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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 INDEPENDENT THIRD PARTIES**

The Board is pleased to announce that on 6 November 2017, the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrowers, pursuant to which the Lender agreed to provide to the Borrowers a loan facility in the principal amount of HK\$10,000,000 for a term of 12 months.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrowers is more than 5% but less than 25%, the Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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** For identification purpose only*

THE LOAN AGREEMENT

Principal terms of the Loan Agreement are set out as below:

Date:	6 November 2017
Lender:	Asset Bridge Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Borrowers:	two individuals who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent of the Company and its connected persons as at the date of this announcement
Principal amount:	HK\$10,000,000
Interest:	13.5% per annum, payable on a monthly basis
Administration fee:	1% of the principal amount of the Loan
Availability period:	available for drawdown within thirty Business Days of the date of the Loan Agreement, subject to sole discretion of the Lender
Maturity date:	12 months from the date of drawdown
Repayment:	subject as otherwise provided in the Loan Agreement, the Borrowers shall repay the outstanding balance of the Loan and the interest accrued thereon on the maturity date of the Loan
Prepayment:	the Borrowers may make a prepayment of the outstanding balance of the Loan together with interest accrued thereon after the last day of the availability period
Security:	Second legal charge in respect of a property located in Hong Kong which is indirectly wholly owned by the Borrowers in equal share through a company incorporated in Hong Kong with limited liability. Consent from mortgagee of the first mortgage has been obtained before entering into the second legal charge

The Loan will be funded by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

The Company is an investment holding company. The Group is principally engaged in the business of money lending, sustainable forest management, investment and leasing in natural forests, manufacturing and sales of timber products and leasing of properties. The Lender is a licensed money lender holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending. The provision of the Loan is a transaction carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties thereto after arm’s length negotiations, with reference to prevailing commercial practice, the value of security provided and the amount of the Loan. Having considered the recurring interest income to be generated by and the other terms of the Loan, the Directors consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and the provision of the Loan is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the amount of financial assistance granted to the Borrowers is more than 5% but less than 25%, the Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

- “Board” Board of Directors of the Company
- “Borrowers” two individuals who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of the Company and its connected persons as at the date of this announcement

“Business Day(s)”	a day (excluding Saturday and Sunday) on which banks are open for general business in Hong Kong
“Company”	Sustainable Forest Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Lender”	Asset Bridge Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan facility in the principal amount of HK\$10,000,000 granted by the Lender to the Borrowers pursuant to the Loan Agreement
“Loan Agreement”	a loan agreement dated 6 November 2017 entered into between the Lender and the Borrowers in relation to the provision of the Loan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holder(s) of the issued Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By Order of the Board
Sustainable Forest Holdings Limited
Yeung Sau Chung
Chairman

Hong Kong, 6 November 2017

As at the date of this announcement, the Board comprises Mr. Yeung Sau Chung (Chairman), Mr. Mung Wai Ming, Mr. Liu Shun Chuen, Ms. Wang Jingyu and Ms. Lai Yin Ling as Executive Directors; and Mr. William Keith Jacobsen, Mr. Wu Wang Li and Mr. Ng Wai Hung as Independent Non-executive Directors.