

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Sustainable Forest Holdings Limited

永保林業控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 723)

DISCLOSEABLE TRANSACTION – PROVISION OF LOAN TO A THIRD PARTY

PROVISION OF THE LOAN

The Board announces that, on 10 February 2015, the Lender entered into the Loan Agreement with the Borrower pursuant to which the Lender agreed to grant to the Borrower, an Independent Third Party, a loan in the principal amount of HK\$45,000,000, among which HK\$37,000,000 and HK\$8,000,000 bear interest at rates of 10.5% per annum and 11.0% per annum, respectively, and for a term of 5 calendar months from the date of drawdown.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios as defined under the Listing Rules in respect of the advance of the Loan exceeds 5% but is lower than 25%, the advance of the Loan constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Further, as the amount of the Loan exceeds 8% under the asset ratio defined under Rule 13.13 of the Listing Rules, the grant of the Loan is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

* *For identification purpose only*

THE LOAN AGREEMENT

The Board announces that, on 10 February 2015, the Lender entered into the Loan Agreement with the Borrower pursuant to which the Lender agreed to grant to the Borrower, an Independent Third Party, a loan in the principal amount of HK\$45,000,000, among which HK\$37,000,000 and HK\$8,000,000 bear interest at rates of 10.5% per annum and 11.0% per annum, respectively, and for a term of 5 calendar months from the date of drawdown.

The principal terms of the Loan Agreement are summarised as follows:

Date	:	10 February 2015
Lender	:	Asset Bridge Development Limited, a wholly-owned subsidiary of the Company. The Lender is a licensed money lender in Hong Kong under the Money Lenders Ordinance
Borrower	:	the Borrower
Principal amount	:	HK\$45,000,000
Repayment period	:	To be fully repaid on or before 5 calendar months after drawdown or such other date and on such other terms as mutually agreed by the Lender and the Borrower
Interest	:	(i) 10.5% per annum for HK\$37,000,000; and (ii) 11.0% per annum for HK\$8,000,000
Handling fee	:	HK\$900,000 (non-refundable)
Collaterals	:	(i) a first legal charge over the Property; (ii) the Share Charge; and (iii) a personal guarantee from the Guarantor

Condition precedent/
collateral securities : Drawdown of the Loan is conditional upon the fulfillment of the following conditions:

- (a) an “all monies” first legal charge/mortgage executed by the Borrower in respect of the Property in favour of the Lender;
- (b) a declaration and undertaking from the Borrower confirming that in the event of any information stated in the declaration is found inaccurate, incorrect or untrue in any aspect, the Lender shall have absolute right to demand from the Borrower to repay the total loan amount together with interest costs accrued thereon calculated as aforesaid to the date of repayment in full immediately;
- (c) the Share Charge to be given by the Guarantor in favor of the Lender;
- (d) a personal guarantee executed by the Guarantor in favour of the Lender;
- (e) the Borrower is required to furnish the Lender with a series of FIVE (5) post-dated cheques each for the sum of the amount of interest payable monthly and ONE (1) post-dated cheque for the principal loan repayment; and
- (f) any other securities and collaterals that the Lender may from time to time require.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties after arm’s length negotiation, with reference to the commercial practice and the amount of the Loan. The Directors consider that the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company comprised sustainable forest management, investment and leasing of natural forests, and manufacturing and sale of timer products including but not limited to wooden door, furniture and wooden floor panels; leasing of properties; the business of licensed travel agent under the Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong) and money lending business pursuant to the Money Lenders Ordinance.

The Directors consider that money lending business can broaden the income base of the Group. Having considered the financial background of the Borrower, the availability of the security and the interest income to be received by the Group, the Directors consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE BORROWER

The Borrower is a company incorporated in the British Virgins Islands with limited liability and the Guarantor is the sole director and sole shareholder of the Borrower. The principal activity of the Borrower is investment holding. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Guarantor and the Borrower are Independent Third Parties.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios as defined under the Listing Rules in respect of the advance of the Loan exceeds 5% but is lower than 25%, the advance of the Loan constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Further, as the amount of the Loan exceeds 8% under the asset ratio defined under Rule 13.13 of the Listing Rules, the grant of the Loan is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Borrower”	Luck Hung Management Services Limited, a company incorporated in the British Virgins Islands
“Company”	Sustainable Forest Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Guarantor”	the sole director and sole shareholder of the Borrower
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of and not connected with the Company and the connected persons (as defined under the Listing Rules) of the Company
“Lender”	Asset Bridge Development Limited, a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of HK\$45,000,000 to be granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	a loan agreement dated 10 February 2015 and entered into between the Lender and the Borrower in relation to the provision of the Loan

“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“Property”	a residential property located in Hong Kong
“Share Charge”	a share charge given by the Guarantor to the Lender over the entire issued share capital of the Borrower to secure the Loan and due and punctual performance of the Borrower’s obligations under the Loan Agreement
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the board
Sustainable Forest Holdings Limited
Zhou Jing
Chairman

Hong Kong, 10 February 2015

As at the date of this announcement, the Board comprises Ms. Zhou Jing and Mr. Mung Wai Ming as executive directors; and Mr. William Keith Jacobsen, Mr. Wu Wang Li and Mr. Ng Wai Hung as independent non-executive directors.