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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
EXTENSION OF LOAN**

EXTENSION OF LOAN

On 19 September 2018, the Lender, an indirect wholly owned subsidiary of the Company, and the Borrower entered into the Extension Letter, pursuant to which the Lender and the Borrower agreed to (i) extend the maturity date of the Loan from 1 November 2018 to 1 November 2019 and (ii) adjust the rate of interest applicable to the Loan from 8.75% per annum to 9% per annum with effect from 1 November 2018.

GENERAL

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the provision of the Loan, the Extension and the Adjustment of Interest is more than 5% but less than 25%, the provision of the Loan, the Extension and the Adjustment of Interest 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.

** For identification purpose only*

Reference is made to the announcement of Sustainable Forest Holdings Limited (the “Company”) dated 1 November 2017 (the “Announcement”) in relation to the Loan Agreement entered into between the Lender and the Borrower, pursuant to which the Lender agreed to provide to the Borrower a loan facility in the principal amount of HK\$14,000,000 for a term of 12 months. Unless the context requires otherwise, defined terms and expressions in this announcement shall bear the same meanings as used in the Announcement.

EXTENSION OF LOAN

On 19 September 2018, the Lender and the Borrower entered into an extension letter (the “Extension Letter”), pursuant to which the Lender and the Borrower agreed to (i) extend the maturity date of the Loan from 1 November 2018 to 1 November 2019 (the “Extension”) and (ii) adjust the rate of interest applicable to the Loan from 8.75% per annum to 9% per annum with effect from 1 November 2018 (the “Adjustment of Interest”). A handling fee in the amount of HK\$35,000 was paid by the Borrower for arranging the Extension.

Save for the Extension and the Adjustment of Interest, all other terms of the Loan Agreement remain unchanged and all the respective obligations, covenants and/or undertakings of the parties under the Loan Agreement shall remain in full force and effect and, where applicable, be binding on the parties.

REASONS FOR THE ENTERING INTO THE EXTENSION LETTER

The Company is an investment holding company. The Group is principally engaged in the business of money lending, sustainable forest management, sales of timber and wooden 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 and the Extension are transactions carried out as part of the ordinary and usual course of business of the Group.

The Directors considered that the Extension and the Adjustment of Interest are in the ordinary and usual course of the Group’s money lending business. The terms of the Extension Letter were arrived at by the parties thereto after arm’s length negotiations, with reference to prevailing commercial practice and the amount of the Loan. Having considered the financial background and the interest payment history of the Borrower and the additional interest income to be generated from the Extension and the Adjustment of Interest, the Directors considered that the terms of the Extension Letter are normal commercial terms and are fair and reasonable and the Extension and the Adjustment of Interest are in the interest of the Company and the Shareholders as a whole.

GENERAL

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the provision of the Loan, the Extension and the Adjustment of Interest is more than 5% but less than 25%, the provision of the Loan, the Extension and the Adjustment of Interest 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.

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

Hong Kong, 19 September 2018

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