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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

PROFIT WARNING

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 the Inside Information Provisions (as defined in the Listing Rules) under 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 an increase of not less than 60% in its net loss for the year ended 31 December 2022 (the “**Year**”) as compared to that of last year.

The increase in net loss attributable to the Shareholders was mainly due to the net result of the following:

- (i) a decrease in revenue contributed by New Zealand division due to reduced demand caused by the slowdown and stress in China’s real estate market, which led to a significant decrease in average sales prices and quantity sold;
- (ii) a fair value loss (2021: a fair value gain) relating to the plantation forest assets located in New Zealand. The fair value loss was primarily caused by unfavourable market conditions and higher operating costs, driven by an elevated inflation rate and high fuel costs;

- (iii) an increase in the amortisation of timber concessions and cutting rights due to the revision of the expected economic useful lives of the concessions in Suriname. The Group has in recent years experienced longer delay in obtaining renewal approval from the government authority of the concession licences that were eligible for extension. This has increased the uncertainty associated with the renewal of concession licences. The Group has therefore accelerated the amortization of the timber concessions to reflect the shorter expected economic useful lives of the concessions; and
- (iv) a reversal of provision for impairment on an earnest money which was refunded to the Group during the Year.

The information contained in this announcement is only based on a preliminary assessment by the Board based on the information currently available to it, including the latest unaudited management accounts of the Group prepared by the management of the Company, which have not yet been finalised as at the date of this announcement. 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 before the end of March 2023.

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, 6 March 2023

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, Kenneth Lau, Lie Ken Jie Remy Anthony Ket Heng and Simon Murray, 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>