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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)

APPOINTMENT OF EXECUTIVE DIRECTOR AND RESIGNATION OF NON-EXECUTIVE DIRECTOR

The Board hereby announces that:

- (1) Mr SHIH Chiu, David has been appointed as an executive director of the Company with effect from 12 July 2011; and
- (2) Mr NG Tik Hong has resigned as a non-executive director of the Company with effect from 11 July 2011.

APPOINTMENT OF EXECUTIVE DIRECTOR

The board of directors (the “**Board**”) of Sustainable Forest Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that Mr SHIH Chiu, David (“**Mr SHIH**”) has been appointed as an executive director (the “**Executive Director**”) of the Company with effect from 12 July 2011.

Mr SHIH Chiu, David, aged 64, joined the Group in August 2009. He is the president of China operations of the Group. A forest engineer by training, Mr SHIH has over 27 years of experience in the forestry industry including harvesting, processing, production and sales and marketing of timber products in China, Taiwan and Indonesia. He is responsible for the Group’s overall processing operations and integration in Russia and China. Mr SHIH worked in the forest products industry in Taiwan and Indonesia before joining China Chungchun Glory Wood Company in China in 1994. He was a graduate of National Taiwan Chung-Xin University. Mr SHIH did not hold any directorships in any other publicly companies in the last three years and does not have any other directors, senior management or substantial or controlling shareholders of the Company.

* For identification purpose only

Mr SHIH has not entered into any services agreement with the Company regarding his appointment as an Executive Director. However, he has entered into a service agreement with a subsidiary of the Company regarding his appointment as the president of China operations of the Group. The services agreement has no fixed term, but may be terminated by either party giving one month's written notice or payment in lieu.

There is no specific length or proposed length of service in respect of Mr SHIH's appointment as Executive Director but will be subject to retirement by rotation and re-election at annual general meeting of the Company at least once every three years in accordance with the bye-laws of the Company. Mr SHIH will be entitled to an emolument of approximately HK\$600,000 per annum which was determined with reference to his experiences and responsibilities with the Company, the remuneration benchmarks in the industry and the prevailing market situation.

As at the date of this announcement, Mr SHIH was entitled to share options to subscribe for a maximum of 3,000,000 ordinary shares of the Company upon exercise of the options in full. Other than disclosed above, Mr SHIH did not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed in this announcement, the Board is not aware of any other information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or any other matters that need to be brought to the attention of the shareholders of the Company (the "Shareholders").

RESIGNATION OF NON-EXECUTIVE DIRECTOR

The Board also announces that Mr NG Tik Hong ("Mr NG") has resigned as a non-executive director of the Company with effect from 11 July 2011. Mr NG tendered his resignation due to his other business engagements which require the dedication of more of his time. Mr NG confirmed that he has no disagreement with the Board and there are no matters with respect to his resignation that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to welcome Mr SHIH to join the Board as an Executive Director and also thank Mr NG for his valuable contribution during his term of service with the Company.

By order of the Board
Sustainable Forest Holdings Limited
LOH Jiah Yee, Katherine
Chairman

Hong Kong, 12 July 2011

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