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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 AN INDEPENDENT THIRD PARTY**

The Board is pleased to announce that on 26 April 2019, the Lender, an indirect wholly owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to provide to the Borrower a loan facility in the principal amount of HK\$21,000,000 for a term of 15 months.

As 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 the Borrower is more than 5% but less than 25%, the Loan 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.

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** For identification purpose only*

THE LOAN AGREEMENT

Principal terms of the Loan Agreement are set out as below:

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| Date: | 26 April 2019 |
| Lender: | Reliance Credit Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company |
| Borrower: | an individual who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group |
| Principal amount: | HK\$21,000,000 |
| Interest rate: | 10.5% per annum, payable on a monthly basis |
| Administration fee: | 1% of the principal amount of the Loan |
| Availability period: | available for drawdown within 30 days from the date of the Loan Agreement |
| Maturity date: | 15 months from the date of drawdown, 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 the Borrower in writing |
| Repayment: | subject as otherwise provided in the Loan Agreement, the Borrower shall repay the Loan and the outstanding interest on the maturity date of the Loan |
| Security: | a first legal charge/mortgage in respect of a property located in Hong Kong |

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

RELATIONSHIP WITH THE BORROWER

The Borrower is an individual who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group and save for the transactions contemplated under the Loan Agreement, there are no prior relationship and/or other transactions between the Company and the Borrower during the past 12 months.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

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 is a transaction carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Agreement (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 and the amount of the Loan. Having considered the recurring interest income to be generated by and the other terms of the Loan, the Directors consider that the terms of the Loan Agreement are normal commercial terms and are fair and reasonable and the provision of the Loan is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As 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 the Borrower is more than 5% but less than 25%, the Loan 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

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| “Board” | Board of Directors of the Company |
| “Borrower” | an individual who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an independent third party not connected with the Company and its connected persons and other existing borrowers of the Group |
| “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 |
| “Group” | the Company and its subsidiaries |
| “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 loan facility in the principal amount of HK\$21,000,000 granted by the Lender to the Borrower in accordance with the terms and conditions of the Loan Agreement |

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| “Loan Agreement” | a loan agreement dated 26 April 2019 entered into between the Lender and the Borrower in relation to the provision of the Loan |
| “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, 26 April 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.