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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 AN INDEPENDENT THIRD PARTY**

The Board is pleased to announce that on 22 January 2018 (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 loan facility in the principal amount of HK\$10,000,000 for a term of 360 days.

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 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: 22 January 2018

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

- Borrower: a company incorporated in Bermuda with limited liability with its shares listed on the Main Board of the Stock Exchange and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Borrower and its ultimate beneficial owner are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group

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

- Interest rate: 12% per annum, payable on every 60 days interval

- Administration fee: 0.5% 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: 360 days after the date of drawdown of the Loan

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

- Prepayment: the Borrower may give not less than thirty days’ prior written notice that specifies the date of prepayment to the Lender and make a prepayment of the outstanding balance of the Loan together with interest accrued thereon

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

INFORMATION OF AND RELATIONSHIP WITH THE BORROWER

The Borrower is a company incorporated in Bermuda with limited liability with its shares listed on the Main Board of the Stock Exchange. The Borrower and its subsidiaries are principally engaged in the manufacture and trading of optical frames and sunglasses, property investment, investment in debts and securities and money lending business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Borrower and its ultimate beneficial owner are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group. 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

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 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, financial position of the Borrower and 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 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 Borrower 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
“Borrower”	a company incorporated in Bermuda with limited liability with its shares listed on the Main Board of the Stock Exchange and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, it and its ultimate beneficial owner are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
“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 Borrower pursuant to the Loan Agreement

“Loan Agreement”	a loan agreement dated 22 January 2018 entered into between the Lender and the Borrower in relation to the provision of the Loan
“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, 22 January 2018

As at the date of this announcement, the Board comprises Mr. Yeung Sau Chung (Chairman), Mr. Mung Wai Ming, Ms. Wang Jingyu, Ms. Lai Yin Ling and Ms. Chan Yuk Yee as Executive Directors; and Mr. Wu Wang Li, Mr. Yam Kwong Chun and Mr. Chiang Bun as Independent Non-executive Directors.