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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Greenheart Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 13 to 14 of this circular.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 26 of this circular.

A notice convening the Special General Meeting to be held at Basement 2, Function Room, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong at 11:00 a.m. on 12 March 2018 is set out on pages 33 to 34 of this circular. Whether or not you intend to attend and vote at the Special General Meeting in person, please complete the enclosed form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event not later than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

15 February 2018

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Additional Facility Limit”	an amount of US\$20 million (approximately HK\$156 million)
“Banking Day”	a day (excluding Saturday, Sunday and public holidays in Hong Kong) on which banks are open for business in Hong Kong
“Board”	the board of Directors
“Company”	Greenheart Group Limited 綠心集團有限公司, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Drawdown Period”	the drawdown period as defined in the Facility Agreement (as amended and supplemented by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement and the Third Supplemental Facility Agreement)
“Event(s) of Default”	event(s) of default as set out in the Facility Agreement (as amended and supplemented by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement and the Third Supplemental Facility Agreement)
“Facility”	the revolving loan facility granted by Silver Mount to Greenheart Resources pursuant to the Facility Agreement (as amended and supplemented by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement and the Third Supplemental Facility Agreement)
“Facility Agreement”	the facility agreement dated 14 May 2008 entered into between Silver Mount and Greenheart Resources in respect of provision of a HK\$50 million loan facility
“Facility Limit”	the maximum total principal amount available during the Drawdown Period of the Facility
“Fourth Supplemental Facility Agreement”	the fourth supplemental facility agreement dated 26 January 2018 entered into between Silver Mount and Greenheart Resources in respect of the Facility

DEFINITIONS

“Greenheart Resources”	Greenheart Resources Holdings Limited, a company incorporated under the laws of the British Virgin Islands and currently a 60.39% indirect subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors of the Company, namely Mr. Nguyen Van Tu, Peter, Mr. Tang Shun Lam, Steven and Mr. Wong Man Chung, Francis, formed for the purpose of advising the Independent Shareholders in respect of the continuing connected transactions
“Independent Financial Adviser” or “Euto”	Euto Capital Partners Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the continuing connected transactions
“Independent Shareholders”	independent Shareholders other than those who have interest in the relevant continuing connected transactions
“Latest Practicable Date”	13 February 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Newforest”	Newforest Limited, an exempted company incorporated with limited liability in the Cayman Islands, the substantial shareholder of the Company
“Second Supplemental Facility Agreement”	the second supplemental facility agreement dated 4 November 2013 entered into between Silver Mount and Greenheart Resources for, inter alia, the extension of the Drawdown Period and the repayment date of the Facility and the change of the interest payment periods of the Facility from monthly payments in arrears to six-monthly payments in arrears

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Shares”	the shares of the Company
“Silver Mount”	Silver Mount Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Special General Meeting” or “SGM”	a special general meeting of the Shareholders to be convened and held to consider and, if thought fit, approve, inter alia, the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Supplemental Facility Agreement”	the supplemental facility agreement dated 22 November 2010 entered into between Silver Mount and Greenheart Resources for, inter alia, the increase of the Facility Limit to HK\$215 million, the extension of the Drawdown Period and the repayment date of the Facility
“Third Supplemental Facility Agreement”	the third supplemental facility agreement dated 12 December 2016 entered into between Silver Mount and Greenheart Resources for, inter alia, the extension of the repayment date of the outstanding amount drawn under the Facility for 3 years and the extension of the Drawdown Period
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

Executive Directors:

Mr. WU Wai Leung, Danny
Mr. LIM Hoe Pin

Non-executive Directors:

Mr. CHENG Chi-Him, Conrad
Mr. MURRAY Simon
Mr. TSANG On-Yip, Patrick

Independent non-executive Directors:

Mr. NGUYEN Van Tu, Peter
Mr. TANG Shun Lam, Steven
Mr. WONG Man Chung, Francis

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head office and principal place of
business in Hong Kong:*

Suites 1706-10
Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

15 February 2018

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The Company refers to its announcements dated 1 June 2010, 22 November 2010, 4 November 2013 and 12 December 2016 respectively, and its circular dated 30 November 2010, 6 November 2013 and 6 January 2017 respectively. Silver Mount, a wholly-owned subsidiary of the Company, granted to Greenheart Resources a revolving facility up to a maximum of HK\$215 million, which was approved by the Independent Shareholders at a special general meeting of the Company held on 17 December 2010. The Facility bears an interest at the rate of the prime rate for Hong Kong dollars per annum from time to time as quoted by the Hongkong and Shanghai Banking Corporation Limited (or such other bank as may be designated by Silver Mount).

LETTER FROM THE BOARD

As of the Latest Practicable Date, an amount of HK\$214,983,000 has been drawdown. The repayment date of the Facility, which was approved by the Independent Shareholders at a special general meeting of the Company held on 23 January 2017, is on or before the date falling 9 years after the date of the Supplemental Facility Agreement, which is 22 November 2019.

Reference is also made to the announcement of the Company made on 26 January 2018 in relation to the Fourth Supplemental Facility Agreement. The transactions to be effected by the Fourth Supplemental Facility Agreement constitute continuing connected transactions of the Company.

The purposes of this circular are to provide you with, among other things, (i) information in relation to the Fourth Supplemental Facility Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the Special General Meeting to consider and, if thought fit, approve the resolution in relation to the Fourth Supplemental Facility Agreement.

PARTICULARS OF THE FOURTH SUPPLEMENTAL FACILITY AGREEMENT

On 26 January 2018, Silver Mount entered into the Fourth Supplemental Facility Agreement with Greenheart Resources pursuant to which the parties conditionally agreed to:

- (a) extend the repayment date of the outstanding amount drawn under the Facility to 30 November 2020;
- (b) extend the Drawdown Period to the earlier of (i) 30 November 2020; and (ii) the date on which the Facility is terminated under the provisions of the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement); and
- (c) increase the Facility Amount from HK\$215 million to HK\$371 million, i.e. the Additional Facility Limit.

Apart from the above, all the terms of the Facility remain unchanged from the original terms.

The Fourth Supplemental Facility Agreement will only become effective upon the Company having convened the Special General Meeting at which resolutions shall have been duly passed by the Independent Shareholders to approve, confirm and ratify the Fourth Supplemental Facility Agreement.

PARTICULARS OF THE FACILITY

The principal terms of the Facility after the Fourth Supplemental Facility Agreement becomes effective are as follows:

- (i) Facility Limit: A revolving facility up to a maximum of HK\$371 million at any time during the Drawdown Period.

LETTER FROM THE BOARD

- (ii) Drawdown Period: The period commencing on the date of the Facility Agreement and ending on but excluding the earlier of (i) 30 November 2020; and (ii) the date on which the Facility is terminated under the provisions of the Facility Agreement as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement.
- (iii) Interest: Prime rate for Hong Kong dollars per annum from time to time as quoted by The Hongkong and Shanghai Banking Corporation Limited (or such other bank as may be designated by Silver Mount).
- Interest is calculated on the basis of the actual number of days elapsed on a 365-day year and is paid six-monthly in arrears.
- (iv) Repayment: Greenheart Resources may repay the whole or any part of the amount drawn under the Facility on or before 30 November 2020.
- (v) Prepayment: Greenheart Resources may on any Banking Day prepay the whole or any part of the amount drawn under the Facility together with interest accrued thereon by giving Silver Mount not less than two Banking Days' prior notice specifying the date of prepayment.
- (vi) Security: None.
- (vii) Conditions: Greenheart Resources may draw under the Facility provided that:
- (a) it gives Silver Mount a notice of drawing in the manner set out in the Facility Agreement;
 - (b) no Event of Default or prospective Event of Default has occurred and all representations and warranties given by Greenheart Resources under the Facility Agreement are true and correct as at the date of each drawing; and
 - (c) the amount of such drawing shall, when aggregated with the principal amount of then outstanding, not exceed the Facility Limit.
- (viii) Events of Default: Events of Default include but are not limited to:
- (a) failure of Greenheart Resources to pay any sum payable under the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement) when due;

LETTER FROM THE BOARD

- (b) failure of Greenheart Resources to perform or comply with any of its obligations or undertakings under the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement);
- (c) any representation, warranty or statement made by Greenheart Resources under the Facility Agreement, the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement, being or proving to have been untrue, inaccurate, incorrect or misleading in any material respect;
- (d) failure of Greenheart Resources to pay any other indebtedness when due by reason of a default or an event of default;
- (e) any litigation, arbitration or administrative proceedings before any court, arbitration or other relevant authority being current, pending or threatened against Greenheart Resources or any of its subsidiaries which Silver Mount considers will have or is likely to have a material adverse effect on Greenheart Resources and its subsidiaries; and
- (f) any material adverse change in the financial condition and/or business of Greenheart Resources.

PROPOSED ANNUAL CAPS

As mentioned above, an amount of HK\$214,983,000 was drawn down by Greenheart Resources. In view of the fact that the Additional Facility Limit increased the Facility Limit under the Fourth Supplemental Facility Agreement, the maximum principal amount advanced under the Facility plus the outstanding interest accrued thereon from time to time are not expected to exceed HK\$460 million for each of the financial years ending 31 December 2018, 2019 and 2020 (the “**Proposed Annual Caps**”). The Proposed Annual Caps were determined based on the Facility Limit and the current principal loan amount advanced under the Facility and the interest rate of the Facility.

LETTER FROM THE BOARD

REASONS AND BENEFITS FOR THE FOURTH SUPPLEMENTAL FACILITY AGREEMENT

The repayment date of the Facility is 30 November 2020 unless further extended. As disclosed in the announcements of the Company dated 1 June 2010, 22 November 2010, 4 November 2013 and 12 December 2016 respectively, and the circulars dated 30 November 2010, 6 November 2013 and 6 January 2017 respectively, the Facility is used to facilitate the business development of Greenheart Resources, which is currently operating forestry and timber businesses in Suriname. As of the Latest Practicable Date, Greenheart Resources holds and operates a total of 185,000 hectares of tropical hardwood concessions and a tropical hardwood processing plant in West Suriname (“**West Suriname Operation**”).

After the full drawdown of the Facility and in order to provide funding to Greenheart Resources to complete its processing plant in West Suriname (the “**WS Processing Plant**”), including the reconfiguration of the machineries layout afterwards in 2015 and to replenish its operating working capital, Silver Mount and Newforest have also each advanced loan facilities in the aggregate amount of US\$27,951,000 and US\$18,333,000 respectively, which are proportional to their respective shareholdings in Greenheart Resources, in 2014, 2015, 2016 and 2017. As of the Latest Practicable Date, Greenheart Resources had undrawn loan facilities from Silver Mount and Newforest of US\$631,000 in aggregate.

The said US\$27,951,000 loan facilities granted by Silver Mount to Greenheart Resources constitutes continuing connected transactions of the Company. Such financial assistance was provided (i) for the benefit of Greenheart Resources in which Silver Mount is a shareholder; (ii) not in the ordinary and usual course of business but on normal commercial terms, (iii) in proportion to Silver Mount’s equity interest in Greenheart Resources, and (iv) no guarantee was given by the Company or Silver Mount. Accordingly, such financial assistance is exempt from the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.89 of the Listing Rules.

As at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017 (unaudited), respectively, Greenheart Resources had net liabilities of US\$45,363,000, US\$66,931,000, US\$77,060,000 and US\$81,560,000, respectively; and cash and bank balances (exclude pledged deposit) of US\$686,000, US\$2,028,000, US\$348,000 and US\$699,000, respectively. During the year ended 31 December 2014, 31 December 2015 and 31 December 2016 and six months ended 30 June 2017 (unaudited), Greenheart Resources had net losses of US\$13,709,000, US\$21,568,000, US\$10,129,000 and US\$4,500,000, respectively.

As mentioned in the announcements of the Company dated 9 June 2017 and 12 December 2017 respectively, the original term of one of the Group’s forest concessions in West Suriname with a land area of approximately 127,000 hectares was expired on 9 June 2017 and the approval for the renewal (the “**Renewal**”) has taken up almost six months to complete (i.e. an approval was obtained on 29 November 2017). As of the Latest Practicable Date, Greenheart Resources has resumed its operation in West Suriname and has been actively working towards its planned production volume. As there was barely no production and income in West Suriname during the period awaiting for the Renewal and due to the relatively long production cycle in tropical hardwood processing industry, Greenheart Resources will need the Facility and additional working capital to revive its business and continue its turnaround plan.

LETTER FROM THE BOARD

Apart from the abovementioned loan facilities of a total amount of US\$18,333,000 from Newforest to Greenheart Resources, Chow Tai Fook Enterprises Limited, the holding company of Newforest, has also granted an unsecured loan of US\$10,000,000 to Greenheart Resources (the “CTFE Loan”) bearing an interest at the rate of the prime rate for Hong Kong dollars per annum from time to time as quoted by the Hong Kong and Shanghai Banking Corporation Limited (or such other bank as may be designated by Chow Tai Fook Enterprises Limited), separately in 2015, which originally had a repayment date of 12 August 2017 and pursuant to the second supplemental letter dated 10 March 2017 for the extension of the repayment date to 31 March 2019. Based on its available internal resources, the Company believed that the Group will have adequate resources to repay the CTFE Loan earlier and therefore save the Group’s share of interest expenses arising from the CTFE Loan by approximately HK\$2,355,000 per annum. As such, the Group intends to use 50% of the Additional Facility Limit to early repay the CTFE Loan on or before 30 September 2018.

The table below summarises the amounts of the drawn and/or undrawn loan facilities available to the Company (i) as at the Latest Practicable Date; (ii) after the Proposed Annual Caps were enlarged; and (iii) after the Proposed Annual Caps were enlarged and upon the repayment of the CTFE Loan:

	(i) As at the Latest Practicable Date	(ii) After the Proposed Annual Caps were enlarged	(iii) After the Proposed Annual Caps were enlarged and upon the repayment of the CTFE Loan
	Drawn amount HK\$	Undrawn amount HK\$	Undrawn amount HK\$
Loan facilities granted by Silver Mount to Greenheart Resources	430,028,000	2,990,000	158,990,000
Loan facilities granted by Newforest to Greenheart Resources	141,049,000	1,950,000	1,950,000
Loan facilities granted by Chow Tai Fook Enterprises Limited to Greenheart Resources	78,000,000	–	–
	649,077,000	4,940,000	160,940,000
	82,940,000		

LETTER FROM THE BOARD

The transactions under the Fourth Supplemental Facility Agreement require Independent Shareholders' approval at the SGM. Greenheart Resources has been considering other financing options including bank financing. Greenheart Resources is of the view that those options are not as commercially desirable as the entry into of the Fourth Supplemental Facility Agreement after taking into account relevant factors such as collateral required by a bank, interest rates, financial covenants and disclosure of information required by a bank. Notwithstanding the above, in the event that the Fourth Supplemental Facility Agreement is not approved by the Independent Shareholders of the Company at the SGM, the Company will continue to explore financing options including bank financing. As Greenheart Resources has just resumed its operations and has not yet fully realized and reflected its full potential value, it is not considered to be in the best interests of the Company to sell Greenheart Resources' assets to finance its daily working capital needs, as it would have negative impact on the operation and the overall value of Greenheart Resources. Therefore, Greenheart Resources and Silver Mount have entered into the Fourth Supplemental Facility Agreement, in order to maintain, on broadly the same terms, the present loan with the Additional Facility Limit which should allow Greenheart Resources to continue its operation and generate returns which reflects its full value after the recently completed restructuring.

The Directors (including the independent non-executive Directors whose view is set out in the "Letter from the Independent Board Committee" of this circular) consider that the entering into of the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Company, and the terms of the Fourth Supplemental Facility Agreement are determined after arm's length negotiation and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise log harvesting, timber processing, marketing, sales and trading of logs and timber products, provision of forest management services and shipping services.

Greenheart Resources

Greenheart Resources is owned as to approximately 60.39% by the Company and 39.61% by Newforest. Greenheart Resources and its subsidiaries hold forest concessions for the exploitation of timber on a parcel of land in West Suriname. Their principal business activities include log harvesting, timber processing and sale of logs and timber products.

Silver Mount

Silver Mount Group Limited is a wholly-owned subsidiary of the Company. Its principal activity is investment holding.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Newforest, which directly holds approximately 60.49% of the existing issued share capital of the Company and is a substantial shareholder of the Company and thus a connected person of the Company, holds approximately 39.61% of the issued share capital of Greenheart Resources, a non wholly-owned subsidiary of the Company. Greenheart Resources is therefore a connected person of the Company under Rules 14A.07(5) and 14A.16 of the Listing Rules. The transactions to be effected by the Fourth Supplemental Facility Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Proposed Annual Caps represent more than 5% of certain applicable percentage ratios of the Company, the continuing connected transactions contemplated under the Fourth Supplemental Facility Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

In view of the interest of Newforest in Greenheart Resources, Newforest and its associates will abstain from voting at the Special General Meeting to be convened to consider the resolution approving the abovementioned continuing connected transactions.

DIRECTOR'S INTEREST IN THE FOURTH SUPPLEMENTAL FACILITY AGREEMENT

Mr. Wu Wai Leung, Danny, the Chief Executive Officer and an executive Director of the Company, is indirectly interested in 40% of the total issued share capital of Newforest and therefore abstained from voting at the Company's board meeting for considering and approving the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder.

SPECIAL GENERAL MEETING

The Special General Meeting will be held by the Company at Basement 2, Function Room, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong, at 11:00 a.m. on 12 March 2018 at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve, inter alia, the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder. A notice of the Special General Meeting is set out on pages 33 to 34 of this circular.

Newforest and its associates will abstain from voting at the Special General Meeting with respect to the resolution approving the continuing connected transactions. As at the Latest Practicable Date, to the best of the Director's knowledge, Newforest and its associates hold 1,020,005,389 Shares, representing approximately 60.49% of the issued share capital of the Company.

For the purpose of the Special General Meeting, the Board has established the Independent Board Committee to consider and advise the Independent Shareholders with respect to the Fourth Supplemental Facility Agreement. The Company has also appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the continuing connected transactions.

LETTER FROM THE BOARD

Whether or not you are able to attend the Special General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 22th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the Special General Meeting or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

All the resolution(s) proposed to be approved at the Special General Meeting will be taken by poll and an announcement will be made by the Company on the poll results of the Special General Meeting as soon as possible after the meeting.

RECOMMENDATION

The Directors (including all the independent non-executive Directors whose view is set out in the "Letter from the Independent Board Committee" of this circular) consider that the transactions under the Fourth Supplemental Facility Agreement are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. The Directors therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Additional information is also set out in the Appendix of this circular for your information.

Yours faithfully,
For and on behalf of the Board
Greenheart Group Limited
Wu Wai Leung Danny
Chief Executive Officer and
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder.



GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

15 February 2018

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 15 February 2018 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the continuing connected transactions contemplated under the Fourth Supplemental Facility Agreement and to advise the Independent Shareholders whether, in our opinion, the terms of the Fourth Supplemental Facility Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser, Euto Capital Partners Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 12 of the Circular, which contains, inter alia, information on the Fourth Supplemental Facility Agreement, and the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the Fourth Supplemental Facility Agreement as set out on pages 15 to 26 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with the views of the Independent Financial Adviser and consider that the transactions under the Fourth Supplemental Facility Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company, and are determined after arm's length negotiation and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the Special General Meeting to approve the Fourth Supplemental Facility Agreement.

Yours faithfully

For and on behalf of the
Independent Board Committee

Nguyen Van Tu, Peter

Tang Shun Lam, Steven
Independent non-executive Directors

Wong Man Chung, Francis

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



Euto Capital Partners Limited
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111 Connaught Road Central,
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15 February 2018

*To the Independent Board Committee and
the Independent Shareholders of
Greenheart Group Limited*

Dear Sirs and Madams,

CONTINUING CONNECTED TRANSACTIONS

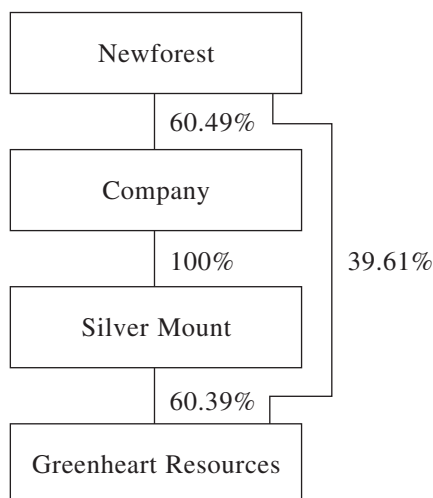
INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Fourth Supplemental Facility Agreement and transactions contemplated thereunder (“**Transactions**”). Details of the Fourth Supplemental Facility Agreement are set out in the circular of the Company to the Shareholders dated 15 February 2018 (“**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meaning as those defined in the Circular.

As at the Latest Practicable Date, the Company through Silver Mount, its wholly-owned subsidiary, is interested in approximately 60.39% of the total issued share capital of Greenheart Resources. Newforest, directly holding approximately 60.49% of the issued share capital of the Company as at the Latest Practicable Date and being a substantial shareholder and the controlling shareholder of the Company, is also interested in approximately 39.61% of the total issued share capital of Greenheart Resources.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following diagram illustrates the corporate structure of the Company, Silver Mount, Greenheart Resources and Newforest:



By virtue of the respective substantial shareholdings in Greenheart Resources, Greenheart Resources is therefore a connected person of the Company under Rule 14A.07(5) and 14A.16 of the Listing Rules for the purpose of the Transactions. Accordingly, the provision of the Facility by Silver Mount to Greenheart Resources under the Fourth Supplemental Facility Agreement constitutes continuing connected transactions of the Company.

Since Newforest is defined as the substantial shareholder of the Company under the Listing Rules, Newforest and its respective associates are required to abstain from voting on the relevant resolution to be proposed at the Special General Meeting regarding the Transactions. As the Company anticipates that certain ratio(s) for the Transactions exceeds 5% of the applicable ratios as set out in Rule 14.07 of the Listing Rules, the Transactions will be subject to the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Messrs. Nguyen Van Tu, Peter, Tang Shun Lam, Steven and Wong Man Chung, Francis has been established to advise the Independent Shareholders as to whether the Transactions are fair and reasonable so far as the Independent Shareholders are concerned, whether they are in the interests of the Company and the Independent Shareholders as a whole and how to vote on the relevant resolution at the Special General Meeting. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, financial information and facts supplied to us and representations expressed by the Directors and/or the management of the Company (“**Management**”) and have assumed that all such information, financial information and facts and any representations made to us or referred to in the Circular, for which they are fully responsible, are true, accurate and complete as at the time they were made and as at the date hereof and made after due and careful inquiry by the Directors and/or the Management. We have been advised by the Directors and/or

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Management that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Company including the Facility Agreement, the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement, the Fourth Supplemental Facility Agreement, the annual and interim reports of the Company, the Circular and certain published information from the public domain.

We have also discussed with the Directors and/or the Management with respect to the terms of and reasons for the transaction contemplated under the Fourth Supplemental Facility Agreement (including the Proposed Annual Caps), and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position or prospects of the Group, Greenheart Resources, Newforest and each of their respective associates, and the parties involved in the transactions contemplated under the Fourth Supplemental Facility Agreement (including the Proposed Annual Caps).

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the transactions contemplated under the Fourth Supplemental Facility Agreement (including the Proposed Annual Caps), we have considered the following principal factors and reasons:

1. Background of the Fourth Supplemental Facility Agreement

As set out in the Company's interim report for the six months ended 30 June 2017, the principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise log harvesting, timber processing, marketing, sales and trading of logs and timber products, provision of forest management services and shipping services.

Greenheart Resources and its subsidiaries hold forest concessions for the exploitation of timber on parcel of land in West Suriname. Their principal business activities include log harvesting, timber processing and sales of logs and timber products.

To facilitate the development of Greenheart Resources, on 14 May 2008, Greenheart Resources and Silver Mount entered into the Facility Agreement in relation to the provision of the Facility of HK\$50 million by Silver Mount to Greenheart Resources for a term of three years. On 22 November 2010, in order to further develop the Group's timber business operated under Greenheart Resources, Silver Mount, entered into the Supplemental Facility Agreement with Greenheart Resources pursuant to which both parties agreed to increase the Facility Limit to HK\$215 million and extend the drawdown period and repayment date of the Facility to 22 November 2013. On 4 November 2013, Silver Mount

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entered into the Second Supplemental Facility Agreement with Greenheart Resources pursuant to which the parties agreed to extend the drawdown period and the repayment date of the Facility to 22 November 2016. Subsequently, on 12 December 2016, Silver Mount entered into the Third Supplemental Facility Agreement with Greenheart Resources pursuant to which the parties agreed to extend the drawdown period and the repayment date to 22 November 2019.

Greenheart Resources has already drawn down a principal amount of HK\$214,983,000 as of the Latest Practicable Date in order to provide funding to complete a processing plant in West Suriname (the “**WS Processing Plant**”). Silver Mount and Newforest have further advanced additional loan facilities in the aggregate amount of US\$27,951,000 and US\$18,333,000 respectively to Greenheart Resources, which are proportional to their respective shareholdings in Greenheart Resources in 2014, 2015, 2016 and 2017. As at the Latest Practicable Date, Greenheart Resources had undrawn loan facilities from Silver Mount and Newforest portion of such loan facilities is amounted US\$631,000 in aggregate.

The said US\$27,951,000 loan facilities granted by Silver Mount to Greenheart Resources constitutes continuing connected transactions of the Company. Such financial assistance was provided (i) for the benefit of Greenheart Resources in which Silver Mount is a shareholder; (ii) not in the ordinary and usual course of business but on normal commercial terms, (iii) in proportion to Silver Mount’s equity interest in Greenheart Resources, and (iv) no guarantee was given by the Company or Silver Mount. Accordingly, such financial assistance is exempt from the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.89 of the Listing Rules.

2. Reasons and benefits of entering into the Fourth Supplemental Facility Agreement

As at 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017 (unaudited), respectively, Greenheart Resources had net liabilities of US\$45,363,000, US\$66,931,000 and US\$77,060,000 and US\$81,560,000, respectively; and cash and bank balances (exclude pledged deposit) of, US\$686,000, US\$2,028,000, US\$348,000 and US\$699,000, respectively. During the year ended 31 December 2014, 31 December 2015 and 31 December 2016 and six months ended 30 June 2017 (unaudited), Greenheart Resources had net losses of US\$13,709,000, US\$21,568,000, US\$10,129,000 and US\$4,500,000, respectively.

As mentioned in the announcements dated 9 June 2017 and 12 December 2017, the original term of one of the Group’s forest concessions in West Suriname with a land area of approximately 127,000 hectares was expired on 9 June 2017 and the approval for the renewal (the “**Renewal**”) has taken up almost six months to complete (i.e. an approval was obtained on 29 November 2017). As at the Latest Practicable Date, Greenheart Resources has resumed its operation in West Suriname and has been actively working towards its planned production volume. As there was barely no production and income in West Suriname during the period awaiting for the Renewal and due to the relatively long production cycle in tropical hardwood processing industry, Greenheart Resources will need the Facility and additional working capital to revive its business and continue its turnaround plan.

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Apart from the abovementioned loan facilities of a total amount of US\$18,333,000 from Newforest to Greenheart Resources, Chow Tai Fook Enterprises Limited, the holding company of Newforest, granted an unsecured loan of US\$10,000,000 to Greenheart Resources (“CTFE loan”) bearing an interest at the rate of the prime rate for Hong Kong dollars per annum from time to time as quoted by the Hong Kong and Shanghai Banking Corporation Limited (or such other bank as may be designated by Chow Tai Fook Enterprises Limited), separately in 2015, which originally had a repayment date of 12 August 2017 and pursuant to the second supplemental letter dated 10 March 2017 for the extension of the repayment date to 31 March 2019. Based on its available internal resources, the Company believed that the Group will have adequate resources to repay the CTFE Loan earlier and therefore save the interest expenses (paid outside to the group) by approximately HK\$2,355,000 per annum (being US\$10,000,000 x 7.8 x 5% at 60.39% equity interest). As such, the Group intends to use 50% of the Additional Facility Limit to early repay the CTFE Loan on or before 30 September 2018.

The transactions under the Fourth Supplemental Facility Agreement require Independent Shareholders’ approval at the SGM. Greenheart Resources has been considering other financing options including bank financing. Greenheart Resources is of the view that those options are not as commercially desirable as the entry into of the Fourth Supplemental Facility Agreement after taking into account relevant factors such as collateral required by a bank, interest rates, financial covenants and disclosure of information required by a bank. Notwithstanding the above, in the event that the Fourth Supplemental Facility Agreement is not approved by the Independent Shareholders of the Company at the SGM, the Company will continue to explore financing options including bank financing. As Greenheart Resources has just resumed its operations and has not yet fully realized and reflected its full potential value, it is not considered to be in the best interests of the Company to sell Greenheart Resources’ assets to finance its daily working capital needs, as it would have negative impact on the operation and the overall value of Greenheart Resources. Therefore, Greenheart Resources and Silver Mount have entered into the Fourth Supplemental Facility Agreement, in order to maintain, on broadly the same terms, the present loan with the Additional Facility Limit which should allow Greenheart Resources to continue its operation and generate returns which reflects its full value after the recently completed restructuring.

3. Principal terms of the Facility Agreement (after the Fourth Supplemental Facility Agreement becomes effective)

Pursuant to the Fourth Supplemental Facility Agreement, Silver Mount and Greenheart Resources agreed to:

- (a) extend the repayment date of the outstanding amount drawn under the Facility to 30 November 2020;
- (b) extend the Drawdown Period to the earlier of (i) 30 November 2020; and (ii) the date on which the Facility is terminated under the provisions of the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement); and
- (c) increase the Facility Amount from HK\$215 million to HK\$371 million, i.e. the Additional Facility Limit.

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Particulars of the Facility Agreement (after the Fourth Supplemental Facility Agreement becomes effective) are set out below:

- | | |
|-----------------------|---|
| (i) Facility Limit: | A revolving facility up to a maximum of HK\$371 million at any time during the Drawdown Period. |
| (ii) Drawdown Period: | The period commencing on the date of the Facility Agreement and ending on but excluding the earlier of (i) 30 November 2020; and (ii) the date on which the Facility is terminated under the provisions of the Facility Agreement as amended by the Supplemental Facility Agreement, the Second Supplemental Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Agreement. |
| (iii) Interest: | <p>Prime rate for Hong Kong dollars per annum from time to time as quoted by The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) (or such other bank as may be designated by Silver Mount).</p> <p>Interest is calculated on the basis of the actual number of days elapsed on a 365-day year and is paid six-monthly in arrears.</p> |
| (iv) Repayment: | Greenheart Resources may repay the whole or any part of the amount drawn under the Facility on or before 30 November 2020. |
| (v) Prepayment: | Greenheart Resources may on any Banking Day prepay the whole or any part of the amount drawn under the Facility together with interest accrued thereon by giving Silver Mount not less than two Banking Days’ prior notice specifying the date of prepayment. |
| (vi) Security: | None. |
| (vii) Conditions: | <p>Greenheart Resources may draw under the Facility provided that:</p> <ul style="list-style-type: none">(a) it gives Silver Mount a notice of drawing in the manner set out in the Facility Agreement;(b) no Event of Default or prospective Event of Default has occurred and all representations and warranties given by Greenheart Resources under the Facility Agreement are true and correct as at the date of each drawing; and(c) the amount of such drawing shall, when aggregated with the principal amount of then outstanding, not exceed the Facility Limit. |

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(viii) Events of Default:

Events of Default include but are not limited to:

- (a) failure of Greenheart Resources to pay any sum payable under the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement) when due;
- (b) failure of Greenheart Resources to perform or comply with any of its obligations or undertakings under the Facility Agreement (as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement);
- (c) any representation, warranty or statement made by Greenheart Resources under the Facility Agreement, the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement, being or proving to have been untrue, inaccurate, incorrect or misleading in any material respect;
- (d) failure of Greenheart Resources to pay any other indebtedness when due by reason of a default or an event of default;
- (e) any litigation, arbitration or administrative proceedings before any court, arbitration or other relevant authority being current, pending or threatened against Greenheart Resources or any of its subsidiaries which Silver Mount considers will have or is likely to have a material adverse effect on Greenheart Resources and its subsidiaries; and
- (f) any material adverse change in the financial condition and/or business of Greenheart Resources.

As confirmed by the Directors, during the term of the Facility Agreement, the Supplemental Facility Agreement, the Second Supplemental Facility Agreement and the Third Supplemental Agreement, no event of default has occurred.

Pursuant to the Fourth Supplemental Facility Agreement, the completion of the Fourth Supplemental Facility Agreement is conditional upon, among other things, the approval by the Independent Shareholders. Other terms and conditions precedent to drawdown are customary, in the view of the Directors, for facilities of this type.

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As advised by the Management, the Group's surplus/unused cash resources are deposited with the banks, earning interest at floating rates based on daily bank deposit rate which is approximately 0.001% per annum. We noted that the Hong Kong dollar benchmark savings rate as quoted by HSBC for the as at the Latest Practicable Date was 0.2% for deposit amount of HK\$1,000,000 or above for 12 months. On the contrary, the Group will be earning an interest income at prime rate quoted by HSBC as at the Latest Practicable Date by the provision of Facility to Greenheart Resources. The prime rate for Hong Kong dollars per annum from time to time as quoted by HSBC for the Relevant Period is approximately 5% per annum, which is significantly higher than the daily bank deposit rate currently earned by the Group. In view of the above, the interest income earned from the provision of Facility is substantially more than that of placing deposit in banks.

4. Comparison of terms with independent third parties

As at the date of this circular, members of the Group have subsisting loan facility agreements with interest rate ranging from 3% per annum up to prime interest rate (5% as at the Latest Practicable Date) in Hong Kong. We noted that the interest rate of the Facility (the prime rate for Hong Kong dollars per annum from time to time as quoted by HSBC) in which was approximately 5% per annum as at the Latest Practicable Date was comparable to the interest rate of other financing facilities entered into the Group. We have also noted that the terms as amended and supplement by the Fourth Supplemental Facility Agreement, were comparable to the terms of the facility entered into the Group with independent third parties.

In addition, as Greenheart Resources has just resumed its operations and has not yet fully realized and reflected its full potential value, it is not considered to be in the best interests of the Company to sell Greenheart Resources' assets to finance its daily working capital needs, as it would have negative impact on the operation and the overall value of Greenheart Resources.

Conclusion on the loan terms

Having considered (i) the interest rate of the Facility was higher than the ordinary deposit interest rate of the Group enjoyed by the Group; (ii) the Facility's borrowing rate was comparable to other borrowing rates of the Group's debt financing; (iii) the extension term of nearly 3 years for the repayment date of the outstanding amount drawn from the Facility up to 30 November 2020 is in line with the terms of other debt financing of Group, and (iv) since the Company's existing forestry business and timber business in Suriname, are held and operated under Greenheart Resources, the provision of Facility to Greenheart Resources ensures it to maintain the status quo of such loan for the sustainable development, which is aligned with the Group's corporate strategy to further its growth in Suriname, we concur with the view of the Directors that the entering into the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder are on normal commercial terms and determined after arm's length negotiation and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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5. The Proposed Annual Caps

The Transactions which are continuing connected transactions, are subject to the Listing Rules' requirements and conditions as more particularly discussed under the section headed "Reporting requirements and conditions of the Transactions" below. In particular, the Transactions are subject to the proposed related caps. According to the Fourth Supplemental Facility Agreement, the Facility Limit amounted to HK\$460 million, which means in any point of time, Greenheart Resources aggregate principal drawdown (including the outstanding interest accrued thereon from time to time) shall not exceed HK\$460 million ("**Proposed Annual Caps**") for each of the financial years ending 31 December 2018, 2019 and 2020.

Up to the Latest Practicable Date, approximately HK\$214,983,000 was drawn down and outstanding by Greenheart Resources pursuant to the Facility. The Proposed Annual Caps were determined based on the Facility Limit (taking into account of the Additional Facility Limit), the current principal loan amount advanced under the Facility and the interest rate of the Facility.

In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the Management the basis and assumption underlying the projections of the Proposed Annual Caps. In estimating the Proposed Annual Caps, the Directors have taken into account, among other things, the estimated demand for cash flow and future capital expenditure of Greenheart Resources and the projected costs of operation of Greenheart Resources for the coming three years.

In view of the operating condition of Greenheart Resources, the Directors are of the view that the current outstanding balance of the loan to Greenheart Resources could be maintained for the time being, with expected partial repayments once its restructured processing plant and the workforce run smoothly thereby generating increased sales and sufficient cash flow to repay or refinance the Facility. The Proposed Annual Caps are determined by assuming that Greenheart Resources will sustain the borrowing level up to HK\$371 million and will repay all principal and interest (with prime rate assumed to have increased from the existing 5% to 7%, which equals to approximately HK\$78 million for three years) in accordance with the terms of the Facility Agreement (as amended and supplemented by the Fourth Supplemental Facility Agreement).

Having considered the basis on which the Proposed Annual Caps is determined as described above, we are of the view that the Proposed Annual Caps are fair and reasonable.

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6. Financial effects of the Transactions

(a) *Gearing and working capital*

We understand from the Management that the Group is expected to be exposed to a maximum financial exposure of HK\$460 million as a result of the Transactions. The size of such financial exposure represents approximately 59.74% of the unaudited consolidated net assets of the Group as at 30 June 2017 of approximately HK\$770 million. Given Greenheart Resources is held as to approximately 60.39% indirectly by the Company and the financial position of Greenheart are consolidated to the Company's account (i.e. the Facility will be eliminated in the consolidated financial statements of the Group), the extension of the loan repayment will have no direct material effect on the gearing and working capital of the Group as a whole.

However, we understand the Group intends to use 50% of the Additional Facility Limit (being HK\$78 million) to early repay the CTFE Loan (which is outside the Group) on or before 30 September 2018. The gearing of the Group will be improved upon the repayment of HK\$78 million.

(b) *Earnings*

The financial cost accrued at the prime rate for Hong Kong dollars per annum from time to time as quoted by HSBC as at the Latest Practicable Date in respect of the Facility as amended by the Supplemental Facility Agreement, the Second Supplemental Facility Agreement, the Third Supplemental Facility Agreement and the Fourth Supplemental Facility Agreement is expected to be approximately HK\$18.6 million per annum and approximately HK\$52.6 million for the entire extension period (based on 34 months). The minority interest's portion of the financial cost incurred by Greenheart Resources, which will not be eliminated in the consolidated financial statement of the Group, amounted to approximately HK\$7.4 million per annum and approximately HK\$20.8 million for the entire extension period.

Also, we understand the Group intends to use 50% of the Additional Facility Limit (being HK\$78 million) to early repay the CTFE Loan (which is outside the Group) on or before 30 September 2018. As set out above, there will be an interest saving (paid outside to the group) of HK\$2,355,000 per annum.

Save as disclosed above, the Transactions will not have other impact on the earnings of the Group.

(c) *Net asset value*

There will be no effect on the Group's net asset value in relation to the extension of the Facility.

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7. Reporting requirements and conditions of the Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company (currently, Deloitte Touche Tohmatsu) must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming that the Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group (if applicable);
 - (iii) have been entered into in accordance with the relevant agreements governing the Transactions; and
 - (iv) have not exceeded the Proposed Annual Caps;
- (c) the Company shall allow, and shall procure the relevant counterparties to the Transactions to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (b); and
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Proposed Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the Transactions, we are of the view that appropriate measures will be in place to monitor the conduct of the Transactions and assist to safeguard the interests of the Independent Shareholders.

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RECOMMENDATION

Having considered the above principal factors and reasons, we consider that:

- (i) the terms of the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned; and
- (ii) the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution in respect of the Fourth Supplemental Facility Agreement and the transactions contemplated thereunder at the Special General Meeting.

Yours faithfully,
For and on behalf of
Euto Capital Partners Limited
Manfred Shiu
Director

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, except for the substantially reduced net loss of HK\$3,133,000 as disclosed in the interim report of the Company for the six months ended 30 June 2017, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Company were made up.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executives of the Company were taken or deemed to have under such provisions of the SFO), or were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules (the "**Model Code**") adopted by the Company were as follows:

(i) Long Positions in Shares and underlying shares of the Company

Name of Director	Capacity	Number of Shares and underlying shares interested	Approximate percentage of the total issued share capital of the Company
Cheng Chi-Him, Conrad	Beneficial owner	5,000,000 ^(Note 1)	0.30%
Lim Hoe Pin	Beneficial owner	6,000,000 ^(Note 1)	0.36%
Simon Murray	Beneficial owner	3,035,889 ^(Note 2)	0.18%
Nguyen Van Tu, Peter	Beneficial owner	2,000,000 ^(Note 1)	0.12%
Tang Shun Lam, Steven	Beneficial owner	2,000,000 ^(Note 1)	0.12%
Tsang On-Yip, Patrick	Beneficial owner	5,000,000 ^(Note 1)	0.30%
Wong Man Chung, Francis	Beneficial owner	2,000,000 ^(Note 1)	0.12%
Wu Wai Leung, Danny	Interest of controlled corporation and beneficial owner	1,030,105,389 ^(Note 3)	61.09%

Notes:

1. It represents number of share options granted by the Company.
2. The number includes 1,000,000 share options granted by the Company.
3. Newforest is directly and beneficially owned as to 40% by Gateway Asia Resources Limited (a direct wholly-owned company of Mr. Wu Wai Leung, Danny). As such, Mr. Wu Wai Leung, Danny is deemed to be interested in the Shares in which Newforest is interested by virtue of Part XV of the SFO. The number includes 10,100,000 share options granted by the Company.

(ii) Long Positions in shares and underlying shares of Integrated Waste Solutions Group Holdings Limited ("IWS") (an associated corporation) ^(Note 1)

Name of Director	Capacity	Number of Shares and underlying shares interested	Approximate percentage of the total issued share capital of IWS
Nguyen Van Tu, Peter	Beneficial owner	8,800,000 ^(Note 2)	0.18%
Tsang On-Yip, Patrick	Beneficial owner	15,000,000 ^(Note 2)	0.31%
Wong Man Chung, Francis	Beneficial owner	8,800,000 ^(Note 2)	0.18%

Notes:

1. IWS is a fellow subsidiary of the Company.
2. It represents number of share options granted by IWS.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO), or required to be entered in the register required to be kept pursuant to Section 352 of the SFO, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following persons (other than Directors or chief executives of the Company) had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or held any option in respect of such capital:

Long Positions in Shares and underlying Shares:

Name of Shareholder	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of the total issued share capital of the Company
Newforest	Beneficial owner (Notes 1, 3, 4&5)	1,020,005,389	–	60.49%
Cheng Yu Tung Family (Holdings) Limited	Interest of controlled corporation (Note 1)	1,020,005,389	–	60.49%
Cheng Yu Tung Family (Holdings II) Limited	Interest of controlled corporation (Note 1)	1,020,005,389	–	60.49%
Wu Wai Leung, Danny	Interest of controlled corporation and beneficial owner (Notes 1&3)	1,020,005,389	10,100,000 (Note 2)	61.09%
Chow Tai Fook (Holding) Limited	Interest of controlled corporation (Notes 1&5)	1,020,005,389	–	60.49%

Name of Shareholder	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of the total issued share capital of the Company
Chow Tai Fook Capital Limited	Interest of controlled corporation (<i>Note 1</i>)	1,020,005,389	–	60.49%
Chow Tai Fook Enterprises Limited	Interest of controlled corporation (<i>Notes 1&5</i>)	1,020,005,389	–	60.49%
Gateway Asia Resources Limited	Interest of controlled corporation (<i>Notes 1&3</i>)	1,020,005,389	–	60.49%
Sharpfield Holdings Limited	Interest of controlled corporation (<i>Notes 1, 4&5</i>)	1,020,005,389	–	60.49%

Notes:

1. Newforest is directly and beneficially owned as to 40% by Gateway Asia Resources Limited (a direct wholly-owned company of Mr. Wu Wai Leung, Danny) and as to 60% by Sharpfield Holdings Limited (a direct wholly-owned subsidiary of Chow Tai Fook Enterprises Limited). Chow Tai Fook Enterprises Limited is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited, a 81.03% owned subsidiary of Chow Tai Fook Capital Limited. Chow Tai Fook Capital Limited is owned as to 48.98% and 46.65% by Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited, respectively. As such, Mr. Wu Wai Leung, Danny, Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited are deemed to be interested in the Shares in which Newforest is interested by virtue of Part XV of the SFO.
2. It represents 10,100,000 share options granted by the Company.
3. Mr. Wu Wai Leung, Danny is a director of Newforest and Gateway Asia Resources Limited.
4. Mr. Cheng Chi-Him, Conrad is a director of Newforest and Sharpfield Holdings Limited.
5. Mr. Tsang On-Yip, Patrick is a director of Chow Tai Fook (Holding) Limited, Chow Tai Fook Enterprises Limited, Newforest Limited and Sharpfield Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person (other than Directors or the chief executive of the Company) had any interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group, or held any options in respect of such capital.

DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Group were made up.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion and advice which are included in this circular:

Name	Qualification
Euto Capital Partners Limited	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Euto did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Euto did not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Group were made up.

Euto has given and has not withdrawn its written consent to the issue of this circular, with the inclusion herein of its opinion or report and the references to its name and/or its opinion or report in the form and context in which they are included.

GENERAL

- (a) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at Suites 1706-10, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business of the Company in Hong Kong at Suites 1706-10, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong, during normal business hours (public holidays excluded) from the date of this circular up to and including the date of the Special General Meeting:

- (1) the letter from the Board, the text of which is set out on pages 4 to 12 of this circular;
- (2) the letter from the Independent Financial Adviser, the text of which is set out on pages 15 to 26 of this circular;
- (3) the written consent from Euto referred to in the section headed "Expert's Qualification and Consent" of this appendix;
- (4) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- (5) the Facility Agreement;
- (6) the Supplemental Facility Agreement;
- (7) the Second Supplemental Facility Agreement;
- (8) the Third Supplemental Facility Agreement;
- (9) the Fourth Supplemental Facility Agreement; and
- (10) this circular.

NOTICE OF SPECIAL GENERAL MEETING



GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

NOTICE IS HEREBY GIVEN that the Special General Meeting of Greenheart Group Limited (the “**Company**”) will be held at Basement 2, Function Room, The Wharney Guang Dong Hotel Hong Kong, 57-73 Lockhart Road, Wanchai, Hong Kong at 11:00 a.m. on 12 March 2018 for the purpose of considering and, if thought fit, passing with or without amendments the following resolution(s) of the Company. Terms defined in the circular of the Company dated 15 February 2018 bear the same meanings herein unless the context otherwise requires.

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the Fourth Supplemental Facility Agreement entered into between Silver Mount and Greenheart Resources, the terms and conditions thereof and transactions contemplated thereunder (including the Proposed Annual Caps) be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the Directors be and is/are hereby authorized to sign, seal, execute, perfect, deliver all such documents and to do all such things and acts as he/they may in his/their discretion consider necessary, expedient or desirable to effect the transactions contemplated under the Fourth Supplemental Facility Agreement, variation or modification of the terms and conditions of the Fourth Supplemental Facility Agreement upon such terms and conditions as he/they may think fit.”

By Order of the Board
Greenheart Group Limited
Tse Nga Ying
Company Secretary

Hong Kong, 15 February 2018

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business

in Hong Kong:
Suites 1706-10
Everbright Centre
108 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority, at the offices of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. Completion and return of the form of proxy will not preclude members from attending and voting at the Special General Meeting or any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any Share(s), any one of such joint holders may attend and vote at the meeting, either in person or by proxy, in respect of such Share(s) as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The resolution is to be voted by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
6. All the ordinary resolution(s) proposed to be approved at the Special General Meeting will be taken by poll and an announcement will be made by the Company on the poll results of the Special General Meeting as soon as possible after the conclusion of the meeting.

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.