

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares in the Company.



Sustainable Forest Holdings Limited

永保林業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 723)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ORIGINATE TECH GLOBAL INVESTMENTS LIMITED INVOLVING THE ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

The Board is pleased to announce that after trading hours on 21 March 2011, the Company, the Purchaser and the Vendor entered into the Acquisition Agreement. Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire from the Vendor and the Vendor has conditionally agreed to sell to the Purchaser the entire issued share capital of the Target Company at a consideration of HK\$380,000,000 (subject to adjustment).

The Consideration shall be satisfied by way of allotment and issue, created as fully paid, of a maximum of 769,230,769 new Shares by the Company to the Vendor at the issue price of HK\$0.494 per Share. The Consideration Shares will be allotted and issued to the Vendor in three tranches as detailed in this announcement below. The Consideration Shares will be issued pursuant to a specific mandate to be sought at the SGM.

As one or more of the applicable percentage ratios in respect of the Acquisition is greater than 5% and less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

* For identification purposes only

Moreover, completion of the Acquisition is subject to the entering into, and if applicable, Shareholders' approval on certain continuing connected transactions as further described in this announcement below. The Company will issue further announcements under the Listing Rules to update Shareholders and public investors of such possible continuing connected transactions as soon as possible.

A circular containing, among other things, further details of the Acquisition, the issue of the Consideration Shares, the possible continuing connected transactions and the notice of SGM is expected to be despatched to the Shareholders on or around 3 May 2011 taking into account the time required to finalise, among other things, the agreements relating to the possible continuing connected transactions and the publication of an announcement relating to such transactions.

The Board is pleased to announce that after trading hours on 21 March 2011, the Company, the Purchaser and the Vendor entered into the Acquisition Agreement.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are set out below:

Date

21 March 2011

Parties

Vendor: Mr. Li Zhixiong

Purchaser: Amplewell Holdings Limited, an indirect wholly-owned subsidiary of the Company and an investment holding company

Issuer of the Consideration Shares: The Company

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and his associates are independent third parties not connected with the Company and its connected persons at the time of signing of the Acquisition Agreement. The Vendor is a businessman who has over 20 years of experience in the manufacture and sale of wooden floor panels in the PRC and is the registered patent owner of the "curved floor panel". At present, the Vendor is the chairman of Zhongshan New Oasis. Further description on Zhongshan New Oasis is set out in the paragraph headed "Information on the Target Group" below.

Save for the entering into of the Acquisition Agreement, the Group has not engaged in any previous transactions which were related to the Acquisition or with the Vendor in the last 12 months from the date of the Acquisition Agreement which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire from the Vendor and the Vendor has conditionally agreed to sell to the Purchaser the entire issued share capital of the Target Company legally and beneficially held by the Vendor. The Target Company indirectly holds the PRC Company, the business scope of which includes the manufacturing and sale of timber products including but not limited to wooden door, furniture and wooden floor panels.

Further information on the Target Group is detailed in the paragraph headed “Information on the Target Group” below.

Consideration

The maximum Consideration payable by the Company to the Vendor is HK\$380,000,000, which shall be satisfied by way of allotment and issue, created as fully paid, of a maximum of 769,230,769 new Shares by the Company to the Vendor at the issue price of HK\$0.494 per Share. The Consideration Shares will be allotted and issued to the Vendor in three tranches as follows:

- (i) the first tranche comprising 100,000,000 Consideration Shares (“**First Tranche Consideration Shares**”) will be issued by the Company to the Vendor at Completion;
- (ii) the second tranche comprising 280,000,000 Consideration Shares (“**Second Tranche Consideration Shares**”) will be issued by the Company to the Vendor at Completion, and the Vendor shall deliver upon Completion, such Second Tranche Consideration Shares to the Escrow Agent for holding them in escrow. The Second Tranche Consideration Shares will be released by the Escrow Agent to the Vendor within 5 Business Days after obtaining by the Escrow Agent of a written notification from the Purchaser of the fulfillment of the Profit Guarantee. For details of the Profit Guarantee, please refer to the paragraph headed “Adjustment to Consideration” below; and
- (iii) subject to the fulfillment of the Profit Guarantee as detailed in the paragraph headed “Adjustment to Consideration” below, the third tranche comprising 389,230,769 Consideration Shares (“**Third Tranche Consideration Shares**”) will be issued by the Company to the Vendor on the fifth Business Day after the fulfillment of the Profit Guarantee (or any later day as may be agreed between the parties).

The Consideration was determined after arm’s length negotiations between the Group and the Vendor after considering the prospects and growth potential of the Target Group. The Consideration represents a price-earnings multiple of approximately 3.8 times of the average guaranteed profit of the Target Group per financial year of HK\$100,000,000 calculated based on the total Profit Guarantee of HK\$300,000,000 for the three years ending 31 March 2014 as detailed in the paragraph headed “Adjustment to Consideration” below.

Pursuant to the terms of the Acquisition Agreement, until the issue of the audited consolidated financial statements of the Target Company for the year ending 31 March 2014, the Second Tranche Consideration Shares, comprising 280,000,000 Shares, will be subject to a non-disposal undertaking.

Please also refer to the sub-paragraph headed “Adjustment to Consideration” below for details of the adjustment of the Consideration.

As at the date of this announcement, the Company has 4,519,073,821 Shares in issue. The First Tranche Consideration Shares represents approximately 2.21% of the existing issued share capital of the Company and approximately 2.16%, 2.04% and 1.89% of the issued share capital of the Company as enlarged by the issue of the First Tranche Consideration Shares, the First and Second Tranches Consideration Shares and all three tranches of the Consideration Shares (if fully issued) respectively.

The sum of the First Tranche Consideration Shares and the Second Tranche Consideration Shares represents approximately 8.41% of the existing issued share capital of the Company and approximately 7.76% and 7.19% of the issued share capital of the Company as enlarged by the issue of the First and Second Tranches Consideration Shares and all three tranches of the Consideration Shares (if fully issued) respectively.

The sum of all 769,230,769 Consideration Shares represents approximately 17.02% of the existing issued share capital of the Company and approximately 14.55% of the issued share capital of the Company as enlarged by the issue of all three tranches of Consideration Shares (if fully issued) respectively.

The issue of the Consideration Shares will be subject to the approval of the shareholders of the Company. The Consideration Shares will be issued pursuant to a specific mandate to be sought at the SGM. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue on their respective date of allotment and issue.

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

Adjustment to Consideration

The Vendor has irrevocably warranted and guaranteed to the Purchaser that the aggregated audited consolidated net profits after taxation of the Target Company for the three years ending 31 March 2012, 31 March 2013 and 31 March 2014 (“**Guarantee Period**”) as reflected in the audited consolidated financial statements of the Target Company prepared in accordance with International Financial Reporting Standards shall not be less than HK\$300,000,000 and that the consolidated results of the Target Company as reflected in the audited consolidated financial statement for any of the financial years during the Guarantee Period will not be a net loss after taxation (“**Profit Guarantee**”).

In the event that the Profit Guarantee cannot be met by the Target Group, the Company will not issue the Third Tranche Consideration Shares to the Vendor and the Escrow Agent shall dispose of the Second Tranche Consideration Shares in the open market or authorise a placing agent to be appointed by the Purchaser to conduct a placing of the Second Tranche Consideration Shares. The net proceeds from the disposal or placing shall be returned to the Company and retained by it for its own benefits.

In the event that the Profit Guarantee is met by the Target Group, (i) the Escrow Agent will release the Second Tranche Consideration Shares to the Vendor within 5 Business Days after obtaining the written notification from the Purchaser of the fulfillment of the Profit Guarantee by the Target Group; and (ii) the Company will allot and issue, credited as fully paid, the Third Tranche Consideration Shares to the Vendor on the fifth Business Day after confirmation of the fulfillment of the Profit Guarantee (or any later day as may be agreed between the parties).

Based on the above adjustment mechanism, where the Profit Guarantee is met, the Vendor will be entitled to receive an aggregate of 769,230,769 Consideration Shares from the Company, representing a Consideration of HK\$380,000,000 and where the Profit Guarantee is not met, the Vendor will only receive 100,000,000 Consideration Shares from the Company, representing a Consideration of HK\$49,400,000.

Due diligence review

The Purchaser shall have the right to conduct a due diligence review and investigation of the assets, liabilities, operation and business of the Target Group, Zhongshan New Oasis, Jindao and Jiaguan (the “**Due Diligence Review**”) after the date of the Acquisition Agreement.

Conditions precedent

Completion of the Acquisition shall be conditional upon the following conditions precedent being satisfied (or waived, as the case may be) on or before 30 June 2011:

- (i) the obtaining of all requisite consents, approvals and waiver required by the Vendor for the Acquisition, the subscription of the Consideration Shares and the completion of the transactions contemplated under the agreements referred to in item (iii)(b) below;
- (ii) there being no event resulting or which may result in any material breach of any warranty or render any warranty becoming inaccurate, incomplete or misleading or there being no material adverse events on the business, assets and financial conditions of the Target Group, Zhongshan New Oasis, Jindao and/or Jiaguan since the date of the Acquisition Agreement and the Vendor has abided by all his responsibilities set out under the Acquisition Agreement;
- (iii) the obtaining of the approval from the shareholders of the Company at the SGM in respect of (a) the allotment and issue of the Consideration Shares; and (b) (to the extent as required under the Listing Rules) the transactions contemplated under the agreements to be entered into between the PRC Company and Jindao and/or Jiaguan in relation to, among other things, the (1) leasing of production facilities, timber trading market, the land use rights and properties; (2) assignment of the registered trademark of “新綠洲” (New Oasis*); and (3) assignment of patent for the “curved floor panels”;
- (iv) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares;
- (v) the obtaining of the legal opinion in form and substance satisfactory to the Purchaser from the PRC legal adviser in respect of the PRC Company and matters concerned in the Acquisition Agreement;

- (vi) the provision of the certificate of good standing and certificate of incumbency of the Target Company by the Vendor;
- (vii) the entering into of a lease agreement between Jindao and the PRC Company for the leasing of production facilities, land use rights and related properties, in form and substance satisfactory to the Purchaser;
- (viii) the entering into of a lease agreement between Jiaguan and the PRC Company for the leasing of production facilities, land use rights and related properties, in form and substance satisfactory to the Purchaser;
- (ix) the entering into of a lease agreement between Jiaguan and the PRC Company for the leasing of the timber trading market, in form and substance satisfactory to the Purchaser;
- (x) the entering into of new franchising agreements between all franchisees (being franchisees authorized by Zhongshan New Oasis to distribute products bearing the “新綠洲” (New Oasis*) trademark) and the PRC Company with an intent to replace the existing franchising agreements entered into between Zhongshan New Oasis and such franchisees, in form and substance satisfactory to the Purchaser;
- (xi) the entering into of an agreement among Zhongshan New Oasis, Jindao and the PRC Company in respect of the assignment of the registered trademark of “新綠洲” (New Oasis*) from Jindao to the PRC Company, in form and substance satisfactory to the Purchaser;
- (xii) the entering into of an agreement between the Vendor and the PRC Company in respect of the assignment of the patent for the “curved floor panels”, in form and substance satisfactory to the Purchaser;
- (xiii) the entering into of agreements among Zhongshan New Oasis, the PRC Company and relevant customers in respect of the assignment from Zhongshan New Oasis to the PRC Company of all project contracts to be entered into by Zhongshan New Oasis after the date of the Acquisition Agreement and before the date of Completion, in form and substance satisfactory to the Purchaser;
- (xiv) the entering into of an agreement between Zhongshan New Oasis and the PRC Company in respect of the engagement of the PRC Company as the exclusive supplier of stocks to Zhongshan New Oasis in respect of its existing project contracts and all other project contracts (which are non-transferable to the PRC Company) to be entered into by Zhongshan New Oasis after the date of the Acquisition Agreement and before the date of Completion, in form and substance satisfactory to the Purchaser;
- (xv) the entering into of a non-competition undertaking between the PRC Company and Zhongshan New Oasis, in form and substance satisfactory to the Purchaser;
- (xvi) the entering into of an escrow agreement between the Purchaser, the Vendor and the Escrow Agent regarding the escrow arrangement for the Second Tranche Consideration Shares, in form and substance satisfactory to the Purchaser; and

(xvii) the Purchaser being satisfied with the results of the Due Diligence Review.

Except for conditions (i), (iii) and (iv) which are not capable of being waived, if any of the conditions precedent have not been fulfilled (or waived by the Purchaser, as the case may be) pursuant to the terms of the Acquisition Agreement by the Long Stop Date, the Acquisition Agreement shall lapse and cease to have any further effect, save for antecedent breaches and the parties shall have no claims against each other.

Pursuant to the terms of the Acquisition Agreement, the parties shall negotiate and finalise the relevant terms and arrange for the execution by relevant parties of the agreements as set out under conditions (vii) to (xvi) above as soon as possible and in any event within 21 days after the date of the Acquisition Agreement.

Completion

Completion shall take place on the 4th Business Day (or such later date as may be agreed between the parties) after the fulfillment or, where applicable, waiver of the conditions precedent of the Acquisition Agreement set out above.

Upon Completion, each member of the Target Group will become a wholly-owned subsidiary of the Company and their financial results will be consolidated into the financial statements of the Company.

THE ISSUE PRICE OF THE CONSIDERATION SHARES

The issue price of HK\$0.494 per Consideration Share represents:

- (i) A premium of approximately 14.9% to the closing price of the Shares of HK\$0.4300 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) A premium of approximately 22.6% to the average closing price of the Shares of HK\$0.4030 per Share for the 5 consecutive trading days up to and including the Last Trading Date;
- (iii) A premium of approximately 22.1% to the average closing price of the Shares of HK\$0.4045 per Share for the 10 consecutive trading days up to and including the Last Trading Date; and
- (iv) A discount of approximately 24.2% to the net asset value per Share of approximately HK\$0.6516 based on the unaudited consolidated balance sheet of the Group as of 30 September 2010 and the number of Shares in issue as at the date of this announcement.

The Directors (including the independent non-executive Directors) consider that the issue price of HK\$0.494 per Consideration Share is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

POSSIBLE CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Acquisition Agreement and as set out in the sub-paragraph headed "Conditions precedent" above, Completion is subject to the entering into of a number of agreements between the PRC Company and Jindao and/or Jiaguan, in relation to the (i) lease

of production facilities, timber trading market, land use rights and properties; (ii) assignment of registered trademark; and (iii) assignment of patent and the obtaining of Shareholders' approval of (to the extent as required under the Listing Rules) in respect thereof. To the best knowledge of the Company, the entire equity capital of Jindao and Jiaguan are ultimately controlled by the Vendor and his spouse. Since the Vendor is the sole director of the Target Company and will continue to be a director of the Target Company after Completion, Jindao and/or Jiaguan will become associates of a connected person of the Company after Completion and the transactions to be entered into between the PRC Company and Jindao and/or Jiaguan will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules after Completion. As at the date of this announcement, the terms of such agreements have yet been finalized. The Company will issue further announcements under the Listing Rules to update Shareholders and public investors of such possible continuing connected transactions as soon as possible.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after Completion; and (iii) upon the allotment and issue of all three tranches of the Consideration Shares (assuming the Profit Guarantee can be met), and in cases (ii) and (iii), assuming that other than the Consideration Shares, no Shares will be allotted and issued or repurchased by the Company at any time from the date of this announcement and up to the date of the allotment and issue of the Consideration Shares, are set out as follows:

	As at the date of this announcement		Immediately after Completion		Upon the allotment and issue of all three tranches of the Consideration Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Assure Gain International Limited (Note 1)	874,780,310	19.36%	874,780,310	17.86%	874,780,310	16.54%
Winner Global Holdings Limited (Note 2)	320,041,100	7.08%	320,041,100	6.53%	320,041,100	6.05%
Vendor	—	—	380,000,000 (Note 3)	7.76%	769,230,769	14.55%
Sub-total	1,194,821,410	26.44%	1,574,821,410	32.15%	1,964,052,179	37.14%
Public Shareholders	3,324,252,411	73.56%	3,324,252,411	67.85%	3,324,252,411	62.86%
Total	4,519,073,821	100%	4,899,073,821	100%	5,288,304,590	100%

Notes:

- Assure Gain International Limited is wholly-owned by Ms. Loh Jiah Yee, Katherine, Chairman, managing Director and executive Director of the Company. As at the date of this announcement, it also held 3,067,002,951 Preference Shares carrying rights to convert into 575,063,053 Shares.
- Winner Global Holdings Limited is owned as to 43.39% by Assure Gain International Limited. As at the date of this announcement, it also held 5,602,000,000 Preference Shares carrying rights to convert into 1,050,375,000 Shares.
- The Second Tranche Consideration Shares, comprising 280,000,000 Shares, will be subject to lock-up and escrow arrangement as detailed in the sub-paragraphs above. In the event that the Profit Guarantee is not met, the Vendor will only be entitled to receive 100,000,000 Consideration Shares, representing approximately 2.04% of the issued share capital of the Company as at Completion.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. The Target Company holds the entire issued share capital of the Hong Kong Company which in turn holds the entire equity interest of the PRC Company which is a wholly-foreign owned enterprise established in the PRC. According to the business licence of the PRC Company, its business scope includes the manufacturing and sale of timber products including but not limited to wooden door, furniture and wooden floor panels.

As at the date of this announcement, the Target Group has no material assets and liabilities and has yet to commence any business. According to the terms of the Acquisition Agreement, the PRC Company (which was previously wholly-owned by Zhongshan New Oasis before becoming a wholly-owned subsidiary of the Hong Kong Company) will enter into certain agreements to, among other things, lease the production facilities, land use rights and plants and machineries from Jindao and Jiaguan to manufacture timber products. Such production plants are well equipped and are presently occupied and operated by Zhongshan New Oasis which is engaged in the manufacture, processing and sale of timber products under the brandname “新綠洲” (New Oasis*) which is licensed by Jindao. Upon Completion, Zhongshan New Oasis will cease to continue its business of manufacturing of timber products and will, amongst others, (i) engage the PRC Company as its exclusive supplier of all timber products; (ii) assign its franchising agreements to the PRC Company; and (iii) assist the PRC Company in obtaining and entering into new project contracts with property developers in the PRC. At present, the Vendor is the Chairman of Zhongshan New Oasis and Zhongshan New Oasis has over 100 franchisees in the PRC selling its wooden floor panels and was the main contractor of wooden floor panels of certain large property development projects in the PRC. As one of the conditions precedent of the Acquisition Agreement, Zhongshan New Oasis will enter into a non-competition undertaking with the PRC Company, on terms satisfactory to the Purchaser. Moreover, the Vendor will assign the patent of “curved floor panels” to the PRC Company and Jindao will assign the trademark “新綠洲” (New Oasis*) to the PRC Company to support the business of the Target Group.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Zhongshan New Oasis is held by two individuals, namely Mr. Kuang Yuanwei and Mr. Xie Yusheng who are independent third parties not connected with the Company and its connected person and the Vendor and his associates.

The Target Company, the Hong Kong Company and the PRC Company were incorporated on 23 November 2010, 27 October 2010 and 6 January 2011 respectively. From the date of incorporation to 10 March 2011, the Target Group has not commenced any business activity save for the investment holding activity for forming the structure of the Target Group and therefore had not recorded any turnover and had an unaudited consolidated net profit both before and after taxation of HK\$360,757, and an unaudited consolidated net asset value of HK\$359,692 as at 10 March 2011, prepared according to International Financial Reporting Standards whereas the PRC Company will be engaged in certain business which is carrying

out by Zhongshan New Oasis at present, the financial information of Zhongshan New Oasis as extracted from its audited financial statements for the two years ended 31 December 2009 and 31 December 2010 which were prepared in accordance with the PRC Generally Accepted Accounting Principles are set out below for illustration purposes only:

	For the year ended 31 December 2009		For the year ended 31 December 2010	
	<i>(audited)</i>	<i>(HK\$</i>	<i>(audited)</i>	<i>(HK\$</i>
	<i>(approximate equivalence in</i>	<i>million)</i>	<i>(approximate equivalence in</i>	<i>million)</i>
	<i>RMB' million)</i>	<i>million)</i>	<i>RMB' million)</i>	<i>million)</i>
Turnover	48.8	57.9	50.2	59.6
Net Profits before tax	0.7	0.8	0.3	0.4
Net Profits after tax	0.6	0.7	0.2	0.2

The audited net asset value of Zhongshan New Oasis as at 31 December 2010 prepared in accordance with the PRC Generally Accepted Accounting Principles is approximately RMB9.0 million (equivalent to approximately HK\$10.7 million).

The PRC Company is a wholly foreign-owned enterprise owned by the Hong Kong Company. Each of the total investment and the registered capital of the PRC Company is RMB1,000,000 and its registered capital is paid up to RMB302,504 as at the date of the Acquisition Agreement. According to the approval document from the Department of Foreign Trade and Economic Cooperation of Guangdong Province in relation to the conversion of the PRC Company into a wholly foreign-owned enterprise, the remaining registered capital of the PRC Company shall be paid up in full within six months from the date on which the PRC Company obtained its new business licence (being 17 March 2011). Pursuant to the Acquisition Agreement, the Vendor will be responsible for paying up the remaining portion of the registered capital of the PRC Company before Completion.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company incorporated in Bermuda, principally engaged in the provision of tree felling service and sustainable forest management mainly in South America and Russia.

The Board is optimistic about the prospect of the timber and wood processing and timber sales in the PRC having taking into consideration the continuous growth of gross domestic product and sales of floor panels (which is one of the major products of the PRC Company) in the PRC in recent years. According to the National Bureau of Statistics of China, the gross domestic product per capita has increased from approximately RMB20,170 in 2007 to approximately RMB23,708 in 2008 and further increase to approximately RMB25,576 in 2009. According to the China National Forest Product Industry Association, the total sales of floor panels increased from approximately 344 million square meters in 2008 to approximately 364 million square meters in 2009 at a growth rate of approximately 5.8% and increased from approximately 364 million square meters in 2009 to approximately 399 million square meters in 2010 at a growth rate of approximately 9.6%. Based on the above and as the Company has been seeking suitable investment opportunities to expand the

business of the Group, the Company considers that the Acquisition represents an attractive opportunity for the Group to diversify its business scope and income stream and is in line with its business strategy.

In view of the growth potential of the Target Group and the payment mechanism in respect of the Consideration, the Board considers that the terms of the Acquisition Agreement, including the Consideration and the issue of Consideration Shares under specific mandate, are normal commercial, fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Acquisition is greater than 5% and less than 25%, as calculated under Rule 14.07 of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

The Consideration Shares will be issued pursuant to a specific mandate to be sought at the SGM. A circular containing, among other things, further details of the Acquisition, the issue of the Consideration Shares, the possible continuing connected transactions contemplated under the Acquisition Agreement and the notice of SGM is expected to be despatched to the Shareholders on or around 3 May 2011 taking into account the time required to finalise, among other things, the agreements relating to the possible continuing connected transactions and the publication of an announcement relating to such transactions.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Acquisition”	the acquisition from the Vendor of the entire issued share capital of the Target Company pursuant to the Acquisition Agreement
“Acquisition Agreement”	the Acquisition Agreement dated 21 March 2011 entered into between the Company, the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	a day on which licensed banks are generally open for business in Hong Kong (excluding Saturday, Sunday and public holiday)
“Company”	Sustainable Forest Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms of the Acquisition Agreement

“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$380,000,000 (subject to adjustment) for the Acquisition
“Consideration Shares”	such number of new Shares to be issued by the Company to the Vendor to satisfied the payment of the Consideration as detailed in the sub-paragraph headed “Consideration” under the paragraph headed “The Acquisition Agreement” in this announcement
“Director(s)”	the director(s) of the Company
“Escrow Agreement”	the agreement to be entered into between the Vendor, the Purchaser and the Escrow Agent in respect of the escrow arrangement for the second tranche of the Consideration Shares, in form and substance satisfactory to the Purchaser
“Escrow Agent”	the escrow agent to be appointed by the Purchaser and the Vendor for holding in escrow the Second Tranche Consideration Shares in accordance with the Escrow Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	New On Creation Limited (新安創建有限公司), a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Target Company
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons of the Company
“Jindao”	中山市金島木業製品有限公司 (Zhongshan Jindao Wood Co. Ltd*), a company established in the PRC with limited liability and is ultimately and beneficially controlled by the Vendor and his spouse
“Jiaguan”	中山嘉冠實業有限公司 (Zhongshan Jiaguan Co. Ltd*), a company established in the PRC with limited liability and is ultimately and beneficially controlled by the Vendor and his spouse
“Last Trading Date”	21 March 2011, being the date of the Acquisition Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2011 or such later date as may be agreed by the Vendor and the Purchaser in writing
“Purchaser”	Amplewell Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Company”	中山市永保新綠洲木業有限公司(Zhongshan Yongbao New Oasis Wood Co. Ltd.*), a wholly foreign-owned enterprise established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Target Company
“Preference Share(s)”	preference share(s) of HK\$0.01 each in the issued capital of the Company, carrying the rights for conversion into Shares
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve, among other things, the issue and allotment of the Consideration Shares
“Share(s)”	ordinary share(s) of HK\$0.0533 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Originate Tech Global Investments Limited (創科環球投資有限公司), a company incorporated in the British Virgin Islands with limited liability
“Target Group”	Target Company and its subsidiaries
“Vendor”	Mr. Li Zhixiong (李志雄)
“Zhongshan New Oasis”	中山市新綠洲木業有限公司 (Zhongshan New Oasis Wood Co. Ltd.*), a company incorporated in the PRC with limited liability
“%”	per cent.

* for identification purposes only

In this announcement, amounts in RMB are translated into HK\$ on the basis of HK\$1 = RMB0.8428. The translation rates are for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rates or at all.

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

Hong Kong, 21 March 2011

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