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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 A THIRD PARTY

PROVISION OF THE LOAN

The Board announces that, on 27 February 2015 (after trading hours), the Lender entered into the Loan Agreement with the Borrower pursuant to which the Lender agreed to grant to the Borrower, an Independent Third Party, a loan in the principal amount of HK\$25,000,000 and bear interest at rates of 6.65% per annum and for a term of 9 calendar months from the date of drawdown.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios as defined under the Listing Rules in respect of the advance of the Loan exceeds 5% but is lower than 25%, the advance of the Loan constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Further, as the amount of the Loan exceeds 8% under the asset ratio defined under Rule 13.13 of the Listing Rules, the grant of the loan is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

* *For identification purpose only*

THE LOAN AGREEMENT

The Board announces that, on 27 February 2015 (after trading hours), the Lender entered into the Loan Agreement with the Borrower pursuant to which the Lender agreed to grant to the Borrower, an Independent Third Party, a loan in the principal amount of HK\$25,000,000 and bear interest at rates of 6.65% per annum and for a term of 9 calendar months from the date of drawdown

The principal terms of the Loan Agreement are summarised as follows:

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|-----------------------|---|--|
| Date | : | 27 February 2015 |
| Lender | : | Asset Bridge Development Limited, a wholly-owned subsidiary of the Company and a licensed money lender in Hong Kong under the Money Lenders Ordinance |
| Borrower | : | the Borrower |
| Principal amount | : | HK\$25,000,000 |
| Purpose of the Loan | : | for the sole purpose of re-financing the Borrower for the Property |
| Repayment period | : | to be fully repaid on or before 9 calendar months after drawdown and subject to the Borrower's right to early repay the Loan in full after expiration of 4 months calendar months after drawdown |
| Interest | : | 6.65% per annum |
| Default interest rate | : | 24% per annum on the default payment |
| Collaterals | : | (i) the Mortgage; and (ii) the Guarantee |

Condition precedent : the Loan Agreement is conditional upon, amongst other things, the fulfillment of the following conditions:

- (i) the Loan Agreement in the agreed form and terms of the Lender being executed by the Borrower under seal;
- (ii) the title of the Borrower to the Property being accepted by the Lender after the same being investigated by the Lender's solicitors;
- (iii) the Mortgage in form and terms approved by the Lender's solicitors is being executed by the Borrower in favour of the Lender and delivered to the Lender together with all title deeds and documents of the Property;
- (iv) the Guarantee in form and terms approved by the Lender's solicitors is being executed by the Guarantor in favour of the Lender; and
- (v) the Borrower successfully redeem and release the existing mortgage over the Property

The Loan to be granted under the Loan Agreement to the Borrower will be funded by the internal resources of the Group.

The terms of the Loan Agreement (including the interest rate) were arrived at by the parties after arm's length negotiation, with reference to the commercial practice and the amount of the Loan. The Directors consider that the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company comprised sustainable forest management, investment and leading of natural forests, and manufacturing and sale of timer products including but not limited to wooden door, furniture and wooden floor panels; leasing of properties; the business of licensed travel agent under the Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong) and money lending business pursuant to the Money Lenders Ordinance.

The Directors consider that money lending business can broaden the income base of the Group. Having considered the financial background of the Borrower, the availability of the security and the interest income to be received by the Group, the Directors consider that the

terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE BORROWER

The Borrower is a company incorporated in Hong Kong Islands with limited liability and the Guarantor is a director of the Borrower and the ultimate beneficial owner of the entire issued share capital of the Borrower. The principal activity of the Borrower is investment holding. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, and as confirmed by the Borrowers and the Guarantor, the Guarantor, the Borrowers and the Borrowers' ultimate beneficial owners are Independent Third Parties not connected with the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios as defined under the Listing Rules in respect of the advance of the Loan exceeds 5% but is lower than 25%, the advance of the Loan constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Further, as the amount of the Loan exceeds 8% under the asset ratio defined under Rule 13.13 of the Listing Rules, the grant of the loan is also subject to the general disclosure obligations under Rule 13.15 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

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| “Board” | the board of Directors |
| “Borrower” | a borrower company incorporated in Hong Kong with limited liability |
| “Company” | Sustainable Forest Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Guarantee” | a limited guarantee to be given by the Guarantor in favour of the Lender to secure the due punctual payments of interest on the Loan and repayment of the Loan and the performance by the Borrower of all its obligations under the Loan Agreement |
| “Guarantor” | being an individual and a director of the Borrower and the ultimate beneficial owner of the entire issued share capital of the Borrower |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party” | a third party independent of the Company and the connected persons of the Company |
| “Lender” | Asset Bridge Development Limited, a wholly-owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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|---------------------------|--|
| “Loan” | a loan in the principal amount of HK\$25,000,000 to be granted by the Lender to the Borrower pursuant to the Loan Agreement |
| “Loan Agreement” | a loan agreement dated 27 February 2015 and entered into between the Lender and the Borrower in relation to the provision of the Loan |
| “Money Lenders Ordinance” | Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong |
| “Mortgage” | a first legal charge over the Property to be granted by the Borrower to the Lender to secure the due punctual payments of interest on the Loan and repayment of the Loan and the performance by the Borrower of all its obligations under the Loan Agreement |
| “Property” | a residential property located in Hong Kong |
| “Shareholder(s)” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By order of the board
Sustainable Forest Holdings Limited
Zhou Jing
Chairman

Hong Kong, 27 February 2015

As at the date of this announcement, the Board comprises Ms. Zhou Jing and Mr. Mung Wai Ming as executive directors; and Mr. William Keith Jacobsen, Mr. Wu Wang Li and Mr. Ng Wai Hung as independent non-executive directors.