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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 18 February 2011, 14,326,016 share options (the “**Share Options**”) to subscribe for up to a total of 14,326,016 ordinary shares of HK\$0.0533 each (the “**Shares**”) of the Company were granted to certain individuals (the “**Grantees**”) under its share option scheme adopted on 27 November 2009, subject to acceptance of the Grantees. Among the 14,326,016 Share Options, 4,300,000 Options were granted to the substantial shareholder of the Company, Ms LOH Jiah Yee, Katherine.

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\$0.42 per Share, which is the highest of (i) the closing price of HK\$0.415 per Share as stated in the Stock Exchange’s daily quotation sheet on 18 February 2011, being the date of grant (“**Date of Grant**”); and (ii) the average closing price of HK\$0.42 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.

The 4,300,000 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 16 December 2011, 16 December 2012 and 16 December 2013.

The 1,300,000 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 9 January 2012, 9 January 2013 and 9 January 2014.

The 1,000,000 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 2 January 2012, 2 January 2013 and 2 January 2014.

The 1,000,000 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 6 September 2011, 6 September 2012 and 6 September 2013.

The 5,105,428 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 30 June 2011, 30 June 2012 and 30 June 2013.

The 800,000 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 5 December 2011, 5 December 2012 and 5 December 2013.

The 820,588 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 30 July 2011, 30 July 2012 and 30 July 2013.

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

Hong Kong, 18 February 2011

As at the date of this announcement, the Board comprises Ms LOH Jiah Yee, Katherine, Mr LEUNG Chau Ping, Paul, Ms FLETCHER Yurk Nam, Sandy and Mr Leandro Dos Martires GUERRA as executive directors; Mr NG Tik Hon as non-executive director and Mr LEUNG Siu Hung, Joel, Mr John Tewksbury BANIGAN and Mr KEUNG Paul Hinsum as independent non-executive directors.