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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)**

### **MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION**

This announcement is made by Sustainable Forest Holdings Limited (the “**Company**”, together with its subsidiaries the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **MEMORANDUM OF UNDERSTANDING**

The Board of Directors (the “**Board**”) of the Company is pleased to announce that on 7 February 2018, Sustainable Global Holdings Limited (the “**Purchaser**”), a wholly owned subsidiary of the Company and two independent third parties, each being an equity holder of the Target Company (as defined below) (collectively the “**Vendors**”) (who, through their respective interest in the Target Company, together own the entire equity interest in the Target Company), entered into a memorandum of understanding (the “**MOU**”), which is non-legally binding save for the provisions for confidentiality, exclusivity and jurisdiction. Pursuant to the MOU, the Purchaser intends to purchase in aggregate 60% interests (30% interests from each of the Vendors) in a company (the “**Target Company**”) established in the People’s Republic of China (the “**PRC**”), from the Vendors (the “**Possible Acquisition**”) through certain contractual arrangements (the “**VIE Structure**”) (or such other arrangement to be agreed between the Vendors and the Purchaser) through which the Purchaser will exercise control over the operations of the Target Company and enjoy the economic benefits generated by it. The consideration payable for the Possible Acquisition shall be subject to further negotiation between the Purchaser and the Vendors with reference to the valuation of the Target Company to be conducted by an independent professional valuer.

The Purchaser and the Vendors have agreed upon an exclusivity period of three months from the date of the MOU or such longer period as the parties may agree, during which the Vendors shall not discuss or negotiate or enter into any agreement with any third party in respect of the Target Company.

*\* For identification purpose only*

The MOU was intended to record the preliminary mutual understanding between the Purchaser and the Vendors and to serve as a platform for further negotiations. Accordingly, the Possible Acquisition may or may not proceed.

## **REASONS AND BENEFITS FOR ENTERING INTO THE MOU**

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 Target Company is principally engaged in provision of credit information and debt collection services in the PRC by applying big data and artificial intelligence technology in credit assessment/approval and debt collection processes.

The Board considered that the Possible Acquisition, if materializes, represents a good opportunity for the Group to diversify its business to provision of credit information and debt collection services in the PRC through acquisition of interests in the Target Company via the VIE Structure (or such other arrangement to be agreed between the Vendors and the Purchaser), which would provide a platform for the Group to participate in the fast growing debt market in the PRC, thereby enhancing its profitability and achieving a better return for the shareholders of the Company. In view of the above, the Board considered that the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The Board wishes to emphasize that the MOU is non-legally binding save for the provisions for confidentiality, exclusivity and jurisdiction and is subject to entering into the formal agreement(s). As such, the Possible Acquisition may or may not proceed.

**If the Possible Acquisition materializes, it may constitute a notifiable transaction on the part of the Company pursuant to the Listing Rules. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the shares of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company as and when appropriate in compliance with the Listing Rules.**

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

Hong Kong, 7 February 2018

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