN at the redemption amount as defined in the terms and conditions of the CN. In addition, the Noteholder may also require the Company to redeem in whole or in part of the CN following occurrence of a "Change of Control" event.

As the Noteholder may require the Company to redeem in whole or in part of the CN on 17 August 2013, being the third anniversary, the CN were classified as current liabilities as at 31 December 2012.

12. RELATED PARTY DISCLOSURES

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

Name of related party	Nature of transaction	*Notes*	**2012** **HK$'000**	2011 *HK$'000*
The ultimate holding company	Interest expenses paid and payable on a loan	(i)	**12,574**	9,215
The immediate holding company	Interest expenses paid and payable on a loan	(ii)	**1,830**	–
A fellow subsidiary	Sales of logs	(iii)	**–**	73,194
Noteholder	Interest expense paid and payable on CN	(iv)	**22,822**	21,467

Notes:

(i) The interest expenses were charged based on the London Interbank Offered Rate plus 3.5% per annum on the Holding Company Loan, which is unsecured and repayable on 17 August 2013. The interest payable as at 31 December 2012 was HK$132,000 (2011: HK$141,000).

(ii) The interest expenses were charged based on the Hong Kong Prime Rate on a loan with principal amount of HK$62,400,000 (i.e. US$8 million) granted by Sino-Capital during the Year. The loan is unsecured and repayable on 26 March 2015.

(iii) The sales of logs to a fellow subsidiary were made with reference to the prevailing market prices and under normal commercial terms of the sales of similar type of products. No such transaction was recorded during the Year.

(iv) The amount disclosed above represents the imputed interest expenses charged to the income statement for accounting purpose for the CN. The actual coupon paid to the Noteholder, which is calculated based on the coupon rate of 5% per annum as set out in the terms and conditions of the CN is HK$9,718,000 (2011: HK$9,718,000).

(b) Outstanding balances with related parties

The deposit received from a fellow subsidiary is trade in nature, which is unsecured and interest-free.

13. EVENTS AFTER THE REPORTING PERIOD

The following significant events occurred subsequent to the reporting period:

(a) The implementation of the Plan required EPGL to make unconditional mandatory general offers (the "Offers") in cash for all the issued shares of the Company (other than the shares already owned or controlled by EPGL and its parties acting in concert) and put appropriate proposals to the respective holders of the Company's convertible securities and share options pursuant to Rule 26 of the Code on Takeovers and Mergers. Details of the Offers were set out in the announcement and the offer document of EPGL dated 31 January 2013 and 21 February 2013 respectively.

The Offers were completed on 21 March 2013 and were not revised or extended. The results of the Offers were set out in the Company's announcement dated 21 March 2013.

(b) The implementation of the Plan as mentioned above constituted a "Change of Control" event under the CN. In connection with this, on 20 February 2013, the Company has redeemed US$8,000,000 of the principal amount of the CN in accordance with the terms and conditions of CN at a redemption amount of US$9,542,000, upon the partial exercise by the Noteholder of its redemption right following the occurrence of a "Change of Control" event.

Under the terms and conditions of the CN, following such partial redemption, the Noteholder may subsequently exercise its redemption right (in whole or in part of its outstanding CN), by giving an exercise notice of 30 days prior to such further redemption, at any time prior to the maturity of the CN.

(c) On 3 April 2013, a notification was given to the Group by a licence holder (the "License Holder") of the forest concession with gross area of approximately 128,000 hectares in East Suriname (the "Concession"), whereas the Group has the right to harvest, transport and sell timber from the Concession (the "Cutting Right"), that on 21 December 2012, the Suriname Ministry of Environmental Planning, Land and Forest Management had withdrawn the Concession Right of the License Holder under the relevant Suriname laws and regulations (the "Withdrawal"). Accordingly, the License Holder has been prohibited to exploit any timber from the Concession. Since the holding of the Concession by the License Holder is essential and as a result of the Withdrawal, the Cutting Right has been frustrated and has ceased to be of effect. Despite the notification was received in April 2013, the Withdrawal was effective in December 2012 which constituted as an adjusting event under HKAS 10 *Events after the Reporting Period*, accordingly, impairment of timber concessions and cutting rights of HK$63,601,000 and impairment of property, plant and equipment of HK$632,000 were recognized to the consolidated income statement during the Year.

Further details of which are set out in the part 1 of this announcement.

14. COMPARATIVE AMOUNTS

During the Year, the measurement methods used to determine reportable segment profit/(loss) have been revised. Accordingly, certain comparative amounts have been reclassified and restated to conform to the presentation of the Year.

15. EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of independent auditor's report on the Group audited consolidated financial statements for the year ended 31 December 2012:

Emphasis of matter

"Without qualifying our opinion, we draw attention to note 2[#] to the consolidated financial statements which indicates that the Group incurred a consolidated net loss attributable to the equity holders of the Company of HK$76,777,000 for the year ended 31 December 2012 and, as of that date, the Group's current liabilities exceeded its current assets by HK$311,335,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As further detailed in note 2[#] to the consolidated financial statements, the Group is still in the process of seeking agreement to extend the repayment date of the loan from the Company's ultimate holding company in the amount of HK$312,000,000 (the "Holding Company Loan") from 17 August 2013 to 31 March 2014. The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group extending the repayment date of the Holding Company Loan or obtaining other financial resources as detailed in note 2[#] to the consolidated financial statements. The consolidated financial statements do not include any adjustments that would result should the Group be unable to operate as a going concern."

[#] Being Note 1.2 in this annual results announcement.

LETTER TO SHAREHOLDERS

Dear shareholders of Greenheart,

We are pleased to present Greenheart's annual financial results for 2012, where despite the challenges our Company encountered as a result of the on-going restructuring of our former largest shareholder, we saw a year of growth in all our business units. Effective 31 January 2013, substantially all of the assets of our former largest shareholder, including a 63.55% equity interest in Greenheart, have been transferred to a new ownership group. Although the long-term plans of the new ownership group are not yet entirely clear, the distinct disassociation of Greenheart from the substantial problems surrounding our former largest shareholder is a positive step forward.

In 2012, we increased our year on year revenue by over 50% from HK$327.0 million to HK$495.2 million and increased our business units' adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") by 203% from HK$12.6 million to HK$38.2 million. As we announced on 20 December 2012, we strengthened our capital structure and liquidity with the completion of a US$30 million credit facility with the Bank of New Zealand. The facility includes a US$5 million revolving facility, repayable on demand and a US$25 million revolving facility maturing on 30 November 2015. The facility remained undrawn in our year-end 2012 financial results.

In our softwood business unit, we grew our New Zealand operations and sales network into China and India taking advantage of the growing demand for radiata pine as a key construction and building material. All of our softwood sales and marketing activity are managed by our in-house staff. We have no reliance on any related party or agreements. In 2012, we harvested approximately 559,000 cubic metres, representing a 59% increase from 2011 resulting in revenue and Adjusted EBITDA increases of 50% and 65% respectively. In 2013, we have plans to harvest up to 650,000 cubic metres. In a little over two years we have taken our New Zealand plantation assets from under development with little harvest volume to a profitable income producing asset with increasing harvest volume and asset value.

China, India and New Zealand are now our three largest markets for our New Zealand radiata pine. China accounted for 76% of Greenheart's softwood sales with average A-Grade prices increasing by 18% from December 2011 to December 2012. This was primarily driven by reduced supply from Russia and a redirection of Canadian softwood supply to the improving US housing market. Additionally, we benefitted from the oversupply of dry bulk carriers that drove shipping costs from New Zealand to China down by 17% during 2012. In 2013, we will continue to grow our export market share in China and India with our planned increased harvest volumes and explore new opportunities to supplement our own supply with additional third party volume.

In our hardwood business unit in Suriname, we increased sales by 67% from the year before with revenues of HK$42.5 million in 2012. In West Suriname, we completed phase one of our world-class wood processing facility, which was commissioned in August 2012 by Suriname's Minister of Public Works. This is an important achievement and allows Greenheart to produce and sell high-value tropical hardwood products around the world which are sustainably produced in Suriname.

Phase two expansion, which is underway in West Suriname includes an additional sawmill and processing capacity, 22 dry kilns and the construction of a bioenergy plant to convert a substantial proportion of our timber waste into clean energy. When completed in 2013, we will be substantially less reliant on diesel fuel while realizing approximately US$2 million in annual cost savings. As a result, our carbon footprint will be substantially smaller and we are exploring opportunities to relay our excess clean energy back to the national grid as well as the local indigenous community. Most importantly and aligned with our fundamental commitment to the environment and principles of sustainability, our West Suriname operations achieved the Forest Stewardship Council ("FSC") controlled wood certification in 2012. We also successfully completed the annual audit evaluation for full FSC certification in our Central Suriname concessions where we now control harvesting rights and the option to acquire further concession rights in the neighboring region.

Due to the problems faced by our former largest shareholder over the past two years, we have moved cautiously and deliberately slow in our Suriname expansion. Our operations in Suriname remain under development but with the restructuring of our former largest shareholder now substantially behind us, we can recommence our full growth strategy. Upon completion of phase two later in 2013, our tropical hardwood processing facility in West Suriname will be one of the largest and most energy efficient in South America. Our future plans include replication of the wood processing facility and bioenergy plant that is under construction in West Suriname in our Central Suriname operations.

In 2012, we focused on strengthening our in-house sales & marketing resources to expand to new hardwood markets with more species and more product choice. All of our hardwood sales and marketing activity are managed by our in-house staff. We have no reliance on any related party or agreements. As we started producing top quality lumber, we commenced sales to the Netherlands, which has become our largest hardwood lumber market. We are also developing a growing customer base in Denmark, Belgium and the United Kingdom. In 2012, our average selling price for hardwood lumber, excluding recovery products was US$811 per cubic metre, an increase of 8% from 2011. We also increased our third-party hardwood trading revenue by nearly 200% compared to 2011 as we focused on selective sourcing and trading of timber that leverages our growing marketing and distribution network. Although currently a small contributor, we will continue to develop our trading business in the coming years as it generates substantial operating synergies, utilizes and develops our existing resources and strengths without significant additional long term capital commitments.

On 31 January 2013, Emerald Plantation Group Limited ("**EPGL**"), Greenheart's largest shareholder with approximately 63.55% of the issued share capital in Greenheart (at the time of the making of the MGO (as defined below)) made an unconditional mandatory general cash offer (the "MGO") to acquire all the issued ordinary share capital, including the convertible notes and outstanding options of Greenheart that were not already held by EPGL. On 21 March 2013, the MGO closed and EPGL announced they owned a total of 496,189,028 shares in Greenheart representing approximately 62.82% of the issued share capital of the Company. This level of acceptance did not meet the requirements for compulsory acquisition under the relevant rules and Greenheart continued to maintain its listing of shares on the Main Board of Stock Exchange. Our net asset value per share of HK$1.53 attributable to shareholders at the end of 2012 is a premium of 164% to the EPGL offer price of HK$0.58 per share.

In the last two years, we faced significant challenges and acted with deliberate care as a direct result of the restructuring of our former largest shareholder. At the same time, we have turned a small business with annual sales of only HK$17 million into a business generating annual revenue of almost HK$500 million with positive Adjusted EBITDA from business units. Our keen focus in 2013 and beyond is to continue the reduction of operating losses and move to profitability and positive operating cash flow on a consolidated basis. We plan to accomplish this by growing our top line with increased softwood harvesting and sales from New Zealand and to ramp up hardwood sales in Suriname which we are now well positioned to do, with the completion of our wood processing facility in West Suriname. We also intend to improve efficiency in all our operations thereby controlling costs.

With the challenges of our former largest shareholder now substantially behind us, we are excited about our future. We believe we have the strategy and the people to turn our existing assets into a world-class sustainable forestry business creating a solid platform on which to grow.

On behalf of all of us at Greenheart, I want to thank you for sharing that belief.

W. Judson Martin
Chairman, Chief Executive Officer and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are pleased to report that Greenheart continued to grow its operations throughout the Year. Total revenue was approximately HK$495,226,000 for the Year, representing a 51.5% increase from approximately HK$326,984,000 in the previous year. The significant growth in revenue was primarily attributable to our New Zealand operation, where revenue increased by approximately 49.8% to HK$450,280,000 and represented 90.9% of total revenue. In Suriname, we completed phase one of our processing facility and commenced production and sale of high value lumber which increased our revenue by approximately 66.7% to approximately HK$42,489,000 for the Year. The revenue from trading of third party logs and timber products increased by approximately 197% to approximately HK$2,457,000 for the Year.

The Group's gross profit for the Year was approximately HK$186,416,000, representing an increase of 20.4% from approximately HK$154,784,000 in the previous year. The gross profit contribution from the New Zealand and Suriname business units were approximately HK$169,655,000 (2011: HK$143,938,000) and HK$16,376,000 (2011: HK$10,595,000), respectively. The significant increase in the Group's gross profit was mainly attributable to incremental sales of approximately 180,000 cubic metres of New Zealand radiata pine and approximately 3,000 cubic metres of Surinamese sawn lumber compared to the year before. Gross profit was further boosted by the sale of 34,000 additional wood pallets from our Suriname operations. The gross profit for the Group's trading business was HK$385,000 (2011: HK$251,000), an increase of approximately 53.4% from the previous year.

The Group's gross profit margin for the Year was approximately 37.6% as compared to approximately 47.3% in the previous year. The gross profit margin for the New Zealand and Suriname business units were approximately 37.7% and 38.5% (2011: 47.9% and 41.5%), respectively. The decrease in the gross profit margin for New Zealand is mainly due to a higher proportion of freight on board sales which reduces the total average selling price and an increased fair value on our New Zealand plantation forest assets which increases the unit depletion cost. The decrease in the gross profit margin for Suriname is mainly attributable to higher operating costs including the associated costs of setting up a new central log yard as a storage and control center for better inventory management. The increased sale of wood pallets, a recovery product with a lower profit margin compared to other high value timber products also contributed to the decrease in the overall gross profit margin.

Other income and gains amounted to approximately HK$10,948,000 for the Year, representing a 30.1% increase from approximately HK$8,414,000 in the previous year. The net increase of approximately HK$2,534,000 was mainly attributable to HK$5,840,000, being the fair value of 151,000 units of New Zealand carbon credits granted by the New Zealand Ministry for Primary Industries as at the date of grant and reduced non-recurring income and gains recorded during the Year.

The Group's fair value gain on plantation forest assets was HK$94,764,000 (2011: HK$45,641,000), primarily attributable to the net effect of increasing average selling prices, changing harvesting and roading cost, forest yields and discount rate which reflect the actual operation experience and operating data which the Group obtained in the past two years.

Selling and distribution costs are mainly attributable to trucking, barging and export handling expenses from the sale of our Suriname logs and timber products as well as ocean freight and logistics related costs incurred from the sale of our New Zealand radiata pine. The significant increase was mainly attributable to the increased sale of New Zealand radiata pine, which were sold predominantly on a cost and freight basis.

Administrative expenses decreased by HK$11,611,000 or 12.7% to approximately HK$79,489,000 for the Year. The net decrease is mainly attributable to the reduction of the one-off legal and professional fees occurred in 2011 of HK$15,078,000 and an increase in the salaries, staff related costs and depreciation of office equipment and furniture by approximately HK$4,017,000 which reflected the Group's expansion, particularly in its hiring of experienced staff and consultants in order to facilitate the Group's growth plans during the Year.

The increase in other operating expenses of approximately HK$86,286,000 was mainly attributable to impairment loss of timber concessions and cutting rights approximately HK$63,601,000 and property, plant and equipment approximately HK$632,000 due to the frustration of a subcontracting agreement in relation to certain harvesting right in East Suriname (Details please refer to part 1 of this announcement) and an impairment loss of approximately HK$3,882,000 due to the fair value decrease in the New Zealand carbon credits by the end of 2012. The Group's other operating expenses also included the additional costs and expenses incurred for the preparation and testing of the Group's new world-class wood processing facility in West Suriname. The Group obtained certain rights to operate and manage the harvesting and related activities in East Suriname and Central Suriname in March 2011 and December 2011, respectively and recorded new development costs that were not reflected in operating expenses in 2011.

Share option expenses incurred for the Year of approximately HK$1,361,000 were non-cash in nature, represented the amortization of the fair value of the share options granted by the Company during the Year relating to contractual arrangements with senior managers required to implement the Company's growth plans.

Finance costs mainly represented the interest expenses incurred for the convertible notes with a total principal amount of US$25,000,000 (equivalent to approximately HK$195,000,000) issued in August 2010, bearing an effective interest rate of approximately 11.2% per annum. These convertible notes bear a coupon rate of 5% per annum, representing an actual coupon of HK$9,718,000 for the Year. The increase in finance costs was mainly attributable to the interests incurred on the Holding Company Loan and a loan of US$8,000,000 (equivalent to HK$62,400,000) granted by Sino-Capital during the Year in relation to its proportionate share of costs and expenditure regarding its shareholding in West Suriname operation. Finance costs also included certain finance lease interest expenses of HK$2,740,000 as a result of the hire-purchase arrangements entered for certain forestry equipment that are essential for the expansion of Suriname's operation.

Tax charge for the Year mainly represented general tax provision of approximately HK$9,524,000 (2011: HK$2,467,000), deferred tax arising from the revaluation of our plantation forest assets and other timing differences arising from our New Zealand operation of approximately HK$2,824,000 (2011: HK$12,338,000) and foreign exchange difference on income tax payable and deferred tax liabilities during the Year.

As a result of the aforementioned, the loss attributable to the equity holders of the Company increased to approximately HK$76,777,000 for the Year from the loss in 2011 of approximately HK$74,343,000.

LIQUIDITY AND FINANCIAL REVIEW

As at 31 December 2012, the Group's current assets and current liabilities were HK$322,061,000 and HK$633,396,000 respectively (2011: HK$373,646,000 and HK$75,637,000 respectively). Cash and bank balances were approximately HK$144,285,000 (2011: HK$285,018,000) with no pledged bank deposits (2011: HK$20,118,000). The Group's outstanding borrowings as at 31 December 2012 represented the loan from the Ultimate Holding Company amounting to HK$312,000,000 (2011: HK$312,000,000), the loan from Sino-Capital of HK$62,400,000 (2011: Nil) and a finance lease payable of HK$31,141,000 (2011: HK$33,708,000). Accordingly, the Group's gearing ratio, which was calculated on the basis of outstanding borrowings (excluding the convertible bonds) as a percentage of equity attributable to equity holders of the Company, was 40.2% (2011: 32.2%).

Notwithstanding the Group has net current liabilities of HK$311,335,000 as at 31 December 2012, the Directors, after taking into account of the unutilized banking facility of a total of US$30 million from the Bank of New Zealand and other measures as mentioned in note 1.2 to this results announcement above, are of the view that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

As at 31 December 2012, there were 779,724,104 ordinary shares of HK$0.01 each of the Company in issue.

The Group adopts conservative treasury policies in cash and financial management. Cash is generally placed in short-term deposits mostly denominated in United States dollars and Hong Kong dollars. The Group's liquidity and financing requirements are reviewed regularly.

Most of our sales are denominated in United States dollars, to which the Hong Kong dollar is pegged and is the same currency in which the Group's all outstanding borrowings, majority costs and expenses incurred in Hong Kong and Suriname are denominated. The domestic sales generated from our New Zealand plantation assets are denominated in New Zealand dollars which can help to partly offset the Group's operating expenses payable in New Zealand dollars. During the Year, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 December 2012. However, we will continue to closely monitor all possible exchange rate 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.

BUSINESS PROSPECTS

Greenheart continued to grow in New Zealand and Suriname in 2012 and expanded its timber-trading business in Hong Kong. In New Zealand, Greenheart continued to expand its softwood business by increasing harvest volumes while enjoying rising prices and falling shipping costs. In Suriname, Greenheart completed phase one of the construction of a world-class hardwood processing facility and commenced production of new sawn lumber, higher value products such as flooring and recovery products such as pallets. Greenheart has already commenced phase two construction of a second sawmill line and signed an agreement to purchase and build a new bioenergy plant adjacent to the processing facilities – both set for completion in 2013.

In New Zealand, Greenheart harvested approximately 559,000 cubic metres of softwood in 2012, compared to approximately 349,000 cubic metres in 2011. In 2013, Greenheart currently expects to harvest up to 650,000 cubic metres with sales to China, our largest market which is also the world's largest importer of New Zealand radiata pine, India, South Korea as well as domestic buyers in New Zealand.

Demand for New Zealand radiata pine grew quicker in the second half of 2012 and the Company was able to sell its A-grade logs in China on cost and freight basis for US$143 per cubic metre in December 2012, up approximately 18.2% from US$121 per cubic metre in December 2011. While building and infrastructure investment in China has remained positive, the main driver for the increased demand is due to decreased supply from competing regions, namely Russia and the Pacific North West, which has seen a redirection of their supply into the United States as the housing sector recovers. This has channeled customers back to New Zealand, now the most accessible market to meet demand in the China market. As well as increased prices, the Company has also enjoyed decreasing shipping costs, dropping to approximately US$34 per cubic metre for shipments to China in 2012 compared to approximately US$39 per cubic metre in 2011.

In Suriname, Greenheart completed phase one of its world-class hardwood processing facility in West Suriname and commenced processing hardwood logs into sawn lumber, finished timber products such as flooring and recovery products into pallets. Sales increased by 67% as compared to 2011 and we will continue to grow our product offering by constructing additional dry kilns and molders to enhance the quality and value of our hardwood lumber. We are also building a bioenergy plant that will convert a substantial portion of the waste produced from the processing facility into clean energy. This bioenergy plant will power Greenheart's processing facility allowing Greenheart to reduce our carbon footprint and to save up to 1.5 million litres of diesel fuel consumption, equivalent to a saving of US$2 million a year at current diesel prices in Suriname.

With the processing facility increasing capacity, lumber sales and marketing have focused on new higher margin markets, such as Europe, North America, Australia, South Korea and the Middle East. Greenheart's largest lumber markets in order of size are now the Netherlands, followed by Denmark, Belgium and the United Kingdom. Our average price of hardwood lumber, excluding recovery products such as pallets was approximately US$811 per cubic metre, up 8% from 2011. The European Union has also introduced the new European Union Timber Regulations on imported timber products and Greenheart is confident in its ability to leverage its sustainability certifications to gain greater market share in Europe.

In 2012, Greenheart grew its hardwood trading business and increased revenues by nearly 200% compared to 2011. The trading business will focus on the sourcing of third-party logs and lumber from other sustainable hardwood suppliers and trading to existing and new customers for a margin. Greenheart has already initiated trading dialogue with several hardwood suppliers from Africa, Brazil, Peru, Papua New Guinea, Malaysia, and Russia. Greenheart will also grow the softwood trading business from New Zealand in 2013.

The global economy has started to see a recovery in the second half of 2012 and Greenheart has experienced this through its improved metrics from its New Zealand softwood business and continued growth in its Surinamese tropical hardwood business. In 2013, Greenheart expects its Surinamese hardwood business to grow quickly, securing greater market share in the higher value markets and building a brand that signifies sustainability, quality and value. In New Zealand, Greenheart will continue to increase harvest levels, increase market share in India and China and explore new opportunities for trading margin expansion.