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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 FACILITY TO AN INDEPENDENT THIRD PARTY

The Board is pleased to announce that on 14 December 2017 (after trading hours), the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide to the Borrower a revolving loan facility of up to 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 Borrower is more than 5% but less than 25%, the Loan Facility 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: 14 December 2017

- Lender: Asset Bridge Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company

- Borrower: an individual who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group

- Principal amount: up to HK\$10,000,000

- Interest rate: 11% per annum, payable on a monthly basis

- Administration fee: 0.5% of the maximum amount of the Loan Facility

- Availability period: available for drawdown in multiples of HK\$500,000 within 180 days from the date of the Loan Agreement

- Maturity date: twelve months from the date of the Loan Agreement, to be extendable for another twelve months or subsequent twelve month period(s) or to such other date at the request of the Borrower and agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and the Borrower in writing

- Repayment: subject as otherwise provided in the Loan Agreement, the Borrower shall repay the Loan and the outstanding interest on the maturity date of the Loan Facility

- Re-borrowing: the Borrower may re-borrow (in whole or in part) any amount prepaid in accordance with the terms and conditions of the Loan Agreement

Security: a first legal charge in respect of a residential property located in Hong Kong

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

RELATIONSHIP WITH THE BORROWER

The Borrower is an individual who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group and save for the transactions contemplated under the Loan Agreement, there are no prior relationship and/or other transactions between the Company and the Borrower during the past 12 months.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN FACILITY

The Company is an investment holding company. The Group is principally engaged in the business of money lending, sustainable forest management, 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 Facility 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 maximum amount of the Loan Facility. Having considered the recurring interest income to be generated by and the other terms of the Loan Facility, the Directors consider that the terms of the Loan Agreement are normal commercial terms and are fair and reasonable and the provision of the Loan Facility 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 Borrower is more than 5% but less than 25%, the Loan Facility 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
“Borrower”	an individual who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group
“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”	aggregate principal amount to be drawn and/or re-borrowed by the Borrower in accordance with the terms and conditions of the Loan Agreement
“Loan Agreement”	a loan agreement dated 14 December 2017 entered into between the Lender and the Borrower in relation to the provision of the Loan Facility

“Loan Facility”	a revolving loan facility of up to HK\$10,000,000 to be granted by the Lender to the Borrower pursuant to the Loan Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	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, 14 December 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, Ms. Lai Yin Ling and Ms. Chan Yuk Yee as Executive Directors; and Mr. William Keith Jacobsen, Mr. Wu Wang Li and Mr. Ng Wai Hung as Independent Non-executive Directors.