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Sustainable Forest Holdings Limited

永保林業控股有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 723)

CLARIFICATION ANNOUNCEMENT

This announcement is made in response to the newspaper article on 9 August 2010.

The board of directors (the “**Directors**” or “**Board**”) of Sustainable Forest Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to make an announcement in response to the newspaper article published in Sing Tao Investment Weekly on 9 August 2010. It was reported in the article that the Group had received a total of approximately USD 130 million (equivalent to approximately HKD 1,011 million) of sales orders in the next 12 months. Based on 40% to 50% gross profit margin, it is expected that such sales orders will bring approximately HKD 400 million of profit.

The Company would like to clarify that the Group had received a total of approximately USD 130 million (equivalent to approximately HKD 1,011 million) of sales orders in the next 12 months. However, the Group did not mention the amount of the profit to be contributed from such sales orders. Besides, the Company would like to clarify that such sales orders were contributed by the Group’s Clear Cutting Project relating to the Santo Antonia Hydroelectric Power Plant in Rondonia State, Brazil. Such sales orders were placed by several customers which is the independent third parties of the Group for export to China and domestic consumption in Brazil. None of the Directors and the connected persons (which has the same meaning as ascribed in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited), to the best knowledge of the Directors, have any beneficial interests in such Group’s sales orders. The Company does not make any statements in respect of the profit forecast in relation to the contribution to the Group from such sales orders.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 11 August 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, Mr John Tewksbury BANIGAN and Mr KEUNG Paul Hinsum as independent non-executive directors.

* *For identification purposes only*