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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)

UNUSUAL TRADING PRICE AND VOLUME MOVEMENTS

The announcement is made at the request of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The board (“**Board**”) of directors (“**Directors**”) of Sustainable Forest Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) has noted the increases in both the trading price and trading volume of the shares of the Company today and wishes to state that the Board is not aware of any reasons for such increases.

As disclosed in the announcement of the Company dated 17 September 2011, the Company is currently in negotiation with a potential seller, being an independent third party, in relation to the proposed acquisition by the Group of 90% interest of a biomass power plant (“**Power Plant**”) in China. The Company is also in negotiations with some forest concession or land holders and operators in various places in China, as well as in Malaysia and Russia, all of which being independent third parties, in relation to the possible acquisition by the Group of relevant assets or rights over such lands or other possible investment opportunities or business cooperation. All of the above negotiations are still in preliminary stage and other than a non-binding term sheet dated 17 September 2011 and signed by the Company in connection with the proposed acquisition of the interest of the Power Plant, no agreement has been reached in connection with any of the above possible transactions as at the date of this announcement.

The Board confirms that, save as disclosed above, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Rules (“**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

In the meantime, shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

* *For identification purpose only*

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the Board
Sustainable Forest Holdings Limited
CHAN Hon To
Company Secretary

Hong Kong, 17 October 2011

As at the date of this announcement, the Board comprises Ms. Loh Jiah Yee, Katherine, Ms. Fletcher Yurk Nam, Sandy, Mr. Shih Chiu, David and Mr. Li Zhixiong as executive directors; Mr. Leung Chau Ping, Paul as non-executive director; and Mr. John Tewksbury Banigan, Mr. Keung Paul Hinsum and Mr. Leung Siu Hung, Joel as independent non-executive directors.