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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 LOANS TO INDEPENDENT THIRD PARTIES**

The Board is pleased to announce that on 2 September 2019, the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreements with each of Borrower A and Borrower B, pursuant to which the Lender agreed to provide to each of Borrower A and Borrower B a loan facility in the principal amount of HK\$10,000,000 for a term of 12 months.

As the Guarantors together hold almost (and in the case of Borrower A, the entire) the entire issued share capital of each of Borrower A, Borrower B and the Existing Borrower, the Company has regarded the Loans and the Existing Loan (which was disclosed in the announcement of the Company dated 15 August 2018) on an aggregated basis under Rule 14.22 of the Listing Rules. Given 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 Borrower A, Borrower B and the Existing Borrower in aggregate is more than 5% but less than 25%, the Loans and the Existing Loan in aggregate 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*

On 2 September 2019, the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreements with each of Borrower A and Borrower B, pursuant to which the Lender agreed to provide to each of Borrower A and Borrower B a loan facility in the principal amount of HK\$10,000,000 for a term of 12 months.

THE LOAN AGREEMENTS

(i) Principal terms of Loan Agreement A are set out as below:

Date:	2 September 2019
Lender:	Reliance Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Borrower:	a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is held by the Guarantors. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Borrower A and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
Principal amount:	HK10,000,000
Interest rate:	12% per annum, payable on a monthly basis
Administration fee:	0.5% of principal amount of Loan A
Availability period:	available for drawdown within 90 days from the date of Loan Agreement A
Maturity date:	12 months from the date of Loan Agreement A, or such other later date to be agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and Borrower A in writing
Repayment:	subject as otherwise provided in Loan Agreement A, Borrower A shall repay Loan A and the outstanding interest on the maturity date of Loan A

Security:	a legal charge/mortgage in respect of a property located in Hong Kong
Corporate guarantee:	a corporate guarantee executed in favour of the Lender by the Existing Borrower
Personal guarantees:	personal guarantees executed in favour of the Lender by the Guarantors who are the ultimate beneficial owners of Borrower A, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except also being the ultimate beneficial owners of Borrower B and the Existing Borrower, each of the Guarantors is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group

(ii) Principal terms of Loan Agreement B are set out as below:

Date:	2 September 2019
Lender:	Reliance Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
Borrower:	a company incorporated in Hong Kong with limited liability and the substantial portion of the issued share capital of which is owned by the Guarantors. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Borrower B and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
Principal amount:	HK10,000,000
Interest rate:	12% per annum, payable on a monthly basis
Administration fee:	0.5% of principal amount of Loan B
Availability period:	available for drawdown within 90 days from the date of Loan Agreement B

Maturity date:	12 months from the date of Loan Agreement B, or such other date to be agreed by the Lender in writing, and subject to such terms and conditions to be agreed between the Lender and Borrower B in writing
Repayment:	subject as otherwise provided in Loan Agreement B, Borrower B shall repay Loan B and the outstanding interest on the maturity date of Loan B
Security:	a legal charge/mortgage in respect of a property located in Hong Kong
Corporate guarantee:	a corporate guarantee executed in favour of the Lender by the Existing Borrower
Personal guarantees:	personal guarantees executed in favour of the Lender by the Guarantors who are the ultimate beneficial owners of Borrower B, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except also being the ultimate beneficial owners of Borrower A and the Existing Borrower, each of the Guarantors is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group

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

RELATIONSHIP WITH THE BORROWERS

Each of Borrower A and Borrower B is a company incorporated in Hong Kong with limited liability. Borrower A is principally engaged in the business of property investment and Borrower B is principally engaged in the business of property investment and investment holding. The Guarantors together hold almost (and in the case of Borrower A, the entire) the entire issued share capital of each of Borrower A, Borrower B and the Existing Borrower. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Borrowers and its ultimate beneficial owners 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 Agreements, there are no prior relationship and/or other transactions between the Company and each of the Borrowers during the past 12 months.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOANS

The Company is an investment holding company. The Group is principally engaged in money lending business, forest-related business including sustainable forest management and 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 Loans are transactions carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Agreements (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, the financial background of the Borrowers, the Guarantors and the Existing Borrower, and the amount of the Loans. Having considered the recurring interest income to be generated by and the other terms of the Loans, the Directors consider that the Loan Agreements are on normal commercial terms and are fair and reasonable and the provision of the Loans are in the interest of the Company and the Shareholders as a whole.

EXISTING LOAN

The Existing Loan has been granted by the Lender to the Existing Borrower in accordance with the terms and conditions of the Existing Loan Agreement. As at the date of this announcement, the Existing Borrower is indebted to the Lender in the amount of approximately HK\$15,000,000 under the Existing Loan Agreement.

The granting of the Existing Loan constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and was disclosed in the announcement of the Company dated 15 August 2018.

IMPLICATIONS UNDER THE LISTING RULES

As the Guarantors together hold almost (and in the case of Borrower A, the entire) the entire issued share capital of Borrower A, Borrower B and the Existing Borrower, the Company has regarded the Loans and the Existing Loan (which was disclosed in the announcement of the Company dated 15 August 2018) on an aggregated basis under Rule 14.22 of the Listing Rules. Given 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 Borrower A, Borrower B and the Existing Borrower in aggregate is more than 5% but less than 25%, the Loans and the Existing Loan in aggregate 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.

Trading in the Shares has been suspended commencing from 9:00 a.m. on 10 October 2018 as the Company has been placed in the first delisting stage under Practice Note 17 of the Listing Rules referred to in the Company's announcement dated 12 October 2018.

DEFINITIONS

“Board”	Board of Directors of the Company
“Borrower A”	a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is held by the Guarantors. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Borrower A and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
“Borrower B”	a company incorporated in Hong Kong with limited liability and a substantial portion of the issued share capital of which is owned by the Guarantors. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Borrower B and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
“Borrowers”	collectively, Borrower A and Borrower B
“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

“Existing Borrower”	a company incorporated in Hong Kong with limited liability and a substantial portion of the issued share capital of which is owned by the Guarantors. Save as disclosed above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Existing Borrower and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
“Existing Loan”	a loan facility in the principal amount of HK\$15,000,000 granted by the Lender to the Existing Borrower in accordance with the terms and conditions of the Existing Loan Agreement
“Existing Loan Agreement”	the loan agreement entered into between the Lender and the Existing Borrower on 15 August 2018
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, three individuals who are family members of each other and who, save for being the ultimate beneficial owners of Borrower A, Borrower B and the Existing Borrower, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are independent third parties not connected with the Company and its connected persons and other existing borrowers of the Group
“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”	Reliance Credit 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”	a loan facility in the principal amount of HK\$10,000,000 granted by the Lender to Borrower A in accordance with the terms and conditions of Loan Agreement A
“Loan B”	a loan facility in the principal amount of HK\$10,000,000 granted by the Lender to Borrower B in accordance with the terms and conditions of Loan Agreement B
“Loans”	collectively, Loan A and Loan B
“Loan Agreement A”	a loan agreement dated 2 September 2019 entered into between the Lender and Borrower A in relation to the provision of Loan A
“Loan Agreement B”	a loan agreement dated 2 September 2019 entered into between the Lender and Borrower B in relation to the provision of Loan B
“Loan Agreements”	collectively, Loan Agreement A and Loan Agreement B
“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
Wang Jingyu
Chairlady

Hong Kong, 2 September 2019

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.