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GREENHEART GROUP LIMITED

綠心集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 94)

INSIDE INFORMATION

EXPECTED SUBSTANTIAL DECREASE IN LOSS

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

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available, the Group expects to record a significant decrease of approximately 80% in its net loss for the year ended 31 December 2020 (the “**Year**”) as compared to the corresponding period last year.

The Group considers that the decrease in its net loss attributable to the Shareholders was due to the following:

- (i) recognition of a non-cash fair value gain on plantation forest assets located in New Zealand of approximately HK\$61.0 million (2019: HK\$26.7 million) for the Year. The gain was calculated based on the preliminary valuation as at the end of Year prepared by an independent valuer and such gain was primarily due to the increased resource value due to the appreciation of New Zealand dollars, positive yield adjustments based on the actual harvesting result and updated inventory survey and decrease in discount rate from 7.5% to 7.25%, reflecting the trend of reducing discount rates implied by recent similar transactions; and
- (ii) absence of impairment loss of HK\$187,323,000, which was recognized on timber concession and related assets in Suriname for the corresponding period last year.

The information contained in this announcement is only based on a preliminary assessment by the Board of the information currently available to it, including the latest unaudited consolidated management accounts of the Group and the preliminary valuations of plantation forest assets and cash-generating unit of the forestry and timber business prepared by the

independent valuer, which are subject to, among other things, finalisation. Details of the performance of the Group for the Year will be disclosed in the consolidated final results announcement of the Company, which is expected to be published at the end of March 2021.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Greenheart Group Limited
Ding Wai Chuen
Executive Director and Chief Executive Officer

Hong Kong, 14 March 2021

As at the date hereof, the Board comprises one executive Director, namely Mr. Ding Wai Chuen, four non-executive Directors, namely Messrs. Cheng Chi-Him Conrad, Tsang On-Yip Patrick, Simon Murray and Cheng Yang, and three independent non-executive Directors, namely Messrs. Wong Man Chung Francis, Cheung Pak To Patrick and To Chun Wai.

Website: <http://www.greenheartgroup.com>