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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)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors (the “**Board**”) of Sustainable Forest Holdings Limited (the “**Company**”) hereby announces that on 7 May 2010, 52,843,834 share options (the “**Share Options**”) to subscribe for up to a total of 52,843,834 ordinary shares of HK\$0.0533 each (the “**Shares**”) of the Company were granted to certain grantees (the “**Grantees**”) under its share option scheme adopted on 27 November 2009, subject to acceptance of the Grantees.

Among the 52,843,834 Share Options, 22,463,882 Options were granted to the directors of the Company with details as follows:

Name	Position(s) held in the Company	Number of Share Options granted
Chiu Raymond Yim	Executive director	5,105,428
Leandro Dos Martires Guerra	Executive director	15,316,283
Leung Siu Hung, Joel	Independent non-executive director	2,042,171

Each Share Option shall entitle the holder of the Share Options to subscribe for one Share upon exercise of such Share Option at a subscription price of HK\$0.71 per Share, which is the highest of (i) the closing price of HK\$0.65 per Share as stated in the Stock Exchange’s daily quotation sheet on 7 May 2010, being the date of grant (“**Date of Grant**”); and (ii) the average closing price of HK\$0.71 per Share as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of a Share.

* *For identification purpose only*

The 28,144,944 Share Options granted shall be exercisable during a ten year option period subject to a vesting scale in three equal installments each vesting from the Date of Grant to 13 January 2011, 13 January 2012 and 13 January 2013 respectively.

The 6,488,035 Share Options granted shall be exercisable during a ten year option period subject to a vesting scale in three equal installments each vesting at the end of the anniversary date of the first, second and third year from the Date of Grant.

The 10,210,855 Share Options granted shall be exercisable during a ten year option period subject to a vesting scale for the vesting period from 15 July 2010 to 15 July 2011.

The 8,000,000 Share Options granted shall be exercisable during a ten year option period subject to a vesting scale in four equal installments. The first 2,000,000 Share Options will be vested at the dates not later than 6 months from the Date of Grant. The rest of the installments will be vested at the end of the anniversary date of the second, third and fourth year from the Date of Grant.

By order of the Board
Sustainable Forest Holdings Limited
Leung Chau Ping, Paul
Executive Director

Hong Kong, 7 May 2010

As at the date of this announcement, the Board comprises Mr Leung Chau Ping, Paul, Mr Chiu Raymond Yim and Mr Leandro Dos Martires Guerra as executive directors and Mr Leung Siu Hung, Joel, Mr Chu Kin Wang, Peleus and Mr John Tewksbury Banigan as independent non-executive directors.