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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)

ANNOUNCEMENT

IN RELATION TO THE COMPLETION OF THE SUBSCRIPTION OF NON-LISTED WARRANTS

The Board is pleased to announce that the subscription and issue of the Warrants is completed on 19 December 2011.

Reference is made to the announcements of Sustainable Forest Holdings Limited (“**Company**”) dated 22 September (“**September Announcement**”), 31 October and 18 November 2011 respectively in relation to, among other things, the signing of the Warrant Subscription Agreement between the Company as issuer and CITIC Merchant as Subscriber, for the proposed issuance of 300,000,000 Warrants upon completion of the Warrant Subscription. Capitalised terms used herein shall have the same meanings as those defined in the September Announcement unless defined otherwise.

The Board is pleased to announce that all the conditions precedent to the Warrant Subscription Agreement have been fulfilled and the completion thereof took place on 19 December 2011. The Company has issued 300,000,000 Warrants to CITIC Merchant on 19 December 2011 pursuant to the terms of the Warrant Subscription Agreement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 6,613,710,698 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Warrant Subscription but before exercise of any of the subscription rights attaching to the Warrants; and (iii) after the completion of the Warrant Subscription and assuming full exercise of the subscription rights attaching to the Warrants are as follows:

* *For identification purpose only*

	As at the date of announcement		Immediately after the completion of the Warrant Subscription but before the exercise of any of the subscription rights attaching to the Warrants		After the completion of the Warrant Subscription and assuming full exercise of the subscription rights attaching to the Warrants	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%
Assure Gain International Limited (Note 1)	1,006,762,347	15.22%	1,006,762,347	15.22%	1,006,762,347	14.56%
Winner Global Holdings Limited (Note 2)	320,041,100	4.84%	320,041,100	4.84%	320,041,100	4.63%
Splendid Asset Holdings Limited (Note 3)	331,100,463	5.00%	331,100,463	5.00%	331,100,463	4.79%
Mr. Li Zhixiong (Note 4) Subscriber	380,000,000	5.75%	380,000,000	5.75%	380,000,000	5.50%
	—	—	—	—	300,000,000	4.34%
Sub-total	2,037,903,910	30.81%	2,037,903,910	30.81%	2,337,903,910	33.82%
Public Shareholders	<u>4,575,806,788</u>	<u>69.19%</u>	<u>4,575,806,788</u>	<u>69.19%</u>	<u>4,575,806,788</u>	<u>66.18%</u>
Total	<u>6,613,710,698</u>	<u>100%</u>	<u>6,613,710,698</u>	<u>100%</u>	<u>6,913,710,698</u>	<u>100%</u>

Notes:

1. Assure Gain International Limited is wholly owned by Ms. Loh Jiah Yee, Katherine, Chairman, managing Director and executive Director of the Company. As at the date of this announcement, it also holds 1,208,013,390 preference shares carrying rights to convert into 226,502,510 Shares.
2. Winner Global Holdings Limited is owned as to 100% by Assure Gain International Limited.
3. Splendid Asset Holdings Limited is owned as to 100% by Assure Gain International Limited.
4. As at the date of this announcement, Mr. Li Zhixiong, an executive Director, beneficially holds 380,000,000 Shares. Mr. Li is also entitled to up to an additional of 389,230,769 Shares which may be issued by the Company to him pursuant to a sale and purchase agreement dated 21 March 2011, details of which were disclosed in the announcement of the Company dated 21 March 2011.

By Order of the Board
Sustainable Forest Holdings Limited
Loh Jiah Yee, Katherine
Chairman

Hong Kong, 19 December 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, Mr. Li Zhixiong and Mr. Leung Siu Hung, Joel as executive directors; Mr. Leung Chau Ping, Paul as non-executive director; and Mr. John Tewksbury Banigan, Mr. Keung Paul Hinsum and Mr. Donald Smith Worthley as independent non-executive directors.