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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)

(I) PROPOSED SHARE OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TEN (10) SHARES HELD ON THE RECORD DATE WITH SHARE BONUS ISSUE ON THE BASIS OF FIVE (5) BONUS SHARES FOR EVERY OFFER SHARE SUBSCRIBED;

(II) PROPOSED CONVERTIBLE PREFERRED SHARE OPEN OFFER ON THE BASIS OF ONE (1) OFFER CONVERTIBLE PREFERRED SHARE FOR EVERY TEN (10) CONVERTIBLE PREFERRED SHARES HELD ON THE RECORD DATE WITH CONVERTIBLE PREFERRED SHARE BONUS ISSUE ON THE BASIS OF FIVE (5) BONUS CONVERTIBLE PREFERRED SHARES FOR EVERY OFFER CONVERTIBLE PREFERRED SHARE SUBSCRIBED;

AND

(III) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES AND POSSIBLE CONNECTED TRANSACTION

OPEN OFFERS

Share Open Offer with Share Bonus Issue

The Board proposes to raise not less than approximately HK\$44.5 million and not more than approximately HK\$53.0 million before expenses by issuing not less than 139,173,247 Offer Shares and not more than 165,665,906 Offer Shares at the subscription price of HK\$0.32 per Offer Share on the basis of one (1) Offer Share for every ten (10) Shares held on the Record Date with Share Bonus Issue of five (5) Bonus Shares for every Offer Share subscribed and allotted.

* For identification purpose only

Assuming no exercise of the Share Options, no conversion of the Share Warrants into Shares and no conversion of the CPS into Shares on or before the Record Date, the minimum number of Offer Shares and Bonus Shares in aggregate of 835,039,482 Shares represents (i) approximately 60.0% of the issued ordinary share capital of the Company immediately prior to the Completion; and (ii) approximately 37.5% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

Assuming full exercise of the Share Options, full conversion of the Share Warrants into Shares, full conversion of CPS Warrants into CPS and full conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares on or before the Record Date, the maximum number of Offer Shares and Bonus Shares in aggregate of 993,995,436 Shares represents (i) approximately 60.0% of the issued ordinary share capital of the Company as enlarged by those Shares allotted and issued as a result of the full conversion of the Share Options, the Share Warrants and the CPS (including those CPS as a result of the full conversion of the CPS Warrants) immediately prior to the Completion; and (ii) approximately 37.5% of the issued ordinary share capital of the Company as further enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

The Record Date is Monday, 14 April 2014. The last day of dealings in the Shares on a cum-entitlement basis is Monday, 7 April 2014. The Shares will be dealt in on an ex-entitlement basis from Tuesday, 8 April 2014. To qualify for the Share Open Offer, Shareholders must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

CPS Open Offer with CPS Bonus Issue

The Board also proposes to raise not more than approximately HK\$1.7 million before expenses by issuing not more than 172,420,129 Offer CPS at the subscription price of HK\$0.01 per Offer CPS on the basis of one (1) Offer CPS for every ten (10) existing CPS held on the Record Date with an issue of five (5) Bonus CPS for every Offer CPS subscribed and allotted.

In the event that all the CPS Holders exercise their rights to convert the CPS into Shares prior to the Record Date, no CPS Open Offer will be made by the Company.

Assuming no conversion of the CPS Warrants into CPS and no conversion of the CPS into Shares on or before the Record Date, the number of Offer CPS and bonus CPS in aggregate of 905,205,678 CPS represents (i) approximately 60.0% of issued CPS as at the date of this announcement; and (ii) approximately 37.5% of the issued CPS as enlarged by the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

Assuming full conversion of the CPS Warrants into CPS but no conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares on or before the Record Date, the maximum number of Offer CPS and Bonus CPS in aggregate of 1,034,520,774 CPS represents (i) approximately 68.6% of the issued CPS as at the date of this announcement; (ii) approximately 60% of the issued CPS as enlarged by the allotted and issued CPS as a result of the full conversion of the CPS Warrants; and (iii) approximately 37.5% of the issued CPS as enlarged by the allotted and issued CPS as a result of the full conversion of the CPS Warrants, and the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

The Record Date is Monday, 14 April 2014. To qualify for the CPS Open Offer, CPS holders must be registered as CPS Holders of the Company on the Record Date and not be an Excluded CPS Holder.

UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriters have agreed to severally subscribe or procure the subscription for all untaken Underwritten Shares and Underwritten CPS.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES AND POSSIBLE CONNECTED TRANSACTION

In view of the Open Offers and based on preliminary assessment of the Company according to the relevant adjustments requirements as set out in the terms and conditions of the Share Warrants, the Company notes that the subscription price of the Share Warrants is expected to be adjusted from HK\$0.3204 per Share Warrant to HK\$0.2429 per Share Warrant and accordingly, based on the outstanding Share Warrants in the aggregate nominal value of approximately HK\$58,585,935.93 as at the date of this announcement, the number of Shares to be allotted and issued upon exercise of the subscription rights attaching to the outstanding Share Warrants would be adjusted from 182,852,484 Shares (based on the subscription price of HK\$0.3204 per Share Warrant) to 241,193,643 Shares (based on the preliminary estimated adjusted subscription price of HK\$0.2429 per Share Warrant), as a result of the Open Offers. In such circumstances, the adjusted number of conversion Shares to be issued under the outstanding Share Warrants, together with the number of conversion Shares to be issued upon the exercise of the Then Offer CPS and the Then Bonus CPS (which will remain unchanged as a result of the Open Offers), are expected to exceed the total number of new Shares originally authorised and available to be issued under the 2013 General Mandate. In view of the above, an ordinary resolution will be proposed at the SGM to approve the Grant of Specific Mandate to allot and issue the Share Warrant Conversion Shares.

As at the date of this announcement, Ms. Zhou, being an executive Director, is currently one of the Share Warrant holders holding 170,893,099 Shares Warrants in aggregate nominal value of HK\$54,754,149.13 (representing approximately 93.5% of the total outstanding Share Warrants) as at the date of this announcement. Accordingly, Ms. Zhou is a connected person of the Company and the Possible Share Issue will constitute a connected transaction under Chapter 14A of the Listing Rules and is subject to the approval by the CT Independent Shareholders at the SGM.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Open Offers are conditional, inter alia, upon the fulfillment of the conditions set out in the section headed “Conditions of the Open Offers”. The Open Offers are therefore subject to the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the Underwriting Agreement”.

Accordingly, the Open Offers may or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

OPEN OFFERS

Share Open Offer with Share Bonus Issue

The Board proposes to raise not less than approximately HK\$44.5 million and not more than approximately HK\$53.0 million before expenses by issuing not less than 139,173,247 Offer Shares and not more than 165,665,906 Offer Shares at the subscription price of HK\$0.32 per Offer Share on the basis of one (1) Offer Share for every ten (10) Shares held on the Record Date with Share Bonus Issue of five (5) Bonus Shares for every Offer Share subscribed and allotted.

Issue statistics of Share Open Offer with Share Bonus Issue

Basis of the Share Open Offer and Share Bonus Issue:	One (1) Offer Share for every ten (10) Shares held on the Record Date and payable in full upon application with five (5) Bonus Shares for every Offer Share allotted and issued
Number of Shares in issue as at the date this announcement:	1,391,732,472 Shares
Number of new Shares to be issued upon full exercise of the Share Options (Note 1):	28,192,819 Shares
Number of new Shares to be issued upon full exercise of the Share Warrants (Note 2):	182,852,484 Shares
Number of new Shares to be issued upon full exercise of the CPS (Note 3):	53,881,289 Shares
Maximum number of Shares in issue assuming full exercise of the Share Options, full conversion of the Share Warrants into Shares, full conversion of CPS Warrants into CPS and full conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares:	1,656,659,064 Shares
Minimum number of Offer Shares:	139,173,247 Shares
Aggregate nominal value of minimum number of Offer Shares:	HK\$1,391,732.47
Minimum number of Bonus Shares:	695,866,235 Shares

Aggregate nominal value of minimum number of Bonus Shares:	HK\$6,958,662.35
Maximum number of Offer Shares:	165,665,906 Shares
Aggregate nominal value of maximum number of Offer Shares:	HK\$1,656,659.06
Maximum number of Bonus Shares:	828,329,530 Shares
Aggregate nominal value of maximum number of Bonus Shares:	HK\$8,283,295.30
Subscription price:	HK\$0.32
Enlarged issued ordinary share capital of the Company immediately upon Completion:	Not less than 2,226,771,954 Shares but not more than 2,650,654,500 Shares
Amount raised before expenses:	Not less than approximately HK\$44.5 million and not more than approximately HK\$53.0 million

Notes:

1. As at the date of this announcement, the Company has 28,192,819 outstanding Share Options entitling the holders to subscribe for 28,192,819 Shares pursuant to the Share Option Scheme.
2. At the date of this announcement, the Company has 182,852,484 outstanding Share Warrants entitling the holders to subscribe for 182,852,484 Shares.
3. As at the date of this announcement, the Company also has (i) 215,525,161 CPS Warrants entitling the holders to subscribe for 215,525,161 CPS, which entitles the holders to convert into 6,735,161 Shares at a ratio of one CPS to 0.03125 Share and (ii) 1,508,676,131 outstanding CPS entitling the holders to convert into 47,146,128 Shares at a ratio of one CPS to 0.03125 Share. Save for the Share Options, the Share Warrants, the CPS Warrants and the CPS, the Company has no other outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the date of this announcement.

Assuming no exercise of the Share Options, no conversion of the Share Warrants into Shares and no conversion of the CPS into Shares on or before the Record Date, the minimum number of Offer Shares and Bonus Shares in aggregate of 835,039,482 Shares represents (i) approximately 60% of the issued ordinary share capital of the Company immediately prior to the Completion; and (ii) approximately 37.5% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

Assuming full exercise of the Share Options, full conversion of the Share Warrants into Shares, full conversion of CPS Warrants into CPS and full conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares on or before the Record Date, the maximum number of Offer Shares and Bonus Shares in aggregate of 993,995,436 Shares represents (i) approximately 60.0% of the issued ordinary share capital of the Company as enlarged by those Shares allotted and issued as a result of the full conversion of the Share Options, the Share Warrants and the CPS (including those CPS as a result of the full conversion of the CPS Warrants) immediately prior to the Completion; and (ii) approximately 37.5% of the issued ordinary share capital of the Company as further enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

CPS Open Offer with CPS Bonus Issue

The Board also proposes to raise not more than approximately HK\$1.7 million before expenses by issuing not more than 172,420,129 Offer CPS at the subscription price of HK\$0.01 per Offer CPS on the basis of one (1) Offer CPS for every ten (10) existing CPS held on the Record Date with an issue of five (5) Bonus CPS for every Offer CPS subscribed and allotted.

Issue statistic of CPS Open Offer with CPS Bonus Issue

Basis of the CPS Open Offer and CPS Bonus Issue:	One (1) Offer CPS for every ten (10) existing CPS held on the Record Date and payable in full upon application with five (5) Bonus CPS for every Offer CPS allotted and issued
Number of CPS as at the date of this announcement:	1,508,676,131 CPS

Number of CPS converted upon exercise of all CPS Warrants (<i>Note 1</i>):	215,525,161 CPS
Maximum number of Offer CPS:	Not more than 172,420,129 CPS
Nominal value of maximum number of Offer CPS:	Not more than HK\$1,724,201.29
Maximum number of Bonus CPS:	Not more than 862,100,645 CPS
Nominal value of maximum number of Bonus CPS:	Not more than HK\$8,621,006.45
Minimum number of CPS upon Completion:	0 (<i>Note 2</i>)
Maximum number of CPS upon Completion:	2,758,722,066 CPS
Number of new Shares to be issued upon full conversion of the Offer CPS and the Bonus CPS (<i>Note 3</i>):	Not more than 32,328,774 Shares

Notes:

1. As at the date of this announcement, the Company has (i) 215,525,161 CPS Warrants entitling the holders to subscribe for 215,525,161 CPS, which entitles the holders to convert into 6,735,161 Shares at a ratio of one CPS to 0.03125 Share.
2. In the event that all the CPS Holders exercised their rights to convert the CPS into Shares prior to the Record Date, no CPS Open Offer will be made by the Company.
3. The CPS will be converted into Shares at a ratio of one CPS to 0.03125 Share.

Assuming no conversion of the CPS Warrants into CPS and no conversion of the CPS into Shares on or before the Record Date, the number of Offer CPS and bonus CPS in aggregate of 905,205,678 CPS represents (i) approximately 60.0% of issued CPS as at the date of this announcement; and (ii) approximately 37.5% of the issued CPS as enlarged by the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

Assuming full conversion of the CPS Warrants into CPS but no conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares on or before the Record Date, the maximum number of Offer CPS and Bonus CPS in aggregate of 1,034,520,774 CPS represents (i) approximately 68.6% of the issued CPS as at the date of this announcement; (ii) approximately 60% of the issued CPS as enlarged by the allotted and issued CPS as a result of the full conversion of the CPS Warrants; and (iii) approximately 37.5% of the issued CPS as enlarged by the allotted and issued CPS as a result of the full conversion of the CPS Warrants, and the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

In the event that all the CPS Holders exercised their rights to convert the CPS into Shares prior to the Record Date, no CPS Open Offer will be made by the Company.

Basis of assured allotment

The basis of the assured allotment for the Share Open Offer shall be one (1) Offer Share for every ten (10) Shares held by the Qualifying Shareholders on the Record Date.

The basis of the assured allotment for the CPS Open Offer shall be one (1) Offer CPS for every ten (10) existing CPS held by the Qualifying CPS Holders on the Record Date.

Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Share Application Form and lodging the same with the remittance for the Offer Shares being applied for.

Application for all or any part of a Qualifying CPS Holder's assured allotment should be made by completing the CPS Application Form and lodging the same with the remittance for the Offer CPS being applied for.

As at the date of this announcement, the Board has not received any information from any substantial Shareholders of their intention to take up the Offer Shares (or the Offer CPS) to be provisionally allotted to them.

Subscription price of the Offer Shares and the Offer CPS

The subscription price of the Offer Shares of HK\$0.32 each and that of the Offer CPS of HK\$0.01 each is payable in full upon application of the relevant assured allotment of the Offer Shares and the Offer CPS respectively. Taking into account the conversion ratio of one CPS to 0.03125 Share, the subscription price of the Offer CPS per Share to be converted thereunder is equivalent to the subscription price of the Offer Shares (i.e. HK\$0.32 each).

The subscription price per Offer Share and Offer CPS was determined after arm's length negotiations between the Company and the Underwriters with reference to funding needs of the Company, the current market price of the Shares, par value of the Shares and the CPS, and prevailing market condition. The Directors consider that the discount would encourage the Qualifying Shareholders and the Qualifying CPS Holders to participate in the Open Offers, which would enable the Qualifying Shareholders and Qualifying CPS Holders to maintain their respective shareholdings in the Company and participate in the future growth of the Group. The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser) consider the terms of the Open Offers, including the subscription price per Offer Share and Offer CPS, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The subscription price of HK\$0.32 per Offer Share represents:

- (i) a premium of approximately 113.3% over the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 113.3% over the average closing price of approximately HK\$0.150 per Share for the last five (5) trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a premium of approximately 113.3% over the average closing price of approximately HK\$0.150 per Share for the last ten (10) trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a premium of approximately 180.7% over the theoretical ex-entitlement price of approximately HK\$0.114 per Share calculated based on the closing price per Share of HK\$0.150 as quoted on the Stock Exchange on the Last Trading Day.

Taking into account the Bonus Shares, the effective subscription price of HK\$0.0533 each represents:

- (i) a discount of approximately 64.4% to the closing price of HK\$0.150 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 64.4% to the average closing price of approximately HK\$0.150 per Share for the last five (5) trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 64.4% to the average closing price of approximately HK\$0.150 per Share for the last ten (10) trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a discount of approximately 53.2% to the theoretical ex-entitlement price of approximately HK\$0.114 per Share calculated based on the closing price per Share of HK\$0.150 as quoted on the Stock Exchange on the Last Trading Day.

Fractional entitlements to the Offer Shares, the Offer CPS, the Bonus Shares and the Bonus CPS

Entitlements to the Offer Shares and the Offer CPS will be rounded down to the nearest whole number. Fractional entitlements to the Offer Shares and the Offer CPS will not be issued but will be aggregated and dealt with as Offer Shares or Offer CPS (as the case may be) not taken up in accordance with the Underwriting Agreement.

Status of the Offer Shares, Offer CPS, the Bonus Shares, the Bonus CPS, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares

Save that the Offer Shares will be entitled to the Bonus Shares, the Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer Shares.

Save that the Offer CPS will be entitled to the Bonus CPS, the Offer CPS, when allotted and fully paid, will rank pari passu in all respects with the CPS then in issue. The Bonus CPS, when allotted and fully paid, will rank pari passu in all respects with the CPS then in issue.

Holders of fully-paid Offer CPS and Bonus CPS will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer CPS (or the Bonus CPS, as the case may be).

The Bonus Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Bonus Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Bonus Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares.

Specific mandate for Bonus Shares, Offer CPS Conversion Shares and Bonus CPS Conversion Shares

The Bonus Shares, Offer CPS Conversion Shares and Bonus CPS Conversion Shares will be issued pursuant to a specific mandate to be sought at the SGM.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares, the Bonus Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares.

No application will be made for the listing of the CPS, the Offer CPS, the Bonus CPS or the CPS to be converted under the CPS Warrants on the Stock Exchange or any other stock exchange.

Qualifying Shareholders and Qualifying CPS Holders

The Company will send the Prospectus Documents to the Qualifying Shareholders and the Qualifying CPS Holders only. For the Excluded Shareholders and Excluded CPS Holders, the Company will send copies of the Prospectus (without any Application Forms) to them for their information only.

To qualify for the Open Offers, a Shareholder or a CPS Holder must be registered as a member of the Company or a CPS Holder respectively at the close of business on the Record Date and must be a Qualifying Shareholder or Qualifying CPS Holder respectively.

In order to be registered as members of the Company or CPS Holders at the close of business on the Record Date, Shareholders or CPS Holders must lodge any transfers of Shares or CPS (together with the relevant certificates) with the Share Registrar or Butterfield Fulcrum Group (Bermuda) Limited (the agent appointed by the Company) respectively, for the relevant registration no later than 4:30 p.m. on Wednesday, 9 April 2014.

Closure of registers of members and CPS Holders

The registers of members and CPS Holders of the Company are expected to be closed from Thursday, 10 April 2014 to Monday, 14 April 2014, both days inclusive. No transfers of Shares or CPS will be registered during the book closure period.

Certificates of the Offer Shares, Bonus Shares, Offer CPS and the Bonus CPS

Subject to the conditions of the Open Offers, certificates for the Offer Shares, Bonus Shares, Offer CPS and Bonus CPS are expected to be posted on or before Tuesday, 13 May 2014 to those Shareholders or CPS Holders entitled thereto by ordinary post at their own risks.

Rights of Excluded Shareholders and Excluded CPS Holders

If there are any Overseas Shareholders or Overseas CPS Holders at the close of business on the Record Date, such Overseas Shareholders or Overseas CPS Holders may or may not be eligible to take part in the Share Open Offer and the CPS Open Offer respectively.

The Directors will comply with Notes to Rule 13.36(2) of the Listing Rules and make enquiries regarding the feasibility of extending the Share Open Offer and the CPS Open Offer to the Overseas Shareholders and the Overseas CPS Holders respectively taking into account the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of the Offer Shares and the Bonus Share to the Overseas Shareholders, and the Offer CPS and the Bonus CPS to the Overseas CPS Holders.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange at that place, not to offer the Offer Shares and the Bonus Shares to such Overseas Shareholders or the Offer CPS and the Bonus CPS to such Overseas CPS Holders, the Share Open Offer and the CPS Open Offer will not be extended to the Excluded Shareholders and the Excluded CPS Holders respectively. The result of the enquiries and the basis of the exclusion will be included in the Prospectus. The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Application for excess Offer Shares and Offer CPS

There is no arrangement for application for the Offer Shares and Offer CPS by the Qualifying Shareholders and the Qualifying CPS Holders respectively in excess of their entitlements. Considering that each Qualifying Shareholder and Qualifying CPS Holder will be given an equal and fair opportunity to participate in the Company's future development by subscribing for his/her/its proportionate entitlement under the Share Open Offer and the CPS Open Offer respectively, if application for excess Offer Shares and Offer CPS is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, which is not cost-effective from the viewpoint of the Company. Any Offer Shares and Offer CPS not taken up by the Qualifying Shareholders and the Qualifying CPS Holders will be taken up by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

Odd lot matching services

To alleviate the difficulties in trading odd lots of the Shares arising from the Share Open Offer, the Company has appointed South China Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares, on a best effort basis, during the period from 9:00 a.m. on Wednesday, 14 May 2014 to 4:30 p.m. on Wednesday, 4 June 2014 (both days inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Ms. Michelle Lee of South China Securities Limited at 28/F., Bank of China Tower, No. 1 Garden Road, Central, Hong Kong (telephone: (852) 3196-6237 and facsimile: (852) 3101-9200) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

UNDERWRITING AGREEMENT

Date: 27 February 2014

Underwriters: Ocean Honor Limited (“**Ocean Honor**”); and

Head & Shoulders Securities Limited (“**Head & Shoulders**”)

Number of Shares to be underwritten: Not less than 139,173,247 Offer Shares and not more than 165,665,906 Offer Shares (being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Share Open Offer) (the “**Underwritten Shares**”)

In the event of the Share Open Offer not being fully subscribed, up to 70% of the Underwritten Shares (equivalent to not more than 115,966,134 Offer Shares), will be first taken up by Ocean Honor to the fullest extent and the balance of the Underwritten Shares will thereafter be taken up by Head & Shoulders

The maximum underwriting commitments with respect to the Share Open Offer are (i) 115,966,134 Offer Shares by Ocean Honor; (ii) 49,699,772 Offer Shares by Head & Shoulders

Number of CPS to be underwritten:

Not more than 172,420,129 Offer CPS (being all Offer CPS (including the CPS to which the Excluded CPS Holder(s) would otherwise have been entitled) to be issued pursuant to the CPS Open Offer) (the “**Underwritten CPS**”)

In the event of the CPS Open Offer not being fully subscribed, up to 70% of the Underwritten CPS (equivalent to not more than 120,694,090 CPS) will be first taken up by Ocean Honor to the fullest extent and the balance of the Underwritten CPS will thereafter be taken up by Head & Shoulders.

The maximum underwriting commitments with respect to the CPS Open Offer are (i) 120,694,090 Offer CPS by Ocean Honor; (ii) 51,726,039 Offer CPS by Head & Shoulders

Commission:

2.5% of the aggregate subscription price in respect of the respective number of Offer Shares and Offer CPS to be underwritten by the Underwriters. The commission was determined after arm’s length negotiation between the Company and the Underwriters, and the Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser) are of the view that it is fair and reasonable.

Company’s undertaking:

The Company has undertaken to the Underwriters not to drawdown the equity line facilities granted by YA Global Master SPV Ltd. to it pursuant to agreement dated 19 December 2011 as supplemented on 21 December 2011 and 19 January 2012, prior to the Latest Time for Termination; or in the event of any drawdown of the equity facility line on or before the Latest Time for Termination, the Company has undertaken not to repay any drawn amount by the allotment and issue of Shares.

Ocean Honor Limited is incorporated in BVI with principle business in investment holding and is beneficially wholly-owned by Mr. Chan Yuen Ming, who is a professional investor. To the best knowledge of the Company, Mr. Chan is a merchant participating in various investment businesses mainly in Hong Kong and the PRC. As advised by Ocean Honor, it is not in its ordinary or usual course of business to enter into this type of underwriting arrangement.

As at the date of this announcement, the Underwriters and their respective ultimate beneficial owner(s) do not hold any Shares, Share Options, Share Warrants, CPS or CPS Warrants. To the best of the Directors' knowledge, information and belief, the Underwriters and their respective ultimate beneficial owner(s) are (i) third parties independent of the Company; and (ii) not parties acting in concert with (within the meaning of the Takeovers Code) any substantial shareholders of the Company.

Pursuant to the Underwriting Agreement, the Underwriters have agreed, subject to the termination provisions thereof, to subscribe or procure the subscription for all the Offer Shares and Offer CPS which have not been taken up by the Qualifying Shareholders and Qualifying CPS Holders.

In the event of the Underwriters being called upon pursuant to the Underwriting Agreement to subscribe for or procure subscribers of the Underwritten Shares and/or Underwritten CPS not taken up (the "**Untaken Shares**"),

- (1) Head & Shoulders shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company on completion of the Open Offers more than 9.9% of the voting rights of the Company upon the completion of the Open Offers; and
- (2) Head & Shoulders shall use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii), save for each Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold more than 9.9% of the voting rights of the Company upon completion of the Open Offers.

The Directors (excluding the independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser) consider that the terms of the Underwriting Agreement are fair and reasonable.

Conditions of the Open Offers

The Open Offers are subject to the fulfillment (or waiver, if applicable) of the following conditions:

- a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, all the Offer Shares, the Bonus Shares, the Offer CPS Conversion Shares, the Bonus CPS Conversion Shares and the Share Warrant Conversion Shares;
- b) the delivery of the Prospectus Documents to the Stock Exchange and the filing and registration of all documents relating to the Open Offers, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance;
- c) the posting of the Prospectus Documents to Qualifying Shareholders and Qualifying CPS Holders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders and Excluded CPS Holders (as the case may be), if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Share Open Offer or CPS Open Offer (as the case may be) on or before the Prospectus Posting Date;
- d) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement and the Underwriting Agreement not having been terminated pursuant to the terms herein;
- e) the board of directors of the Company having passed a resolution for the conducting of the Open Offers;

- f) the Independent Shareholders/CT Independent Shareholders (as the case may be) in general meeting having approved the following:–
- (i) the Open Offers;
 - (ii) the granting of a specific mandate for the allotment and issue of the Bonus Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares; and
 - (iii) the granting of a specific mandate for the allotment and issue of the Share Warrant Conversion Shares pursuant to the Grant of Specific Mandate and any connected transactions (as defined under the Listing Rules) which may arise as a result of the Grant of Specific Mandate;
- g) the Shares remaining listed on the Stock Exchange at all time prior to the Settlement Date and the listing of the Shares not having been withdrawn or trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days (except for the purpose of clearing the announcements and circulars in relation to the Open Offers) and that no indication being received from the Stock Exchange that the listing of the Shares will be withdrawn including but not limited to as a result of the Open Offers or for any other reason; and
- h) each of the Underwriters and their respective parties acting in concert not being obliged to make a mandatory offer pursuant to Rule 26 of the Takeovers Code by reason of each of the Underwriters taking up any of the Underwritten Shares.

The Underwriters have the sole discretion to waive the conditions (d) and (g) (so far as it relates to the Company) above in whole or in part by written notice to the Company. Save for the aforesaid, none of the conditions above can be waived by either the Company or the Underwriter. If the conditions of the Open Offers are not satisfied and/or waived (as the case may be) in whole or in part by the Underwriters by the Latest Time for Termination or such later date or dates as the Underwriters may agree with the Company in writing, the Underwriting Agreement shall terminate and (except in respect of reasonable out-of-pocket expenses, if any, of the Underwriters in respect of the Open Offers, or the indemnity given to the Underwriters and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach. If the Underwriting Agreement is terminated in accordance with its terms, the Open Offers will not proceed.

Termination of the Underwriting Agreement

The Underwriters shall terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination if, prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriters, the success of the Open Offers would be materially and adversely affected by:
 - a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offers; or
 - b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or

- f) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than ten consecutive business days (as defined in the Listing Rules), excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offers; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriters are likely to materially or adversely affect the success of the Open Offers or otherwise makes it inexpedient or inadvisable to proceed with the Open Offers; or
- (3) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriters are material to the Group as a whole upon completion of the Open Offers and is likely to affect materially and adversely the success of the Open Offers.

The Underwriters shall be entitled by a notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the relevant clause in the Underwriting Agreement comes to the knowledge of the Underwriters; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the relevant clause in the Underwriting Agreement untrue or incorrect in any material respect.

If the Underwriters exercise such right, the Open Offers will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offers are conditional, inter alia, upon the fulfillment (or waiver, if applicable) of the conditions set out in the section headed “Conditions of the Open Offers” above. The Open Offers are therefore subject to the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the Underwriting Agreement” above.

Accordingly, the Open Offers may or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SHAREHOLDING STRUCTURES

- (i) Upon Completion and assuming no exercise of conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date**

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon Completion, assuming no exercise of conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders and there being no change in shareholding from the date of this announcement to Completion except for the full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders (the “**Scenario A**”); and (iii) upon Completion, assuming no exercise of the conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date, no acceptance by the Qualifying Shareholders or the Qualifying CPS Holders and there being no change in shareholding from the date of this announcement to Completion (the “**Scenario B**”):

	As at the date of this announcement				Scenario A				Scenario B			
	No. of		No. of		No. of		No. of		No. of		No. of	
	Shares held	Approx. %	CPS held	Approx. %	Shares held	Approx. %	CPS held	Approx. %	Shares held	Approx. %	CPS held	Approx. %
Loh Jiah Yee, Katherine (Note 2)	294,650,651	21.17	929,974,147	61.64	471,441,041	21.17	1,487,958,631	61.64	294,650,651	13.23	929,974,147	38.53
Expert Plan Limited (Note 3)	170,893,099	12.28	215,525,161	14.29	273,428,953	12.28	344,840,257	14.29	170,893,099	7.67	215,525,161	8.93
Ocean Honor	-	-	-	-	-	-	-	-	584,527,632	26.25	633,643,974	26.25
Head & Shoulders and subscribers procured by Head & Shoulders (Note 6)	-	-	-	-	-	-	-	-	250,511,850	11.25	271,561,704	11.25
Public Shareholders	926,188,722	66.55	363,176,823	24.07	1,481,901,960	66.55	581,082,921	24.07	926,188,722	41.60	363,176,823	15.04
Total	1,391,732,472	100.00	1,508,676,131	100.00	2,226,771,954	100.00	2,413,881,809	100.00	2,226,771,954	100.00	2,413,881,809	100.00

(ii) Upon Completion and assuming full conversion of the CPS Warrants into CPS prior to the Record Date and no exercise of conversion rights under the Share Options, the Share Warrants and the CPS on or before Record Date

Set out below is the shareholding structure of the Company (i) as at the Record Date assuming full conversion of the CPS Warrants into CPS and no exercise of conversion rights under the Share Options, the Share Warrants and the CPS prior to the on or before the Record Date; (ii) upon Completion, assuming full conversion of the CPS Warrants into CPS and no exercise of the Share Options, the Share Warrants and the CPS on or before Record Date, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders and there being no change in shareholding from the Record Date to Completion except for the full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders (the “**Scenario C**”); and (iii) upon Completion, assuming full conversion of the CPS Warrants into CPS and no exercise of conversion rights under the Share Options, the Share Warrants and the CPS on or before Record Date, no acceptance by the Qualifying Shareholders or the Qualifying CPS Holders, and there being no change in shareholding from the Record Date to Completion (the “**Scenario D**”):

	As at the Record Date assuming full conversion of CPS Warrants into CPS and no exercise of conversion rights under the Share Options, Share Warrants and CPS on or before the Record Date											
	CPS on or before the Record Date				Scenario C				Scenario D			
	No. of		No. of		No. of		No. of		No. of		No. of	
Shares held	Approx. %	CPS held	Approx. %	Shares held	Approx. %	CPS held	Approx. %	Shares held	Approx. %	CPS held	Approx. %	
Loh Jiah Yee, Katherine (Note 2)	294,650,651	21.17	929,974,147	53.94	471,441,041	21.17	1,487,958,631	53.94	294,650,651	13.23	929,974,147	33.71
Expert Plan Limited (Note 3)	170,893,099	12.28	215,525,161	12.50	273,428,953	12.28	344,840,257	12.50	170,893,099	7.67	215,525,161	7.81
Ms. Zhou (Note 4)	-	-	215,525,161	12.50	-	-	344,840,257	12.50	-	-	215,525,161	7.81
Ocean Honor	-	-	-	-	-	-	-	-	584,527,632	26.25	724,164,540	26.25
Head & Shoulders and subscribers procured by Head & Shoulders (Note 6)	-	-	-	-	-	-	-	-	250,511,850	11.25	310,356,234	11.25
Public Shareholders	926,188,722	66.55	363,176,823	21.06	1,481,901,960	66.55	581,082,921	21.06	926,188,722	41.60	363,176,823	13.17
Total	1,391,732,472	100.00	1,724,201,292	100.00	2,226,771,954	100.00	2,758,722,066	100.00	2,226,771,954	100.00	2,758,722,066	100.00

(iii) Upon Completion and assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date

Set out below is the shareholding structure of the Company (i) as at the Record Date assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before the Record Date; (ii) upon Completion, assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders and there being no change in shareholding from the Record Date to Completion except for the full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders (the “**Scenario E**”); and (iii) upon Completion, assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants, no acceptance by the Qualifying Shareholders or the Qualifying CPS Holders, and there being no change in shareholding from the Record Date to Completion (the “**Scenario F**”):

	As at the Record Date assuming full conversion of Share Options, CPS, Share Warrants, CPS Warrants on or before the Record Date											
					Scenario E				Scenario F			
	No. of Shares held		Approx. %		No. of Shares held		Approx. %		No. of Shares held		Approx. %	
Loh Jiah Yee, Katherine (Note 2)	323,712,343	19.54	-	-	517,939,747	19.54	-	-	323,712,343	12.21	-	-
Expert Plan Limited (Note 3)	177,628,260	10.72	-	-	284,205,216	10.72	-	-	177,628,260	6.70	-	-
Ms. Zhou (Note 4)	191,507,571	11.56	-	-	306,412,113	11.56	-	-	191,507,571	7.22	-	-
Mung Wai Ming (Note 5)	13,879,311	0.84	-	-	22,206,897	0.84	-	-	13,879,311	0.52	-	-
Ocean Honor	-	-	-	-	-	-	-	-	695,796,804	26.25	-	-
Head & Shoulders and subscribers procured by Head & Shoulders (Note 6)	-	-	-	-	-	-	-	-	298,198,632	11.25	-	-
Public Shareholders	949,931,579	57.34	-	-	1,519,890,527	57.34	-	-	949,931,579	35.85	-	-
Total	1,656,659,064	100.00	-	-	2,650,654,500	100.00	-	-	2,650,654,500	100.00	-	-

Notes:

1. The above percentages are subject to rounding error.
2. Ms. Loh Joah Yee, Katherine is an ex-Director of the Company.
3. Expert Plan Limited is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Ho Ka Kui, Boniface.

4. Ms. Zhou is the chairman and an executive Director of the Company. As at the date of this announcement, Ms. Zhou is interested in 13,879,311 Share Options, 170,893,099 Share Warrants and 215,525,161 CPS Warrants (convertible into 215,525,161 CPS), which are convertible into 13,879,311 Shares, 170,893,099 Shares and 6,735,161 Shares respectively.
5. Mr. Mung Wai Ming is an executive Director. As at the date of this announcement, Mr. Mung Wai Ming is interested in 13,879,311 Share Options, which are convertible into 13,879,311 Shares.
6. Under the terms of the Underwriting Agreement, each of (i) Head & Shoulders and (ii) each of the subscribers or purchasers of the Untaken Shares procured by it shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold more than 9.9% of the voting rights of the Company upon completion of the Open Offers. Details of the aforesaid are set out in the section “Underwriting Agreement” in this announcement.

REASONS FOR THE OPEN OFFERS AND THE ISSUE OF BONUS SHARES AND BONUS CPS AND USE OF PROCEEDS

The Group is principally engaged in (i) provision of tree felling and clearing services; (ii) sustainable management of and investment in natural forests, timber and wood processing, trading and sales of forestry and timber products; (iii) manufacturing and sale of timber products including but not limited to wooden door, furniture and wooden flooring; (iv) the business of licensed travel agent under the Travel Agents Ordinance; and (v) property investment.

The Company will raise not less than approximately HK\$44.5 million and not more than approximately HK\$53.0 million before expenses from the Share Open Offer. Pursuant to the terms of the CPS, if the Company makes any offer by way of rights of Shares to all Shareholders, the Company shall offer CPS to the CPS Holders at the same time and on the same terms as the Shares are offered. Accordingly, the Company has also extended the CPS Open Offer to the CPS Holders. The Company will raise not more than approximately HK\$1.7 million before expenses from the CPS Open Offer assuming that all CPS Warrants holders converted their CPS Warrants into CPS and no CPS Holder converted its CPS into Shares after the date of the announcement and prior to the Record Date. As the maximum number of Offer Shares to be issued has already taken into account, among other things, the effect that all CPS Warrants holders converted their CPS Warrants into CPS and all CPS Holders converted their CPS into Shares, in aggregate, the Company will raise not less than approximately HK\$46.2 million and not more than approximately HK\$53.0 before expenses from the Open Offers.

The net proceeds from Open Offers are estimated to be not less than approximately HK\$42.8 million and not more than approximately HK\$49.6 million. The Company intends to apply the net proceeds from Open Offers as to: (i) approximately HK\$16.5 million will be reserved for repayment of indebtedness (including but not limited to the promissory notes of approximately HK\$6.7 million and other payables); (ii) approximately HK\$16.5 million will be reserved for future investments opportunities, including but not limited to property investment, as and when suitable opportunities arise; and (iii) the balance for general working capital of the Group, including but not limited to, payments of corporate and operating expenses. As at the date of this announcement, the Company has not identified any new business/investment opportunities and has not entered into any negotiations for acquisition or investment.

Based on the net proceed of not less than approximately HK\$41.2 million and not more than approximately HK\$49.6 from the Share Open Offer, the net price of each Offer Share is not less than approximately HK\$0.2960 and not more than approximately HK\$0.2992. Based on the maximum net proceed of approximately HK\$1.6 million from the CPS Offer divided by the maximum number of the Offer CPS, the net price of each Offer CPS is not more than approximately HK\$0.0093.

The Open Offers will strengthen the Company's capital base and enhance its financial position. The Board believes that the Open Offers will provide the Qualifying Shareholders and the Qualifying CPS Holders with an opportunity to maintain their respective pro rata equity interests in the Company and to participate in the future growth and development of the Company. In addition, the issue of Bonus Shares and Bonus CPS will be an additional incentive for the Shareholders and the CPS Holders to take part in the Open Offers. In this regard, the Directors (excluding independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser) consider that the Open Offers are in the interests of the Group and the Shareholders as a whole.

EXPECTED TIMETABLE FOR THE OPEN OFFERS

Despatch of circular with notice and proxy forms in relation to the SGM	:	Thursday, 20 March 2014
Latest time for return of proxy form of the SGM	:	11:00 a.m. on Wednesday, 2 April 2014

Expected date and time of the SGM	:	11:00 a.m. on Friday, 4 April 2014
Announcement of poll results of the SGM	:	Friday, 4 April 2014
Last day of dealing in Shares on a cum-rights basis	:	Monday, 7 April 2014
First day of dealing in Shares on an ex-rights basis	:	Tuesday, 8 April 2014
Latest time for lodging transfer of Shares and CPS in order to qualify for the Open Offers	:	4:30 p.m. on Wednesday, 9 April 2014
Register of members and CPS Holders of the Company closes (both days inclusive)	:	Thursday, 10 April 2014 to Monday, 14 April 2014
Record Date	:	Monday, 14 April 2014
Register of members and CPS Holders of the Company re-opens	:	Tuesday, 15 April 2014
Despatch of the Prospectus Documents	:	Wednesday, 16 April 2014
Latest time for acceptance of, and payment for the Offer Shares and the Offer CPS	:	4:00 p.m. on Monday, 5 May 2014
Open Offers expected to become unconditional	:	Thursday, 8 May 2014
Announcement of results of acceptance of the Open Offers	:	Monday, 12 May 2014
Despatch of certificates for Offer Shares, Bonus Shares, Offer CPS and Bonus CPS	:	Tuesday, 13 May 2014

Commencement of dealings in Offer Shares and Bonus Shares	:	Wednesday, 14 May 2014
Designated broker starts to stand in the market to purchase and sell odd lots of Shares	:	9:00 a.m. on Wednesday, 14 May 2014
Designated broker ceases to stand in the market to purchase and sell odd lots of Shares	:	4:30 p.m. on Wednesday, 4 June 2014

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES AND OFFER CPS

All times in this announcement refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Monday, 5 May 2014:

- at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

Dates or deadlines stated in this announcement for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriters. Any changes to the anticipated timetable for the Open Offers will be announced as appropriate.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

Reference is also made to the announcement of the Company dated 21 February 2013 in relation to the February Open Offers which were subsequently terminated on 18 March 2013. As a result of the termination, the Company has not raised any funds from the February Open Offers.

In addition, with reference to the announcements of the Company dated 18 March 2013 and 6 May 2013, respectively, the Company has completed the March Open Offers and raised gross proceeds of approximately HK\$65.3 million.

As stated in the prospectus of the Company dated 11 April 2013, the Company intended to apply the net proceeds of approximately HK\$60.8 million from the March Open Offers as to (i) 20% (approximately HK\$12.2 million) for the general working capital of the Group such as daily operations of the Group; (ii) 60% (approximately HK\$36.4 million) for partial repayment of the indebtedness of the Group; and (iii) 20% (approximately HK\$12.2) million for investments in new business should any suitable opportunities arise. As at the date of this announcement, approximately HK\$44.0 million has been utilised for repayment of the indebtedness of the Group, approximately HK\$1.2 million has been utilised for the acquisition of a 95% equity interest in Travel Inn Limited (details of such acquisition are set out in the Company's announcement dated 5 December 2013), approximately HK\$0.4 million has been utilised for the acquisition of the entire equity interest in an investment holding company which holds 3 residential properties in Hong Kong in January 2014, approximately HK\$5.9 million has been utilised for general working capital of the Group and the rest of the net proceeds of approximately HK\$9.3 million are intended to be utilised as the general working capital of the Group such as daily operations of the Group.

Furthermore, reference is also made to the announcement of the Company dated 5 July 2013 in relation to the July Open Offers which was subsequently terminated on 23 August 2013. As a result of the termination, the Company has not raised any funds from the July Open Offers.

Save for the aforesaid, the Company did not conduct other fund raising activity in the past 12 months immediately preceding the date of this announcement.

ADJUSTMENTS TO THE CONVERTIBLE SECURITIES

As at the date of this announcement, the Company had 28,192,819 outstanding Share Options and 182,852,484 outstanding Share Warrants.

As a result of the Open Offers, there may be certain adjustments to the exercise prices and numbers of the outstanding Share Options and the Share Warrants pursuant to the relevant terms of the Share Option Scheme and the Share Warrants. Pursuant to the terms of the Share Warrants and the Share Options, the final results of adjustments (if any) to the subscription prices of the Share Warrants and the Share Options are subject to confirmation by the auditors for the time being or an investment or merchant bank of repute (to be appointed by the Company) or an independent financial adviser (in respect of Share Options only) and will become effective following Completion. Further details of final results of the adjustments (if any) to the subscription prices of the Share Warrants and the Share Options will be disclosed by the Company in further announcement(s) as and when appropriate.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE SHARES AND POSSIBLE CONNECTED TRANSACTION

On 18 March 2013, the Company announced the March Open Offers for shares and CPS on the basis of, respectively, (i) one offer share for every six then existing shares with an issue of one bonus share warrant for every offer share subscribed; and (ii) one offer CPS for every six CPS with an issue of one bonus CPS Warrant for every offer CPS subscribed.

As disclosed in the prospectus of the Company dated 11 April 2013 in relation to March Open Offers, the conversion shares to be allotted and issued on the exercise of the conversion/subscription rights attaching to the 215,525,161 offer CPS (the “**Then Offer CPS**”), 215,525,161 bonus CPS (which to be allotted and issued upon exercise of the CPS Warrants, the “**Then Bonus CPS**”) and the 1,180,938,718 Share Warrants issued under the March Open Offers, will be issued under the general mandate of the Company granted at the annual general meeting held on 5 February 2013 (the “**2013 General Mandate**”) which authorised the Directors to allot and issue up to 1,417,126,462 new Pre-consolidated Shares (equivalent to 236,187,743 new Shares following the Share Consolidation which became effective on 2 October 2013).

In view of the Open Offers and based on preliminary assessment of the Company according to the relevant adjustments requirements as set out in the terms and conditions of the Share Warrants, the Company notes that the subscription price of the Share Warrants is expected to be adjusted from HK\$0.3204 per Share Warrant to HK\$0.2429 per Share Warrant and accordingly, based on the outstanding Share Warrants in the aggregate nominal value of approximately HK\$58,585,935.93 as at the date of this announcement, the number of Shares to be allotted and issued upon exercise of the subscription rights attaching to the outstanding Share Warrants would be adjusted from 182,852,484 Shares (based on the subscription price of HK\$0.3204 per Share Warrant) to 241,193,643 Shares (based on the preliminary estimated adjusted subscription price of HK\$0.2429 per Share Warrant), as a result of the Open Offers. In such circumstances, the adjusted number of conversion Shares to be issued under the outstanding Share Warrants, together with the number of conversion Shares to be issued upon the exercise of the Then Offer CPS and the Then Bonus CPS (which will remain unchanged as a result of the Open Offers), are expected to exceed the total number of new Shares originally authorised and available to be issued under the 2013 General Mandate. In view of the above, an ordinary resolution will be proposed at the SGM to approve the Grant of Specific Mandate to allot and issue the Share Warrant Conversion Shares.

Given the situation as detailed in the paragraphs above and in particular, the adjusted number of Share Warrant Conversion Shares as a result of the Open Offers will exceed the respective number of new Shares originally authorised and available to be issued under the 2013 General Mandate, the Company will not be able to proceed with the Open Offers without the Grant of Specific Mandate. Having considered the reasons for the Open Offers including the funding needs of the Company as detailed in the section headed “Reasons for the Open Offers and the issue of Bonus Shares and Bonus CPS and use of proceeds” above, and that the Grant of Specific Mandate will allow the Company to issue any further additional Share Warrants Conversion Shares in case of any applicable adjustment(s) in accordance with the terms of the Share Warrants from time to time, the Directors consider that the Grant of Specific Mandate is fair and reasonable and in the interest of Company and the Shareholders as a whole.

Application will be made by the Company for the listing of, and permission to deal in, the Share Warrant Conversion Shares on the Stock Exchange.

Shareholders should note that the abovementioned adjusted subscription prices and the corresponding adjusted number of conversion Shares relating to the Share Warrants are estimated based on the preliminary estimation of the Company only, and are subject to confirmation by the auditors or approved merchant bank (to be appointed by the Company).

Summary of the principal terms and conditions of the Share Warrants are set out below:–

Issue date: 7 May 2013

Outstanding nominal value as at the date of this announcement: approximately HK\$58,585,935.93

Initial subscription price: HK\$0.0534 (subsequently adjusted to HK\$0.3204 following the Share Consolidation became effective)

Subscription period: The Share Warrants may be exercised at any time between the date of issue and the date immediately preceding the date falling on the fifth anniversary of the date of issue of the Share Warrants (both dates inclusive).

Subscription rights:

The Share Warrants will entitle the holders to subscribe for conversion Shares at the initial subscription price of HK\$0.0534 (subsequently adjusted to HK\$0.3204 following the Share Consolidation became effective) per Share in cash, subject to adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the ordinary share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.

For easy reference, the adjustment mechanisms of the subscription price of the Share Warrants relating to the Open Offers are set out as follows:

if and whenever the Company shall offer to holders of Shares any new Shares for subscription by way of rights, or shall grant to holders of Shares any options or warrants to subscribe for Shares, at a price which is less than 90 percent of the market price at the date of the announcement of the terms of the offer or grant, the subscription price of the Share Warrants shall be adjusted by multiplying the subscription price of the Share Warrants in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of Shares comprised therein would purchase at such market price and the denominator is the number of Shares in issue on such date of announcement plus the aggregate number of Shares offered for subscription or comprised in the options or warrants (such adjustment to become effective from the commencement of the day next following the record date for the offer or grant).

The Share Warrant Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with the Shares then in issue.

As at the date of this announcement, Ms. Zhou, being an executive Director, is currently one of the Share Warrant holders holding 170,893,099 Shares Warrants in aggregate nominal value of approximately HK\$54,754,149.13 (representing approximately 93.5% of the total outstanding Share Warrants). Accordingly, Ms. Zhou is a connected person of the Company and the possible allotment and issuance of new Shares to Ms. Zhou by the Company under the Grant of Specific Mandate to be sought at the SGM upon the exercise of the subscription rights under the Share Warrants by Ms. Zhou (the “Possible Share Issue”) will constitute a connected transaction under Chapter 14A of the Listing Rules and is subject to the approval by the CT Independent Shareholders at the SGM.

In view of the Open Offers, and based on preliminary assessment of the Company according to the relevant adjustments requirements as set out in the terms and conditions of the Share Warrants and the outstanding Share Warrants in the aggregate nominal value of approximately HK\$54,754,149.13 held by Ms. Zhou as at the date of this announcement, the number of Shares to be allotted and issued upon the exercise of the subscription rights attaching to the outstanding Share Warrants held by Ms. Zhou would be adjusted from 170,893,099 Shares (based on the subscription price of HK\$0.3204 per Share Warrant) to 225,418,481 Shares (based on the preliminary estimated adjusted subscription price of HK\$0.2429 per Share Warrant), as a result of the Open Offers. The Directors (excluding independent non-executive Directors who shall provide their view after considering the advice from the independent financial adviser) consider that the terms of the Possible Share Issue are fair and reasonable.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming full conversion of the Share Warrants into Shares and no exercise of the Share Options and the CPS before Completion; and (iii) assuming no exercise of conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders, and full conversion of Share Warrant into Shares after Completion (based on the preliminary adjusted subscription price as a result of the Open Offers) but no exercise of the Share Options and the CPS:

	As at the date of this announcement				Assuming full conversion of the Share Warrants into Shares and no exercise of the Share Options and the CPS before Completion				Assuming no exercise of conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders, and assuming full conversion of Share Warrant into Shares after Completion (based on the preliminary adjusted subscription price as a result of the Open Offers) but no exercise of the Share Options and the CPS (Note 5)			
	No. of Shares held	Approx. %	No. of CPS held	Approx. %	No. of Shares held	Approx. %	No. of CPS held	Approx. %	No. of Shares held	Approx. %	No. of CPS held	Approx. %
Loh Jiah Yee, Katherine (Note 2)	294,650,651	21.17	929,974,147	61.64	294,650,651	18.71	929,974,147	61.64	471,441,041	19.10	1,487,958,631	61.64
Expert Plan Limited (Note 3)	170,893,099	12.28	215,525,161	14.29	170,893,099	10.85	215,525,161	14.29	273,428,953	11.08	344,840,257	14.29
Ms. Zhou (Note 4)	-	-	-	-	170,893,099	10.85	-	-	225,418,481	9.13	-	-
Public Shareholders	926,188,722	66.55	363,176,823	24.07	938,148,107	59.59	363,176,823	24.07	1,497,677,122 (Note 6)	60.69	581,082,921	24.07
Total	1,391,732,472	100.00	1,508,676,131	100.00	1,574,584,956	100.00	1,508,676,131	100.00	2,467,965,597	100.00	2,413,881,809	100.00

Notes:

1. The above percentages are subject to rounding error.
2. Ms. Loh Joah Yee, Katherine is an ex-Director of the Company.
3. Expert Plan Limited is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Ho Ka Kui, Boniface.
4. Ms. Zhou is the chairman and an executive Director of the Company. As at the date of this announcement, Ms. Zhou is interested in 13,879,311 Share Options, 170,893,099 Share Warrants and 215,525,161 CPS Warrants (convertible into 215,525,161 CPS), which are convertible into 13,879,311 Shares, 170,893,099 Shares and 6,735,161 Shares respectively.
5. In view of the Open Offers and based on preliminary assessment of the Company according to the relevant adjustments requirements as set out in the terms and conditions of the Share Warrants, the subscription price of the Share Warrants is expected to be adjusted from HK\$0.3204 per Share Warrant to HK\$0.2429 per Share Warrant as a result of the Open Offers.
6. Assuming no exercise of conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date, full acceptance by the Qualifying Shareholders, and full conversion of Share Warrants after Completion (based on the preliminary adjusted subscription price) but no exercise of the Share Options and the CPS, the number of Shares held by public Shareholders will increase by (i) 92,618,873 Offer Shares; (ii) 463,094,365 Bonus Shares; and (iii) 15,775,162 Share Warrant Conversion Shares.

GENERAL

As the Open Offers will increase the issued share capital of the Company by more than 50%, pursuant to the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offers. As at the date of this announcement, there is no controlling Shareholder. Accordingly, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolution(s) relating to the Open Offers at the SGM.

Ms. Zhou, being an executive Director, is currently one of the Share Warrant holders holding 170,893,099 Shares Warrants (representing approximately 93.5% of the total outstanding Share Warrants) as at the date of this announcement. Accordingly, Ms. Zhou is a connected person of the Company and the Possible Shares Issue to Ms. Zhou by the Company under the Grant of Specific Mandate will constitute a connected transaction under Chapter 14A of the Listing Rules. Accordingly, Ms. Zhou has abstained from voting on the board resolution relating to the Possible Share Issue. As at the date of this announcement, save for Ms. Zhou's interests in 13,879,311 Share Options, 170,893,099 Share Warrants and 215,525,161 CPS Warrants (convertible into 215,525,161 CPS), which are convertible into 13,879,311 Shares, 170,893,099 Shares and 6,735,161 Shares respectively, Ms. Zhou and her associates do not hold any Shares. Therefore, no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM in relation to the Proposed Share Issue as at the date of this announcement.

The Company will establish an independent board committee to advise (i) the Independent Shareholders as to whether the terms of the Open Offers are fair and reasonable and on how to vote; and (ii) the CT Independent Shareholders as to whether the terms of the Possible Share Issue are fair and reasonable and on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser (i) to advise the independent board committee and the Independent Shareholders as to whether the terms of the Open Offers are fair and reasonable; and (ii) to advise the independent board committee and the CT Independent Shareholders as to whether the terms of the Possible Share Issue are fair and reasonable.

A circular containing, among other things, (i) further details of the Open Offers, the Grant of Specific Mandate and the Proposed Share Issue; (ii) the letter from the independent board committee; (iii) the letter from the independent financial adviser; and (iv) a notice convening the SGM will be despatched by the Company to the Shareholders (and, for information only, the CPS Holders) on or before Thursday, 20 March 2014.

DEFINITION

“acting in concert”	has the same meaning ascribed to it in the Takeovers Code
“Application Form(s)”	the Share Application Form(s) and the CPS Application Form(s)
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus CPS”	in respect of the CPS Open Offer, the bonus CPS to be allotted and issued (for no additional payment) upon the allotment and issue of the offer CPS on the basis of five (5) bonus CPS for every one (1) Offer CPS taken up under the CPS Open Offer subject to the terms and conditions as set out in the Prospectus Documents
“Bonus CPS Conversion Share(s)”	new Shares to be allotted and issued on the exercise of the conversion rights attaching to the Bonus CPS
“Bonus Shares”	in respect of the Share Open Offer, the bonus Shares to be allotted and issued (for no additional payment) upon the allotment and issue of the Offer Shares on the basis of five (5) bonus Shares for every one (1) Offer Share taken up under the Share Open Offer subject to the terms and conditions as set out in the Prospectus Documents
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted or remains hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Sustainable Forest Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 723)
“Completion”	completion of the Open Offers
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“CPS(s)”	convertible preference shares of HK\$0.01 each in the share capital of the Company, carrying the rights for conversion into Shares at a ratio of one convertible preference share to 0.03125 Share
“CPS Application Form(s)”	the form(s) of application in respect of the CPS Open Offer to be issued to the Qualifying CPS Holders
“CPS Bonus Issue”	in respect of the CPS Open Offer, the issue of the Bonus CPS pursuant to the terms and conditions to be set out in the Prospectus Documents
“CPS Holder(s)”	holder(s) of the CPS(s)
“CPS Open Offer”	the proposed issue of the Offer CPS at the subscription price of HK\$0.01 on the basis on one (1) Offer CPS for every ten (10) CPS held on the Record Date to the Qualifying CPS Holders upon the terms and conditions as described in this announcement

“CPS Warrant(s)”	the CPS warrant(s) of the Company entitling the holders thereof to subscribe for fully paid CPS at the subscription price of HK\$0.0100125 at any time between the date of issue and the date immediately preceding the date falling on the fifth anniversary of the date of issue of such warrants (both days inclusive)
“CT Independent Shareholder(s)”	Shareholder(s) other than those who are interested in the Possible Share Issue
“Director(s)”	director(s) of the Company
“Excluded CPS Holder(s)”	the Overseas CPS Holders in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Offer CPS (with Bonus CPS) to such Overseas CPS Holders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Excluded Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Offer Shares (with Bonus Shares) to such Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“February Open Offers”	collectively, the open offer in respect of the Shares on the basis of one (1) offer shares for six (6) Share together with one bonus warrants for every offer shares subscribed, and the open offer in respect of the CPS on the same basis as that of the aforesaid open offer, as proposed in the announcement of the Company dated 21 February 2013
“Grant of Specific Mandate”	the proposed grant of a specific mandate to allot and issue the Share Warrant Conversation Shares

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	the Shareholder(s), other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, who are not involved in, nor interested in, the Underwriting Agreement
“July Open Offers”	collectively, the open offer in respect of the Shares on the basis of one (1) offer shares for twelve (12) Shares together with eleven (11) bonus shares for every offer share subscribed, and the open offer in respect of the CPS on the same basis as that of the aforesaid open offer, as proposed in the announcement of the Company dated 5 July 2013
“Last Trading Day”	Thursday, 27 February 2014, being the last trading day on which the Company and the Underwriter entered into the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 5 May 2014 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for application of the Open Offers
“Latest Time for Termination”	4:00 p.m. on Thursday, 8 May 2014 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Listing Committee”	has the meaning attributed to that term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“March Open Offers”	the open offers for the Shares and CPS as announced by the Company on 18 March 2013
“Ms. Zhou”	Ms. Zhou Jing, the chairman and an executive Director of the Company
“Offer CPS”	not more than 172,420,129 CPS, proposed to be offered to the Qualifying CPS Holders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Offer CPS Conversion Shares”	new Shares to be allotted and issued on the exercise of the subscription rights attaching to the Offer CPS
“Offer Share(s)”	not less than 139,173,247 new Shares and not more than 165,665,906 new Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Open Offers”	collectively, the Share Open Offer, the CPS Open Offer, the Share Bonus Issue and the CPS Bonus Issue
“Overseas CPS Holder(s)”	CPS Holder(s) whose name(s) appear(s) on the register of CPS members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) in a place(s) outside Hong Kong
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) in a place(s) outside Hong Kong
“PRC”	The People’s Republic of China

“Pre-consolidated Share(s)”	ordinary shares of HK\$0.0533 each in the capital of the Company immediately prior to the completion of the Share Consolidation
“Prospectus”	the prospectus to be issued by the Company to the Shareholders and CPS Holders containing details of the Open Offers
“Prospectus Documents”	the Prospectus and the Application Form(s)
“Prospectus Posting Date”	Wednesday, 16 April 2014, the tentative date of despatch of the Prospectus Documents, or such other date as the Underwriters may agree in writing with the Company for the despatch of the Prospectus Documents
“Qualifying CPS Holder(s)”	CPS Holder(s), other than the Excluded CPS Holders, whose name(s) appear(s) on the register of CPS members of the Company at the close of business on the Record Date
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	Monday, 14 April 2014, being the record date for determining the entitlements of the Shareholders and CPS Holders to participate in the Open Offers
“Settlement Date”	Friday, 9 May 2014 or such other date as may be agreed between the Company and the Underwriter in accordance with the relevant regulations or requirements, such date being the third Business Day after the Latest Time for Acceptance
“SGM”	the special general meeting of the Company to be convened and held to consider and approve, among other things, the Open Offers, the Grant of Specific Mandate and the Proposed Share Issue

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Share Application Form(s)”	the form(s) of application in respect of the Share Open Offer to be issued to the Qualifying Shareholders
“Share Bonus Issue”	in respect of the Share Open Offers, the issue of the Bonus Shares pursuant to the terms and conditions to be set out in the Prospectus Documents
“Share Consolidation”	the consolidation of the ordinary share capital of the Company as announced on 5 July 2013
“Share Open Offer”	the proposed issue of the Offer Shares at the subscription price of HK\$0.32 on the basis of one (1) Offer Share for every ten (10) Shares held on the Record Date to the Qualifying Shareholders upon the terms and conditions as described in this announcement
“Share Options”	the outstanding options to subscribe for 28,192,819 new Shares granted to the Directors, employees and consultants of the Group pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 27 November 2009
“Share Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Share Warrants”	the share warrant(s) of the Company entitling the holders thereof to subscribe for fully paid Shares at the initial subscription price of HK\$0.0534 (subsequently adjusted to HK\$0.3204 following the Share Consolidation became effective) at any time between the date of issue and the date immediately preceding the date falling on the fifth anniversary of the date of issue of such warrants (both days inclusive)

“Share Warrant Conversion Shares”	Shares to be allotted and issued upon the exercise of the subscription rights attaching to all the outstanding Share Warrants taking into account the adjustments to the subscription price following Completion and further applicable adjustments (if any) in accordance with the terms of the Share Warrants from time to time pursuant to the Grant of Specific Mandate
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	Ocean Honor Limited and Head & Shoulders Securities Limited
“Underwriting Agreement”	the underwriting agreement dated 27 February 2014 entered into between the Company and the Underwriters in relation to the underwriting arrangement of the Open Offers
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 27 February 2014

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.