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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)

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

This announcement is made by Sustainable Forest Holdings Limited (the “**Company**”) 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).

Reference is made to the announcement dated 7 February 2018 (the “**Announcement**”) of the Company in relation to the entering into the MOU in respect of the Possible Acquisition. All capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

The Board wishes to announce that as the exclusivity period under the MOU has expired on 7 May 2018 and the Purchaser and the Vendors could not reach any further agreements, the MOU has lapsed in accordance with its terms. Accordingly, the MOU ceased to have any effect and none of the parties to the MOU will have any claim against the other for costs, damages, compensation or otherwise.

By Order of the Board
Sustainable Forest Holdings Limited
Wang Jingyu
Chairlady

Hong Kong, 7 May 2018

As at the date of this announcement, the Board comprises Ms. Wang Jingyu (Chairlady), Mr. Lai Ming Wai (Chief Executive Officer), 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.

** For identification purpose only*