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**NEWFOREST**

**Newforest Limited**

*(a limited liability company incorporated in the  
Cayman Islands)*



**GREENHEART GROUP LIMITED**

**綠森集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 94)**

**JOINT ANNOUNCEMENT**

- (1) POSSIBLE ACQUISITION OF SHARES IN GREENHEART GROUP LIMITED BY NEWFOREST LIMITED**
- (2) POSSIBLE ACQUISITION OF SHARES IN GREENHEART RESOURCES HOLDINGS LIMITED AND DEBT INTERESTS UNDER THE GREENHEART RESOURCES AGREEMENT BY NEWFOREST LIMITED AS SPECIAL DEALS; WAIVERS BY SILVER MOUNT GROUP LIMITED AS CONNECTED TRANSACTION**
- (3) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY VMS SECURITIES LIMITED ON BEHALF OF NEWFOREST LIMITED FOR ALL OF THE ISSUED SHARES IN, AND ALL OF THE OUTSTANDING OPTIONS AND CONVERTIBLE NOTES OF GREENHEART GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY NEWFOREST LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**
- (4) THE US\$17,000,000 CONVERTIBLE NOTES DUE 17 AUGUST 2015  
AND**
- (5) RESUMPTION OF TRADING IN THE SHARES**

**Financial Adviser to Newforest Limited**



**VMS Securities Limited**  
**鼎珮證券有限公司**

**Financial Adviser to Greenheart Group Limited**



**Investec**

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



**SOMERLEY CAPITAL LIMITED**

\* For identification purposes only

## **THE SHARE PURCHASE AGREEMENT**

On 31 October 2014 (after trading hours), Sino-Capital and Newforest, among others, entered into the Share Purchase Agreement, pursuant to which Sino-Capital conditionally agreed to sell, and Newforest conditionally agreed to purchase the Sale Shares, being 496,189,028 Shares, representing approximately 62.82% of the issued share capital of the Company as at the date of this joint announcement for a total consideration of US\$45,000,000 (equivalent to approximately HK\$351,000,000, and to approximately HK\$0.71 per Share). Completion of the Share Purchase Agreement is conditional upon the satisfaction of the Share Transfer Condition as more fully described under the section “The Share Purchase Agreement – The Share Transfer Condition and Completion” below.

## **SPECIAL DEALS AND CONNECTED TRANSACTION IN RELATION TO GREENHEART RESOURCES AGREEMENT AND SILVER MOUNT WAIVERS**

On 31 October 2014 (after trading hours), Sino-Capital, EPGL, EPHL and Newforest, entered into the Greenheart Resources Agreement whereby (i) Sino-Capital conditionally agreed to sell, and Newforest conditionally agreed to purchase, the Greenheart Resources Shares for an aggregate consideration of US\$10,000,000 (equivalent to approximately HK\$78,000,000); and (ii) Sino-Capital and EPGL conditionally agreed to sell, and Newforest conditionally agreed to purchase, the Debt Interests for an aggregate consideration equivalent to the total amount outstanding (being the principal amount plus any accrued but unpaid interest, if applicable) from the Debt Interests as of the date of completion of the Greenheart Resources Agreement, which comprises the total principal amount of approximately US\$53,466,960 (equivalent to approximately HK\$417,042,288) and the total amount of accrued but unpaid interest as of the date of completion of the Greenheart Resources Agreement, which was approximately US\$567,339 (equivalent to approximately HK\$4,425,244) as of the date of this joint announcement. The Greenheart Resources Agreement following its becoming unconditional will be completed simultaneously with the Share Purchase Agreement.

Newforest’s purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests constitute special deals on the part of the Company under Rule 25 of the Takeovers Code requiring (i) the Shareholders to approve Newforest’s purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests at the SGM by way of poll; (ii) the Executive to consent to Newforest’s purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests; and (iii) the Independent Financial Adviser to publicly state that in its opinion the terms of Newforest’s purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests are fair and reasonable.

Sino-Capital is a substantial shareholder (as defined in the Listing Rules) of the Company and is therefore a connected person of the Company. Silver Mount Waivers in respect of Sino-Capital's proposed sale of Greenheart Resources Shares under the Greenheart Resources Agreement constitutes a connected transaction of the Company under Rules 14A.24(2)(b) and 14A.79 of the Listing Rules. Based on the applicable percentage ratios, the de minimis exemption under Chapter 14A of the Listing Rules does not apply. The Silver Mount Waivers are subject to approval by the Independent Shareholders at the SGM by way of poll.

### **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, none of Newforest and parties acting in concert with it is interested in any Shares, convertible securities, options, warrants or derivatives in the Company, other than the interest in the Sale Shares under the Share Purchase Agreement. Immediately following Completion, Newforest and parties acting in concert with it will be interested in an aggregate of 496,189,028 Shares, representing approximately 62.82% of the issued share capital of the Company as at the date of this joint announcement. Newforest will, upon Completion, be required under Rules 26.1 and 13.1 of the Takeovers Code, respectively, to make (i) the Share Offer for all the issued Shares (other than those already owned or agreed to be acquired by it and parties acting in concert with it); and (ii) the Option Offer and the Convertible Note Offer for the cancellation of all the Options and the acquisition of all the Convertible Notes (other than those already owned or agreed to be acquired by it and parties acting in concert with it).

The Independent Board Committee comprising all the independent non-executive Directors has been formed in order to advise the Independent Shareholders on (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests, (ii) the Offers and (iii) the Silver Mount Waivers. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests, (ii) the Offers and (iii) the Silver Mount Waivers. Its appointment has been approved by the Independent Board Committee.

The Offers will not be subject to any acceptance or other conditions. The Offers will be made by VMS Securities Limited on behalf of Newforest in accordance with the Takeovers Code on the following basis:

#### **The Share Offer**

**For each Offer Share. . . . . HK\$0.71 in cash.**

As at the date of this joint announcement, there is a total of 293,700,076 Offer Shares representing approximately 37.18% of the issued share capital of the Company. Upon Completion and based on the Share Offer Price, not less than 293,700,076 Shares (valued at approximately HK\$209 million, assuming no outstanding Option is exercised between the date of the joint announcement and up to the date of Completion) and not more than 311,188,221 Shares (valued at approximately HK\$221 million, assuming full exercise of the Outstanding Options between the date of this joint announcement and up to the date of Completion) will be subject to the Share Offer.

### **The Option Offer**

**For cancellation of each of the outstanding 17,488,145 Options  
with an exercise price at HK\$0.51 each ..... HK\$0.20 in cash.**

### **The Convertible Notes Offer**

**For each of the US\$1.00 face value  
outstanding 66,012,987 Convertible Notes ..... HK\$2.76 in cash.**

As at the date of this joint announcement, 17,488,145 new Shares and 66,012,987 new Shares may be issued upon the full exercise of all the outstanding Options under the Share Option Scheme and conversion rights of all outstanding Convertible Notes, respectively. The Share Offer will extend to any new Shares issued upon exercise of Option and conversion of Convertible Notes in the period commencing on the date on which the Share Offer is made and up to the date on which the Share Offer closes.

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

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

### **DESPATCH OF DOCUMENTS**

The SGM will be held for the purpose of considering and, if thought fit, approving the resolutions by way of poll at the SGM in respect of (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests and (ii) the Silver Mount Waivers. Sino-Capital, Newforest, their respective associates (as defined in the Listing Rules), parties acting in concert with any of them and those who are involved in or interested in the special deals will abstain from voting on the resolutions.

A circular, which will contain, among other things, details of the Silver Mount Waivers and the Greenheart Resources Agreement, the letter of recommendations from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the SGM will be despatched to the Shareholders. As additional time is required to prepare the information to be contained in the Circular, the Circular is expected to be despatched to the Shareholders on or about 15 January 2015.

Newforest and the Company intend that a Composite Document in connection with the Offers setting out, among other things, details of the Offers (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offers will be issued and despatched jointly by Newforest and the Company to the Shareholders, holders of the Options and holders of the Convertible Notes, in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document should be posted to the Shareholders, holders of the Options and holders of the Convertible Notes within 21 days of the date of announcement of the terms of the Offers or such other date as may be permitted by the Takeovers Code and agreed by the Executive and in compliance with the requirements of the Takeovers Code.

As the making of the Offers is conditional on Completion, an application will be made to seek the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such Composite Document to be within 7 days after the fulfillment of the pre-conditions or 7 July 2015, whichever is the earlier.

#### **THE US\$17,000,000 CONVERTIBLE NOTES DUE 17 AUGUST 2015**

Pursuant to the terms and conditions of the Convertible Notes, the Completion will trigger the "Change of Control" provisions thereunder. Accordingly, the holder of the Convertible Notes (GSHL) will be entitled to require the Company to redeem the Convertible Notes in whole or in part upon Completion.

As soon as the Board becomes aware of the intention of GSHL in relation to the potential mandatory redemption of the Convertible Notes by the Company, it will announce further information regarding the same.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 3 November 2014 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 11 December 2014.

## **Warning**

**Shareholders, holders of the Options, holders of the Convertible Notes, and potential investors of the Company should note that, (i) completion of the transactions under the Greenheart Resources Agreement is conditional upon, among other things, the grant of the OIO Approval which is currently expected to be in early 2015, (ii) Completion is conditional upon completion of the transactions under the Greenheart Resources Agreement and (iii) the Offers will only be made after Completion. Accordingly, the completion of the transactions under the Greenheart Resources Agreement and Completion may or may not take place and the Offers may or may not proceed. Shareholders, holders of the Options, holders of the Convertible Notes, and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

Reference is made to the announcements of the Company dated 17 June 2014, 16 July 2014, 15 August 2014, 15 September 2014 and 15 October 2014 in relation to the efforts of EPGL in seeking purchasers for its debt and equity interests in the Company and/or its affiliates.

On 31 October 2014, Sino-Capital, EPGL, EPHL and Newforest entered into (a) the Share Purchase Agreement in respect of the sale and purchase of the Sale Shares, being 496,189,028 Shares of the Company representing approximately 62.82% of its issued Shares; and (b) the Greenheart Resources Agreement for the sale and purchase of (i) approximately 39.61% of the issued shares of Greenheart Resources, an indirect non-wholly owned subsidiary of the Company, and (ii) the Debt Interests.

## **1. THE SHARE PURCHASE AGREEMENT**

Date: 31 October 2014

Vendor: Sino-Capital, a direct wholly-owned subsidiary of EPGL and the legal and beneficial owner of 496,189,028 Shares immediately before Completion, representing approximately 62.82% of the issued share capital of the Company as at the date of this joint announcement

Purchaser: Newforest

### **1.1 The Sale Shares**

Pursuant to the Share Purchase Agreement, Sino-Capital as vendor has conditionally agreed to sell and Newforest as purchaser has conditionally agreed to purchase the Sale Shares, comprising an aggregate of 496,189,028 Shares, representing approximately 62.82% of the issued share capital of the Company as at the date of this joint announcement. EPGL, as the holding company of Sino-Capital, is a party to the Share Purchase Agreement giving

warranties in respect of the Sale Shares and EPHL, as the ultimate holding company of Sino-Capital, is a party to the Share Purchase Agreement covenanting to various obligations in its capacity as a parent company. In accordance with the Share Purchase Agreement, the Sale Shares will be acquired by Newforest free from any encumbrance and together with all rights attached and accrued to them at the date of Completion including all rights to any dividend or other distribution declared, made or paid on or after the date of Completion. Immediately after Completion, Sino-Capital will no longer hold any Shares.

## **1.2 Consideration**

The consideration for the Sale Shares is US\$45,000,000 (equivalent to approximately HK\$351,000,000), which has been agreed between Sino-Capital and Newforest after arm's length negotiation on normal commercial terms.

The consideration for the Sale Shares shall be settled in the following manner:

- (a) after the date of the above Share Purchase Agreement, Newforest may appoint a Deposit Agent and pay US\$10,000,000 (equivalent to approximately HK\$78,000,000) to the Deposit Agent as deposit; and
- (b) on the date of Completion:
  - (i) the Deposit Agent to pay the deposit to Sino-Capital (if a Deposit Agent is appointed and the deposit is paid); and
  - (ii) Newforest to pay US\$35,000,000 (approximately HK\$273,000,000), being the balance of the consideration for the Sale Shares (or US\$45,000,000 if no deposit is made with a Deposit Agent), to Sino-Capital.

## **1.3 The Share Transfer Condition and Completion**

Completion is conditional on, and shall take place immediately following, satisfaction of the Share Transfer Condition, being the completion of the Greenheart Resources Agreement having occurred in accordance with its terms. The Share Purchase Agreement shall automatically terminate if the Share Transfer Condition is not satisfied on or prior to 31 March 2015, but will be automatically extended for up to three additional periods of 30 days each if certain requirements are met. Please refer to the section "2.4 Greenheart Resources Conditions" below for further details.

## **2. SPECIAL DEALS AND CONNECTED TRANSACTION IN RELATION TO GREENHEART RESOURCES AGREEMENT AND SILVER MOUNT WAIVERS**

### **2.1 The Greenheart Resources Agreement**

Date: 31 October 2014

Vendor: Sino-Capital, as the sole legal and beneficial owner of the Greenheart Resources Shares

Sino-Capital and EPGL, as the legal and beneficial owners of the Debt Interests

Purchaser: Newforest

### **2.2 The Sale of Greenheart Resources Shares and the Debt Interests**

Pursuant to the Greenheart Resources Agreement:

- (a) Sino-Capital conditionally agreed to sell, and Newforest conditionally agreed to purchase the Greenheart Resources Shares, being 3,036,000,000 ordinary shares of Greenheart Resources (representing approximately 39.61% of its issued share capital); and
- (b) Sino-Capital and EPGL conditionally agreed to sell, and Newforest conditionally agreed to purchase, all the benefits and obligations of the Debt Interests,

in accordance with its terms.

EPGL, as the holding company of Sino-Capital, is a party to the Greenheart Resources Agreement giving warranties in respect of the Greenheart Resources Shares and EPHL, as the ultimate holding company of Sino-Capital, is a party to the Greenheart Resources Agreement covenanting to various obligations in its capacity as a parent company. According to the Greenheart Resources Agreement, the Greenheart Resources Shares will be acquired by Newforest free from any encumbrance and together with all rights attached and accrued to them at the date of completion including all rights to any dividend or other distribution declared (if any), made or paid on or after the date of completion. Immediately after completion under the Greenheart Resources Agreement, Sino-Capital will no longer hold any shares in Greenheart Resources.

### **2.3 Consideration and Guarantee**

The consideration under the Greenheart Resources Agreement is a sum of (i) US\$63,466,960 (equivalent to approximately HK\$495,042,288); and (ii) any accrued but unpaid interest of the Debt Interests as of the date of completion of the Greenheart Resources Agreement, which has been agreed among Sino-Capital, EPGL, EPHL and Newforest after arm's length negotiation on normal commercial terms. In particular, US\$10,000,000 (equivalent to approximately HK\$78,000,000) of the consideration is attributed to the Greenheart Resources Shares, US\$40,000,000 (equivalent to approximately HK\$312,000,000) of the consideration is attributed to the principal amount of the EPGL Loan, and US\$13,466,960 (equivalent to approximately HK\$105,042,288) of the consideration is attributed to the principal amount of the Sino-Capital Loans. As at the date of this joint announcement, the aggregate amount of accrued but unpaid interest of the EPGL Loan and the Sino-Capital Loans was approximately US\$567,339 (equivalent to approximately HK\$4,425,244). The consideration for the Greenheart Resources Shares to be paid at completion is calculated based on the book value and prospects of future profits of Greenheart Resources.

Under the terms of the Greenheart Resources Agreement, the payment of an amount equal to 24.99% of the sum of the consideration under (i) the Share Purchase Agreement and (ii) the Greenheart Resources Agreement (the "Delayed Payment") is deferred, and is payable by Newforest to EPGL on the date falling on the first year anniversary of the date of the Greenheart Resources Agreement. Newforest's obligation to pay the Delayed Payment under the Greenheart Resources Agreement is unconditionally and irrevocably guaranteed by Sharpfield Holdings Limited pursuant to a deed of guarantee entered into between EPGL and Sharpfield Holdings Limited on the date of the Greenheart Resources Agreement. Sharpfield Holdings Limited is directly, wholly, legally and beneficially owned by Chow Tai Fook Enterprises Limited.

### **2.4 The Greenheart Resources Conditions**

The Greenheart Resources Agreement is conditional upon:

- (a) the Vendor's warranties under the Greenheart Resources Agreement and the Share Purchase Agreement qualified as to materiality being true and correct, and those not so qualified being true and correct in all material respects, in each case, as of the date of the Greenheart Resources Agreement and the date of completion of the Greenheart Resources Agreement, except to the extent such warranties expressly speak as of an earlier date (in which case such warranties qualified as to materiality being true and correct, and those not qualified being true and correct in all material respects, on and as of such earlier date), provided any failure of the warranties to be so true and correct does not cause a material adverse effect on the Group;

- (b) there shall not have been or occurred any event, change, occurrence or circumstance that, individually or when aggregated with any other such events, changes, occurrences or circumstances, has had or could reasonably be expected to have a material adverse effect on the Group since the date of the Greenheart Resources Agreement, provided that any material adverse effect on the Group attributable to the exercise of any redemption right in respect of the Convertible Notes by the noteholder thereof shall be excepted;
- (c) Newforest's warranties under the Greenheart Resources Agreement and the Share Purchase Agreement qualified as to materiality being true and correct, and those not so qualified being true and correct in all material respects, in each case, as of the date of the Greenheart Resources Agreement and the date of completion of the Greenheart Resources Agreement, except to the extent such warranties expressly speak as of an earlier date (in which case such warranties qualified as to materiality being true and correct, and those not qualified being true and correct in all material respects, on and as of such earlier date), provided any failure of the warranties to be so true and correct does not have a material adverse effect on the ability of Newforest to complete the transactions under the Greenheart Resources Agreement or the Share Purchase Agreement;
- (d) Silver Mount Waivers having been given by Silver Mount and approved by the Independent Shareholders at the SGM;
- (e) a copy of the duly executed, undated deed of release having been delivered by the Vendor in relation to security granted by EPGL and Sino-Capital in connection with certain of EPHL's guaranteed debt;
- (f) receipt by Newforest of the OIO Approval in respect of the transactions contemplated under the Share Purchase Agreement;
- (g) receipt by Newforest of a copy of the duly executed waiver of the right of review under a certain loan facility agreement between the Bank of New Zealand and Greenheart MFV Limited (an indirect wholly-owned subsidiary of the Company) relating to a term loan facility for an aggregate principal amount of US\$25,000,000 and a variable overdraft facility, in respect of, or pre-emptive consent to, the implementation of the transactions under the Greenheart Resources Agreement and the Share Purchase Agreement; and

- (h) approval by the applicable shareholders of the Company and the Executive for the implementation of the transactions contemplated under the Greenheart Resources Agreement and the transactions contemplated under the Share Purchase Agreement to the extent required pursuant to the Takeovers Code and the Listing Rules.

The Greenheart Resources Agreement shall automatically terminate in accordance with its terms if the Greenheart Resources Conditions are not satisfied on or prior to 31 March 2015, which shall be automatically extended for up to three additional periods of 30 days each if all of the Greenheart Resources Conditions are satisfied or capable of being satisfied and Newforest is still seeking the OIO Approval.

## **2.5 Completion of the Greenheart Resources Agreement**

The Greenheart Resources Agreement following its becoming unconditional will be completed simultaneously with the Share Purchase Agreement.

Newforest wishes to note to the Shareholders, holders of the Options and holders of the Convertible Notes, that it would typically take 12-16 weeks (approximately 100 working days) to obtain the OIO Approval, if granted, in satisfaction of the Greenheart Resources Condition as stated in paragraph 2.4(f) above. As a consequence, the Greenheart Resources Agreement and accordingly, the Share Purchase Agreement may not be completed, and the Offers as more particularly set out in paragraph 3 below cannot commence, until such consent has been obtained, which is currently expected to be in early 2015.

## **2.6 Background information**

Greenheart Resources and its subsidiaries primarily engage in forestry operations in Suriname. As at the date of this joint announcement, the total number of ordinary shares in the capital of Greenheart Resources is 7,665,000,000, out of which 4,629,000,000 ordinary shares in the capital of Greenheart Resources (representing approximately 60.39% of Greenheart Resources' issued share capital) are held by Silver Mount and the Greenheart Resources Shares (3,036,000,000 ordinary shares in the capital of Greenheart Resources, representing approximately 39.61% of Greenheart Resources' issued capital) are held by Sino-Capital. Those Greenheart Resources Shares are one of the subject matters of the Greenheart Resources Agreement.

Sino-Capital has extended loans to Greenheart Resources to finance its operations. The loans owed by Greenheart Resources to Sino-Capital (of an aggregate outstanding principal amount of US\$13,466,960), i.e. the Sino-Capital Loans, are one of the subject matters of the Greenheart Resources Agreement. As at the date of this joint announcement, the basic information on such loans is set out below:

<b>Lender</b>	<b>Outstanding principal amount</b>	<b>Repayment date</b>	<b>Interest rate</b>
Sino-Capital	US\$8,000,000	26 March 2015	Hong Kong Prime rate (i.e. 5%)
Sino-Capital	US\$3,500,000	28 June 2016	Hong Kong Prime rate (i.e. 5%)
Sino-Capital	US\$1,966,960 (expected to be fully drawn down before end of 2014)	19 June 2017	Hong Kong Prime rate (i.e. 5%)

In addition, Silver Mount has extended loans to Greenheart Resources to finance its operations. As at the date of this joint announcement, the basic information on such loans is set out below:

<b>Lender</b>	<b>Outstanding principal amount</b>	<b>Repayment date</b>	<b>Interest rate</b>
Silver Mount	HK\$215,000,000	22 November 2016	Hong Kong Prime rate (i.e. 5%)
Silver Mount	US\$12,196,920	26 March 2015	Hong Kong Prime rate (i.e. 5%)
Silver Mount	US\$5,336,153	28 June 2016	Hong Kong Prime rate (i.e. 5%)
Silver Mount	US\$2,998,857 (expected to be fully drawn down before end of 2014)	19 June 2017	Hong Kong Prime rate (i.e. 5%)

The transfer of Greenheart Resources Shares by Sino-Capital to Newforest is subject to Silver Mount's right of first refusal whereby Silver Mount has the right to acquire such Greenheart Resources Shares at the same price as that in the Greenheart Resources Agreement. Further, Silver Mount has the co-sale right to require Sino-Capital to cause Newforest to purchase the Greenheart Resources Shares it holds and the interests in its loans to Greenheart Resources. However, Silver Mount has decided to waive these two rights by not exercising either the aforesaid right of first refusal or the co-sale right (i.e. the Silver Mount Waivers).

Mega Harvest and its subsidiaries primarily engage in forestry operations in New Zealand. EPGL has extended a loan of US\$40,000,000 (i.e. the EPGL Loan) to Mega Harvest to finance its operations. The EPGL Loan is repayable on 17 February 2015. The interest applicable to the EPGL Loan accrues at the rate of LIBOR plus 3.5% per annum. The EPGL Loan is one of the subject matters of the Greenheart Resources Agreement.

## **2.7 Takeovers Code implications in respect of the transactions under the Greenheart Resources Agreement**

Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests constitute special deals on the part of the Company under Rule 25 of the Takeovers Code requiring (i) the Independent Shareholders to approve Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests at the SGM by way of poll; (ii) the Executive to consent to Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests; and (iii) the Independent Financial Adviser to publicly state that in its opinion the terms of Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests are fair and reasonable.

## **2.8 Listing Rules implications in respect of the Silver Mount Waivers**

Sino-Capital is a substantial shareholder (as defined in the Listing Rules) of the Company and is therefore a connected person of the Company. The Silver Mount Waivers in respect of Sino-Capital's proposed sale of Greenheart Resources Shares under the Greenheart Resources Agreement constitutes a connected transaction of the Company under Rules 14A.24(2)(b) and 14A.79 of the Listing Rules. Based on the applicable ratios, the de minimis exemption under Chapter 14A of the Listing Rules does not apply. The Silver Mount Waivers are subject to approval by the Independent Shareholders at the SGM by way of poll.

## **2.9 Independent Board Committee, Independent Financial Adviser and SGM**

The Independent Board Committee comprising all the independent non-executive Directors has been formed in order to advise the Independent Shareholders on (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests, (ii) the Offers and (iii) the Silver Mount Waivers.

The Silver Mount Waivers are subject to approval by the Independent Shareholders under the Listing Rules. Under the Listing Rules, only the independent non-executive Directors who have no interest in the subject matter can be members of the Independent Board Committee.

In respect of (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests and (ii) the Offers, the Independent Board Committee shall be constituted in accordance with the Takeovers Code. Under the Takeovers Code, the Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the subject matters.

- The three independent non-executive Directors, namely, Mr. Wong Che Keung, Richard, Mr. Tong Yee Yung, Joseph and Mr. Wong Kin Chi, have no interest in Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests and no interest in the Offers other than being Shareholders and/or holders of Options.
- Mr. Wang Tong Sai, Eddie (a non-executive Director) is a director of Sino-Capital, EPGL and EPHL. Mr. Colin Denis Keogh (a non-executive Director) is a director of EPGL and EPHL. Due to their association with Sino-Capital and its concert parties, Mr. Wang Tong Sai, Eddie and Mr. Colin Denis Keogh will not be eligible to be members of the Independent Board Committee.
- Mr. Simon Murray is interested in the Convertible Notes, as disclosed in section 4 of this joint announcement. Section 4 also discloses that the Completion will trigger the "Change of Control" provisions of the Convertible Notes which allow the holder of the Convertible Notes (GSHL) to require redemption of the Convertible Notes in whole or in part before they expire on 17 August 2015. This exit right is not enjoyed by any Shareholders because GSHL can require full redemption even before the Offers are launched. On the other hand, the approval of the Executive of Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests is one condition precedent to the completion of the Greenheart Resources Agreement, and Completion depends on the completion of the

Greenheart Resources Agreement, and the obligation to make the Offers is triggered by the Completion. From the above, Mr. Murray has an interest in (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests and (ii) the Offers, other than being a Shareholder or a holder of securities who may only exit by accepting the respective Offers. Such interest would undermine the "independence" of the Independent Board Committee if Mr. Murray were included. Therefore, the Company is of the view that Mr. Murray should also be excluded from the Independent Board Committee in respect of (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests and (ii) the Offers.

The SGM will be held for the purpose of considering and, if thought fit, approving the resolutions by way of poll at the SGM in respect of (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests and (ii) the Silver Mount Waivers. Sino-Capital, Newforest, their respective associates (as defined in the Listing Rules), parties acting in concert with any of them and those who are involved in or interested in the special deals will abstain from voting on the resolutions.

A circular, which will contain, among other things, details of the Silver Mount Waivers and the Greenheart Resources Agreement, the letter of recommendations from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and a notice convening the SGM will be despatched to the Shareholders. As additional time is required to prepare the information to be contained in the Circular, the Circular is expected to be despatched to the Shareholders on or about 15 January 2015.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) Newforest's purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests, (ii) the Offers and (iii) the Silver Mount Waivers. Its appointment has been approved by the Independent Board Committee. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offers, in particular, as to whether the Offers are, or are not, fair and reasonable and as to its acceptance, will be included in the Composite Document.

## 2.10 Factors for the Silver Mount Waivers

The independent non-executive Directors, together with the Director who may participate in the Board discussions on the Silver Mount Waivers, have considered the following factors and considerations in respect of whether the Silver Mount Waivers should be given:

- Whether it is beneficial to the Group and its Shareholders to retain the Group's investment in the Greenheart Resources business in view of its growth potential and the capital investments already made and substantially completed over the past few years. The Greenheart Resource business is centered on its sawmill and forestry operations in West Suriname. These operations, combined with the Group's wholly-owned Central Suriname operations, are an important element of the Group's strategic plans to develop strong customer bases for Forest Stewardship Council (FSC)-accredited products sold mainly to customers in Europe and China. The Group's business in Central Suriname was acquired in February 2014.
- The need for the Group to maintain a diversified income stream to withstand changes in demand: Its two major income streams are presently derived from its New Zealand softwood logging business, which is in general more exposed to short-term changes in supply and demand, and its Suriname hardwood logging and lumber business.
- If the co-sale right is exercised, the Company would cease to have a majority shareholding in Greenheart Resources which would mean the Company would no longer control Greenheart Resources and the West Suriname business and the financial results of Greenheart Resources would no longer be consolidated in the accounts of the Company. This loss of control would mean, among other things, that the Company would no longer have the ability to control the making of distributions or the issue of further shares by Greenheart Resources. This loss of control may also disrupt the stability of Greenheart Resources' management team, whose expertise and experience in managing operations in emerging markets and their connections in the industry are important to the success of the Group's Suriname business. The consequences of loss of control may impact the Group's ability to invest and expand the Suriname business as a whole which is integral to the Group's overall business.

- The Group's current financial position, the need to complete capital expenditure programs in Suriname, to consider expansion plans for New Zealand and to retain its internal financial resources. If the right of first refusal is exercised, the Company will have to utilize up to US\$10,000,000, which represents a significant portion of the Group's present cash resources, to pay the consideration for the Greenheart Resources Shares held by Sino-Capital.
- Whether Newforest will be a supportive partner in Greenheart Resources and the Suriname business.
- Whether the performance of Greenheart Resources will improve in future as investment comes to an end, capital expenditure diminishes and the operations grow and become more efficient, which will eventually improve the overall profitability of the Group.

The Independent Financial Adviser will advise the Independent Board Committee on the Silver Mount Waivers. The Independent Board Committee (comprising only the independent non-executive Directors), together with the Director who may participate in the Board discussions on this matter, will then give a view on whether the Silver Mount Waivers should be given. The Independent Board Committee will also advise the Independent Shareholders on this matter after considering the advice of the Independent Financial Adviser and after taking into account the above factors as well as other factors brought to their attention by the Independent Financial Adviser. The Board's resolution, the Independent Financial Adviser's advice and the Independent Board Committee's recommendation will be set out in the circular referred to in section 2.9 above.

### **3. POSSIBLE MANDATORY UNCONDITIONAL CASH OFFERS**

As at the date of this joint announcement, Newforest and parties acting in concert with it are not interested in any Shares, convertible securities, warrants, options or derivatives of the Company, other than the interest in the Sale Shares under the Share Purchase Agreement. Immediately following Completion, Newforest and parties acting in concert with it will be interested in 496,189,028 Shares, representing approximately 62.82% of the issued share capital of the Company as at the date of this joint announcement. Newforest will be required to make a mandatory unconditional cash offer for (i) all the issued Shares; and (ii) cancellation of all outstanding Options and acquisition of all Convertible Notes (other than those already owned or agreed to be acquired by Newforest and parties acting in concert with it) pursuant to Rules 26.1 and 13.1 of the Takeovers Code, respectively, upon Completion.

As at the date of this joint announcement, the Company has:

- (a) 789,889,104 Shares in issue;
- (b) 17,488,145 outstanding Options under its Share Option Scheme each exercisable in issue each exercisable into one Share; and
- (c) Convertible Notes in aggregate convertible into 66,012,987 Shares.

Save as disclosed above, the Company has no outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

### **3.1 Principal Terms of the Offers**

Upon Completion, as Newforest and persons acting in concert with it will hold more than 50% of the voting rights of the Company, the Offers will not be subject to any acceptance or other conditions. The Offers will be made by VMS Securities Limited on behalf of Newforest in accordance with the Takeovers Code and on the following basis:

#### **3.1.1 The Share Offer**

**For each Offer Share . . . . . HK\$0.71 in cash.**

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

#### *Total consideration for the Share Offer*

Upon Completion and based on the Share Offer Price, not less than 293,700,076 Shares (valued at approximately HK\$208,527,000, assuming no outstanding Option is exercised between the date of the joint announcement and up to the date of Completion) and not more than 311,188,221 Shares (valued at approximately HK\$220,944,000, assuming full exercise of the Outstanding Options between the date of this joint announcement and up to the date of Completion) will be subject to the Share Offer.

*Comparisons of value*

The Share Offer, valued at HK\$0.71 per Offer Share, represents:

- (a) a discount of approximately 21.1% to the closing price of HK\$0.90 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.7% to the average closing price of approximately HK\$0.852 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 16.8% to the average closing price of approximately HK\$0.853 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 14.4% to the average closing price of approximately HK\$0.829 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day.

*Highest and lowest prices*

During the six-month period preceding the date of this joint announcement and up to and including the Last Trading Day:

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.92 on 9 October 2014; and
- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.50 on 7 May 2014, 13 May 2014, 16 May 2014, 19 May 2014, 21 May 2014, 9 June 2014 and 12 June 2014.

**3.1.2 The Option Offer**

For cancellation of each Option with an exercise price of:

**HK\$0.51 (17,488,145 Options in total) . . . . . HK\$0.20 in cash.**

The Option Offer price of HK\$0.20 for Options with an exercise price of HK\$0.51 represents the difference between the exercise price of HK\$0.51 and the Share Offer Price.

*Total consideration for the Option Offer*

The maximum consideration Newforest will be required to pay under the Option Offer is approximately HK\$3,498,000, assuming that none of the Options have been exercised in the period after the date of this joint announcement and before the date on which the Option Offer closes, and full acceptance of the Option Offer by all holders of Options.

### **3.1.3 The Convertible Notes Offer**

**For each US\$1.00 face value of the**

**Convertible Notes ..... HK\$2.76 in cash.**

The Convertible Notes Offer will apply to the outstanding Convertible Notes in issue on the date on which the Convertible Notes Offer is made and will not apply to any Convertible Notes which are or have been converted into Shares prior to the close of the Convertible Notes Offer.

The offer price for the Convertible Notes is HK\$2.76 for each US\$1.00 face value of the Convertible Notes determined, in accordance with Rule 13 and Practice Note 6 to the Takeovers Code, as the “see-through” consideration for each Convertible Note being the number of Shares into which the Convertible Note is convertible multiplied by the Share Offer Price. The Convertible Notes are in aggregate convertible into 66,012,987 Shares which when multiplied by the Share Offer Price (HK\$0.71) per Share values the total Convertible Notes Offer at approximately HK\$46,869,000.

#### *Total Consideration*

The total amount required to satisfy full acceptance of the Convertible Notes Offer is approximately HK\$46,869,000, assuming full acceptance in respect of the whole principal amount of the outstanding Convertible Notes of US\$17,000,000.

### **3.2 Financial Resources**

Newforest intends to finance the Offers from the internal resources of Newforest Group. VMS Securities Limited, being the financial adviser to Newforest in respect of the Offers, is satisfied that sufficient financial resources are available to Newforest to satisfy full acceptance of the Offers.

### **3.3 Settlement of Consideration**

Payment in cash in respect of valid acceptances of the Offers will be made within 7 Business Days of the date on which the duly completed acceptances of the Offers and the relevant documents of title are received by or on behalf of Newforest to render such acceptance complete and valid.

### **3.4 Further Terms and Conditions of the Offers**

The Offers are not subject to any acceptance or other conditions. The Offers are subject to the further terms set out below:

- (a) The Offers will be made in compliance with the Takeovers Code and the rules and regulations of the Stock Exchange and will be subject to the further terms contained in this joint announcement and the Composite Document.
- (b) The Share Offer will extend to all Shares in issue on the date on which the Share Offer is made and to any further Shares which are unconditionally allotted or issued after the date on which the Share Offer is made and before the date on which the Share Offer closes including any Shares which are unconditionally allotted or issued on the exercise of Options granted under the Share Option Scheme or conversion of the Convertible Notes, other than those Shares held by Newforest and any other member of Newforest Group, and persons acting in concert with Newforest.
- (c) The Offer Shares and the Convertible Notes will be acquired by Newforest or another member of Newforest Group fully paid and free from all liens, charges, options, equities, encumbrances or other third party rights of any nature and together with all rights attaching or accruing to them, on or after the date on which the Share Offer and the Convertible Notes Offer are made, including the right to all dividends and other distributions (if any) declared, made or paid on or after the date on which the Share Offer and the Convertible Notes Offer are made (i.e. the date of the Composite Document).
- (d) Acceptance of the Option Offer by a holder of outstanding Options will result in the cancellation and renunciation of those outstanding Options, together with all rights attaching thereto.

### **3.5 Overseas Holders of the Shares, Options and Convertible Notes**

It is intended that the Offers will be made available to the Shareholders, and holders of the Options and holders of the Convertible Notes respectively, including those Shareholders, holders of the Options and holders of Convertible Notes whose registered address, as shown on the register of members of the Company, is outside Hong Kong.

However, as the making of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdictions, any Shareholder or holder of Options or holder of Convertible Notes who is not a resident of Hong Kong should inform himself about and observe any applicable legal and/or regulatory requirements and, where necessary, seek legal advice. Newforest reserves the right to make arrangements in respect of Shareholders, holders of Options and holders of Convertible Notes who are not residents of Hong Kong in relation to the terms of the Offers.

**It is the responsibility of each Overseas Holder who wishes to accept the Share Offer and/or the Option Offer and/or the Convertible Notes Offer to satisfy himself as to the full observance of the laws and regulations of the relevant jurisdiction, including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities or legal and/or regulatory requirements and the payment of any issue, transfer or other taxes due in such jurisdiction, in connection with the Offers.**

In the event that the receipt of the Composite Document by the Overseas Holders is prohibited by any relevant laws and regulations or may only be effected upon compliance with conditions or requirements that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not to be despatched to such Overseas Holders. Newforest will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Nonetheless, such Overseas Holders will be provided with all material information in the Composite Document. Any arrangements for such Overseas Holders to collect the Composite Document will be set out in a further announcement.

Newforest reserves the right to notify any matter, including the making of the Offers, to Overseas Holders by announcement or by advertisement in a newspaper which may not be circulated in the jurisdictions in which the Overseas Holders are resident. The notice will be deemed to have been sufficiently given, despite any failure by an Overseas Holder to receive or see that notice.

### **3.6 Public Float and Maintaining the Listing Status of the Company**

Newforest intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Share Offer and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that a sufficient public float exists for the Shares. Newforest does not intend to exercise or apply any right which may be available to it under Section 102 of the Companies Act and in accordance with Rule 2.11 of the Takeovers Code to proceed to acquire compulsorily any Shares outstanding after the close of the Offers.

### 3.7 Insufficient Public Float

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of its issued Shares, is held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares or (b) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares. In this connection, it should be noted that, upon the closing of the Offers, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a prescribed level of public float is attained and/or restored.

### 3.8 Information about Newforest

Newforest is a company incorporated in the Cayman Islands and is directly and beneficially owned as to 40% by Gateway Asia Resources Limited (a direct wholly-owned company of Wu Wai Leung, Danny) and as to 60% by Sharpfield Holdings Limited (a direct wholly-owned subsidiary of Chow Tai Fook Enterprises Limited), respectively. Chow Tai Fook Enterprises Limited is a wholly-owned subsidiary of Chow Tai Fook (Holding) Limited, a 78.58% 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. Save for the entering into of the Share Purchase Agreement and the Greenheart Resources Agreement, Newforest has not traded and/or engaged in any business activity since its incorporation.

### 3.9 Shareholding structure of the Company

The table below sets out the shareholding structure of the Company as at the date of this joint announcement:

Name of Shareholder	Shareholding as at the date of this joint announcement	
	<i>Number of issued Shares</i>	<i>Approximate %</i>
Sino-Capital (Note 3)	496,189,028	62.82
Hui Tung Wah, Samuel*	1,505,000	0.19
Simon Murray*	1,246,000	0.16
Wong Kin Chi*	150,000	0.02
Public Shareholders	290,799,076	36.82
Total	<u>789,889,104</u>	<u>100.00</u>

*Notes:*

1. Due to rounding up of the percentages, the accumulated percentage is slightly different from 100%.
2. \* denotes a director of the Company. Excludes any Options held by the directors under the Share Option Scheme.
3. Sino-Capital is a wholly-owned subsidiary of EPGL, and EPGL is a wholly-owned subsidiary of EPHL. As such, EPHL and EPGL are deemed to be interested in the Shares in which Sino-Capital is interested by virtue of Part XV of the SFO.

Save as disclosed above, the Company has no other substantial shareholders based on publicly available substantial shareholder filings in respect of the Company under Part XV of the SFO.

GSHL holds the Convertible Notes, being the US dollar denominated convertible notes with an aggregate outstanding principal amount of US\$17,000,000 due 17 August 2015 issued by the Company which are convertible into 66,012,987 Shares (representing approximately 8.36% of the existing issued Shares). As at the date of this joint announcement, there are also 17,488,145 outstanding Options under the Share Option Scheme.

Save as disclosed herein, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

### **3.10 Other Agreements and Arrangements**

Newforest confirms that, as at the date of this joint announcement, neither Newforest nor any person acting in concert with it:

- (a) has received any irrevocable commitment to accept the Offers;
- (b) has entered into any outstanding derivatives in respect of the shares, securities and interests of the Company;
- (c) owns or has control or direction over any rights or voting rights over the Shares or convertible securities, options, warrants or entered into derivatives in respect of securities of the Company; and
- (d) has borrowed or lent any relevant securities in the Company within the meaning of Note 4 to Rule 22 of the Takeovers Code.

Newforest confirms that as at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to shares of Newforest or the Company and which might be material to the Offers.

Newforest confirms that as at the date of this joint announcement, there is no agreement or arrangement to which Newforest is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

### **3.11 Intention of Newforest in Relation to the Company**

Newforest does not have any plans to change the Company's existing business activities. However, it is the intention of Newforest that, following closing of the Offers, it will initiate a review on the business activities and assets of the Company, for the purpose of formulating business plans and strategies for the future business development of the Company.

Newforest has made no decision in relation to the identity of individuals to be appointed to the Board. Any such change will only take effect in compliance with the requirements of the Takeovers Code and the Listing Rules.

### **3.12 GENERAL MATTERS**

#### **3.12.1 Dealings and Interests in the Company's Securities**

None of Newforest, its ultimate beneficial owner nor parties acting in concert with any of them has dealt in the Shares, derivatives, warrants or other securities convertible into Shares during the six-month period prior to 17 June 2014 (being the date of an announcement made by the Company in relation to the sale and purchase of the Shares pursuant to Rule 3.7 of the Takeovers Code) and up to the date of this joint announcement.

#### **3.12.2 Stamp Duty**

In Hong Kong, seller's ad valorem stamp duty at a rate of 0.1% (HK\$1.00 for every HK\$1,000 (or part of HK\$1,000)) of the consideration payable will be deducted from the amount payable to Shareholders and holders of Convertible Notes (as the case may be) who accept the Offers. Newforest Group will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Shareholders and holders of Convertible Notes (as the case may be) and will pay buyer's ad valorem stamp duty on the acquisition of any Offer Shares or Convertible Notes to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

#### **3.12.3 Advisers**

VMS Securities Limited has been appointed by Newforest as its financial adviser in connection with the Offers.

Investec Capital Asia Limited has been appointed by the Company as its financial adviser.

### **3.12.4 Disclosure of Dealings in the Securities of the Company**

Associates (as defined in the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of Newforest and the Company are reminded to disclose their dealings in the securities of the Company in accordance with Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediates are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

### **3.12.5 Composite Document**

Newforest and the Company intend that a Composite Document in connection with the Offers setting out, among other things, details of the Offers (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offers will be issued and despatched jointly by Newforest and the Company to the Shareholders, holders of the Options and holders of the Convertible Notes, in accordance with the Takeovers Code. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document should be posted to the Shareholders, holders of the Options and holders of the Convertible Notes within 21 days of the date of announcement of the terms of the Offers or such other date as may be permitted by the Takeovers Code and agreed by the Executive and in compliance with the requirements of the Takeovers Code.

As the making of the Offers is conditional on Completion, an application will be made to seek the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such Composite Document to be within 7 days after the fulfillment of the pre-conditions or 7 July 2015, whichever is the earlier.

## **4. THE US\$17,000,000 CONVERTIBLE NOTES DUE 17 AUGUST 2015**

Pursuant to the terms and conditions of the Convertible Notes, the Completion will trigger the "Change of Control" provisions set out therein. Accordingly, upon Completion the holder of the Convertible Notes (GSHL) will become entitled to require the Company to redeem the Convertible Notes in whole or in part.

As soon as the Board becomes aware of the intention of GSHL in relation to the potential mandatory redemption of the Convertible Notes by the Company, it will announce further information regarding the same.

GSHL is a special purpose vehicle wholly-owned by Asia Resources Fund Limited. General Enterprise Management Services (International) Limited holds 7,000,000 Shares, and its wholly-owned subsidiary, GEMS Investment Management Limited, is the fund manager of Asia Resources Fund Limited. Mr. Simon Murray (a non-executive Director) is a director of General Enterprise Management Services (International) Limited and is also a substantial shareholder of the ultimate holding company of General Enterprise Management Services (International) Limited.

## 5. SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 3 November 2014 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 11 December 2014.

### Warning

**Shareholders, holders of the Options, holders of the Convertible Notes, and potential investors of the Company should note that, (i) completion of the transactions under the Greenheart Resources Agreement is conditional upon, among other things, the grant of the OIO Approval which is currently expected to be in early 2015, (ii) Completion is conditional upon completion of the transactions under the Greenheart Resources Agreement and (iii) the Offers will only be made after Completion. Accordingly, the completion of the transactions under the Greenheart Resources Agreement and Completion may or may not take place and the Offers may or may not proceed. Shareholders, holders of the Options, holders of the Convertible Notes, and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

### DEFINITIONS

“acting in concert”	the same meaning ascribed to it under the Takeovers Code
“associate(s)”	the same meaning ascribed to it under the Takeovers Code and the Listing Rules, as the context may require from time to time
“Board”	the board of Directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Completion”	Completion of the Share Purchase Agreement
“Companies Law”	the Companies Law (Revised) of the Cayman Islands
“Company”	Greenheart Group Limited (Stock Code: 94), a company incorporated in the Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

“Composite Document”	the composite offer and response document to be issued jointly by Newforest and the Company in relation to the Offers proposed to be sent to Shareholders, the holders of Options and the holder of the Convertible Notes containing, <i>inter alia</i> , details of the Offers
“connected person”	the same meaning ascribed to it under the Listing Rules
“connected transaction”	the same meaning ascribed to it under the Listing Rules
“Convertible Notes”	the US dollar denominated convertible notes due 17 August 2015 with an original aggregate principal amount of US\$25,000,000 issued by the Company and convertible into 97,077,922 Shares. As disclosed in the Company’s announcement dated 20 February 2013, the Company has redeemed US\$8,000,000 of the principal amount of the convertible notes and as a result, the outstanding principal amount of the convertible notes was reduced to US\$17,000,000 which is convertible into 66,012,987 Shares according to a conversion price of HK\$2.002 per Share and fixed exchange rate of US\$1.00 to HK\$7.774
“Convertible Notes Offer”	the possible mandatory unconditional cash offer for all the Convertible Notes (other than those already owned or agreed to be acquired by Newforest and parties acting in concert with it) to be made by VMS Securities for and on behalf of Newforest
“Debt Interests”	the Sino-Capital Loans and the EPGL Loan
“Deposit Agent”	means a deposit agent which may be appointed by Newforest and Sino-Capital
“Director(s)”	the director(s) of the Company from time to time
“Disposal”	the sale and purchase of the Greenheart Resources Shares and the Debt Interests contemplated under the Greenheart Resources Agreement
“EPGL”	Emerald Plantation Group Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of EPHL

“EPGL Loan”	the loan with an aggregate principal amount of US\$40 million from EPGL to Mega Harvest (as the same may be amended and supplemented from time to time)
“EPHL”	Emerald Plantation Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the ultimate holding company of Sino-Capital
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
“Greenheart Resources”	Greenheart Resources Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly owned subsidiary of the Company
“Greenheart Resources Agreement”	the sale and purchase agreement dated 31 October 2014 between Sino-Capital, EPGL, EPHL and Newforest in respect of (i) the sale and purchase of approximately 39.61% of the issued shares of Greenheart Resources; and (ii) the sale and purchase of the Debt Interests
“Greenheart Resources Conditions”	the conditions precedent to the completion of the Greenheart Resources Agreement
“Greenheart Resources Shares”	ordinary shares with no par value in the capital of Greenheart Resources to be acquired in accordance with the Greenheart Resources Agreement (3,036,000,000 ordinary shares representing approximately 39.61% of its issued share capital)
“Group”	the Company and its subsidiaries
“GSHL”	Greater Sino Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the holder of the Convertible Notes
“HK\$”	Hong Kong dollar(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders on (i) Newforest’s purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests, (ii) the Offers and (iii) the Silver Mount Waivers
“Independent Financial Adviser”	Somerville Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on (i) Newforest’s purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests, (ii) the Offers and (iii) the Silver Mount Waivers
“Independent Shareholders”	Shareholders other than (i) Sino-Capital, its associates (as defined in the Listing Rules) and parties acting in concert with it and (ii) Newforest, its associates (as defined in the Listing Rules), and parties acting in concert with any of them and those who are involved in or interested in the Greenheart Resources Agreement and the transactions contemplated thereunder
“Last Trading Day”	31 October 2014, being the last day on which the Shares were traded prior to suspension of trading of the Shares pending issue of this joint announcement
“LIBOR”	in respect of each interest period of the EPGL Loan, it means (a) the applicable British Bankers’ Association Interest Settlement Rate for US\$ and the relevant period displayed on the appropriate page of Reuters or, if such page or service is replaced or ceases to be available, such other page or service displaying the appropriate rate after consultation with Mega Harvest; or (b) (if no British Bankers Association Interest Settlement Rate is available for the relevant interest period) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to EPGL at its request by three international banks as the rate at which the relevant bank could borrow funds in the London interbank market in US\$ for the relevant period, in each case as of 10:00 am. on the day falling two business days before the first day of the relevant Interest Period for a period comparable to the interest period

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mega Harvest”	Mega Harvest International Limited, an indirect wholly-owned subsidiary of the Company
“Newforest”	Newforest Limited, an exempted company incorporated with limited liability in the Cayman Islands
“Newforest Group”	Newforest and its subsidiaries (as such term is defined in the Companies Law)
“Offers”	the Share Offer, the Option Offer and the Convertible Notes Offer
“Offer Shares”	all the Shares (other than those already owned or agreed to be acquired by Newforest and parties acting in concert with it)
“OIA”	the Overseas Investment Act 2005 and Overseas Investment Regulations 2005, in each case, of New Zealand
“OIO Approval”	all consents required under the OIA for the implementation of the Share Purchase Agreement on terms acceptable to Newforest (acting reasonably)
“Option Offer”	the possible mandatory unconditional cash offer for the cancellation of all outstanding Options (other than those already owned or agreed to be acquired by Newforest and parties acting in concert with it) to be made by VMS Securities for and on behalf of Newforest
“Options”	outstanding options granted by the Company under the Share Option Scheme
“Overseas Holders”	Shareholders, whose registered addresses as shown in the register of members of the Company, are outside Hong Kong, and holders of Options and holders of Convertible Notes who are not residents of Hong Kong
“Sale of the Debt Interests”	the disposal of the Debt Interests under the Greenheart Resources Agreement

“Sale Shares”	the Shares to be acquired in accordance with the Share Purchase Agreement (representing approximately 62.82% of the issued share capital of the Company as at the date of the Share Purchase Agreement)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, (i) Newforest’s purchase of the Greenheart Resources Shares from Sino-Capital and the Sale of the Debt Interests and (ii) the Silver Mount Waivers
“Shareholders”	holders of the Shares
“Share Offer”	the possible mandatory unconditional cash offer for all the Offer Shares to be made by VMS Securities for and on behalf of Newforest
“Share Offer Price”	the price at which the Share Offer will be made, being HK\$0.71 per Offer Share
“Share Option Scheme”	the share option scheme of the Company adopted on 28 June 2012
“Share Purchase Agreement”	the share purchase agreement dated 31 October 2014 between Sino-Capital, EPGL, EPHL and Newforest in respect of the sale and purchase of 496,189,028 Shares, representing approximately 62.82% of the issued share capital of the Company as at the date of the agreement
“Share Transfer Condition”	the condition precedent to Completion
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Silver Mount”	means Silver Mount Group Limited, a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of the Company and a shareholder of Greenheart Resources

“Silver Mount Waivers”	means Silver Mount’s confirmation in writing to the Vendor that it (i) has waived or will not to exercise its right of first refusal and (ii) has waived or will not exercise its co-sale right, in each case, in respect of the Greenheart Resources Shares, as referred to in the section “2.6 Background information” of this joint announcement;
“Sino-Capital” or “Vendor”	Sino-Capital Global Inc., a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of EPGL with EPHL being its ultimate holding company
“Sino-Capital Loans”	the loans from Sino-Capital to Greenheart Resources (as the same may be amended and supplemented from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	US dollar(s), the lawful currency of the United States of America
“%”	per cent.

*US\$:HK\$ exchange rate used in this joint announcement is 1:7.8.*

By order of the Board  
**Newforest Limited**  
**Wu Wai Leung Danny**  
*Executive Director*

By order of the Board  
**Greenheart Group Limited**  
**Paul Jeremy Brough**  
*Interim Chief Executive Officer and  
Executive Director*

Hong Kong, 11 December 2014

*As at the date of this joint announcement, the Board comprises two executive Directors, namely Messrs. Paul Jeremy Brough and Hui Tung Wah, Samuel, three non-executive Directors, namely Messrs. Wang Tong Sai, Eddie, Simon Murray and Colin Denis Keogh, and three independent non-executive Directors, namely Messrs. Wong Che Keung, Richard, Tong Yee Yung, Joseph and Wong Kin Chi.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to Newforest and parties acting in concert with it and the terms of the Offers) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by Newforest and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement,*

- (i) the directors of Chow Tai Fook Enterprises Limited are Dato' Dr. Cheng Yu-Tung, Mr. Cheng Yu-Wai, Mr. Wong Kwok-Ting, Mr. Ho Pak-Tao, Dr. Cheng Kar-Shun, Henry, Mr. Cheng Kar-Shing, Peter, Mrs. Sun Cheng Lai-Ha, Cecilia, Mrs. Doo Cheng Sau-Ha, Amy, Mr. Cheng Sek-Hung, Timothy, Mr. Cheng Kam-Biu, Wilson, Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Conroy, Mr. Tsang On-Yip, Patrick, and Mr. Wong Siu-Kee, Kent;*
- (ii) the directors of Sharpfield Holdings Limited are Mr. Cheng Chi-Him, Conrad, Mr. Tsang On-Yip, Patrick, and Mr. Lie Ken Jie Remy Anthony Ket Heng, and*
- (iii) the directors of Newforest are Mr. Cheng Chi-Him, Conrad, Mr. Tsang On-Yip, Patrick, Mr. Lie Ken Jie Remy Anthony Ket Heng, and Mr. Wu Wai-Leung, Danny.*

*The directors of Chow Tai Fook Enterprises Limited, Sharpfield Holdings Limited and Newforest jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*