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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) RESULTS OF THE OPEN OFFERS; (II) ADJUSTMENTS TO THE SHARE OPTIONS AND THE SHARE WARRANTS; AND (III) CHANGE IN BOARD LOT SIZE

RESULTS OF THE OPEN OFFERS

All conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriter on or before the Latest Time for Termination. The Underwriting Agreement became unconditional at 4:00 p.m. on Tuesday, 16 December 2014.

As at 4:00 p.m. on Friday, 12 December 2014, being the Latest Time for Acceptance, (i) 61 valid acceptances were received for a total of 288,988,685 Offer Shares representing approximately 77.9% of the total number of 371,150,205 Offer Shares under the Share Open Offer; and (ii) 4 valid acceptances were received for a total of 305,863,304 Offer CPS representing approximately 76.0% of the total number of 402,313,634 Offer CPS under the CPS Open Offer. As a result, the Share Open Offer and CPS Open Offer were under-subscribed by 82,161,520 Offer Shares and 96,450,330 Offer CPS respectively. In accordance with the terms of the Underwriting Agreement, the Underwriter, Head & Shoulders has procured the subscription of 82,161,520 Offer Shares and 96,450,330 Offer CPS which have not been taken up by the Qualifying Shareholders and the Qualifying CPS Holders by 6 subscribers and 1 subscriber respectively who are third parties independent of and not connected with the Company and its connected persons.

* *For identification purpose only*

It is expected that the certificates for the Offer Shares and the Bonus Shares will be posted by ordinary post to the Qualifying Shareholders who have validly applied and paid for their Offer Shares at their own risk on Friday, 19 December 2014.

It is expected that the certificates for the Offer CPS and the Bonus CPS will be posted by ordinary post to the Qualifying CPS Holders who have validly applied and paid for their Offer CPS at their own risk on Friday, 19 December 2014.

Dealings in the Offer Shares and the Bonus Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Monday, 22 December 2014.

ADJUSTMENTS TO SHARE OPTIONS AND THE SHARE WARRANTS

As a result of the Open Offers, adjustments will be made 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.

CHANGE IN BOARD LOT SIZE

The change in board lot size for trading on the Stock Exchange from 30,000 Shares to 60,000 Shares will be effective from Friday, 19 December 2014.

Reference is made to the prospectus of Sustainable Forest Holdings Limited dated 28 November 2014 (the “**Prospectus**”). Capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus, unless the context requires otherwise.

RESULTS OF OPEN OFFERS

As at 4:00 p.m. on Friday, 12 December 2014, being the Latest Time for Acceptance, (i) 61 valid acceptances were received for a total of 288,988,685 Offer Shares representing approximately 77.9% of the total number of 371,150,205 Offer Shares under the Share Open Offer; and (ii) 4 valid acceptances were received for a total of 305,863,304 Offer CPS representing approximately 76.0% of the total number of 402,313,634 Offer CPS under the CPS Open Offer.

The Underwriting Agreement

As all conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriter on or before the Latest Time for Termination, the Underwriting Agreement became unconditional at 4:00 p.m. on Tuesday, 16 December 2014.

Based on the results of the Open Offers as set out above, the Share Open Offer and CPS Open Offer were under-subscribed by 82,161,520 Offer Shares and 96,450,330 Offer CPS respectively. In accordance with the terms of the Underwriting Agreement, the Underwriter, Head & Shoulders has procured the subscription of 82,161,520 Offer Shares and 96,450,330 Offer CPS which have not been taken up by the Qualifying Shareholders and the Qualifying CPS Holders by 6 subscribers and 1 subscriber respectively who are third parties independent of and not connected with the Company and its connected persons.

Changes in shareholding structure of the Company

To the best of the knowledge, information and belief of the Directors and after having made all reasonable enquiries, the following is a summary of the shareholding structure of the Company immediately before and after the Completion:

	Immediately before the Completion				Immediately after the Completion			
	No. of Shares held	Approx. %	No. of CPS held	Approx. %	No. of Shares held	Approx. %	No. of CPS held	Approx. %
KL & Associates (Note 1)	294,650,650	13.23	929,974,147	38.53	1,178,602,570	13.23	3,719,896,585	38.53
Ocean Honor (Note 2)	548,711,772	24.64	633,643,974	26.25	2,194,847,088	24.64	2,534,575,896	26.25
Subscribers procured by the Underwriter (Note 3)	–	–	–	–	1,478,907,360	16.60	1,736,105,940	17.98
Public Shareholders	1,383,538,813	62.13	850,263,688	35.22	4,055,247,907	54.47	1,664,948,800	17.24
Total	2,226,901,235	100.00	2,413,881,809	100.00	8,907,604,925	100.00	9,655,527,221	100.00

Notes:

1. The shareholdings of KL & Associates as set out in the circular (“**Circular**”) and Prospectus of the Company in relation to the Open Offers dated 3 November 2014 and 28 November 2014 respectively were based on the then available disclosure of interests notices filed by KL & Associates with the Stock Exchange on 9 October 2014. KL & Associates subsequently informed and clarified with the Company that due to certain rounding adjustments in the disclosure of interests notices previously filed by KL & Associates, KL & Associates should have been interested in 294,650,650 Shares immediately before Completion instead of “294,650,651 Shares” as set out in the Circular and the Prospectus and accordingly would be interested in 1,178,602,570 Shares immediately after Completion.
2. Ocean Honor is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Chan Yuen Ming.
3. The Underwriter confirms that each of the subscribers of the Untaken Shares procured by it does 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.
4. The above percentages are subject to rounding error.

Despatch of share certificates for Offer Shares, Bonus Shares, Offer CPS and Bonus CPS

It is expected that the certificates for the Offer Shares and the Bonus Shares will be posted by ordinary post to the Qualifying Shareholders who have validly applied and paid for their Offer Shares at their own risk on Friday, 19 December 2014.

It is expected that the certificates for the Offer CPS and the Bonus CPS will be posted by ordinary post to the Qualifying CPS Holders who have validly applied and paid for their Offer CPS at their own risk on Friday, 19 December 2014.

Commencement of dealings in the Offer Shares and the Bonus Shares

Dealings in the Offer Shares and the Bonus Shares will be commenced on the Stock Exchange at 9:00 a.m. on Monday, 22 December 2014.

ADJUSTMENTS TO SHARE OPTIONS AND THE SHARE WARRANTS

As a result of the Open Offers, adjustments will be made to the exercise prices and numbers of the outstanding Share Options and the Share Warrants pursuant to the relevant terms and conditions of the Share Option Scheme and the Share Warrants, details of which are set out as follows:

Adjustments to the Share Options

Pursuant to the Company's Share Option Scheme adopted on 27 November 2009 and the requirements of Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005, the exercise prices of the Share Options would be adjusted from HK\$4.2750, HK\$3.2289, HK\$1.7054, and HK\$0.2429 per Share to HK\$1.4973, HK\$1.1309, HK\$0.5973 and HK\$0.0850 per Share respectively while the number of Shares to be allotted and issued upon exercise of the subscription rights attaching to the outstanding Share Options would be adjusted from 343,587, 185,277, 43,978 and 36,615,325 Shares to 980,989, 528,995, 125,565 and 104,633,676 Shares respectively as a result of the Open Offers.

Adjustments to the Share Warrants

Pursuant to the terms and conditions of the Share Warrants, the exercise price of the Share Warrants would be adjusted from HK\$0.2429 per Share to HK\$0.0850 per Share as a result of the Open Offers. Based on the outstanding Share Warrants in the aggregate principal amount of HK\$58,558,868.80 as at the date of this announcement, the number of Shares to be allotted and issued to the respective holders of the outstanding Share Warrants upon

exercise of the subscription rights attaching to the Share Warrants would be adjusted from 241,082,211 Shares to 688,927,871 Shares as a result of the Open Offers.

Save for the above adjustments, all other terms and conditions of the Share Options and the Share Warrants remain unchanged. The above adjustments to the Share Options and the Share Warrants have been reviewed by the auditor of the Company, in accordance with their respective terms and conditions.

CHANGE IN BOARD LOT SIZE

The change in board lot size for trading on the Stock Exchange from 30,000 Shares to 60,000 Shares will be effective from Friday, 19 December 2014.

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

Hong Kong, 18 December 2014

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