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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)

COMPLETION OF THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ORIGINATE TECH GLOBAL INVESTMENTS LIMITED; AND SUPPLEMENTAL AGREEMENT TO THE ACQUISITION AGREEMENT

The Board is pleased to announce that the completion of the Acquisition took place on 2 August 2011. The First Tranche Consideration Shares and the Second Tranche Consideration Shares were issued by the Company to the Vendor on 2 August 2011.

Prior to the completion of the Acquisition, on 28 July 2011, the Vendor, the Purchaser and the Company entered into the Supplemental Agreement in relation to, among other things, (i) the waiver of a condition precedent (which is capable of being waived by the Purchaser) in respect of the signing of the Escrow Agreement; and (ii) the cancellation of the appointment of Escrow Agent to hold the Second Tranche Consideration Shares in escrow and their subsequent handling. As an alternative, pursuant to the Supplemental Agreement, the Second Tranche Consideration Shares shall be deposited into the Designated Securities Account by the Vendor upon Completion. Details of the alternative arrangement are described in the paragraph headed “Supplemental Agreement” in this announcement below.

Reference is made to the announcement dated 21 March 2011 and the circular dated 23 May 2011 (the “Circular”) of Sustainable Forest Holdings Limited (the “Company”) in relation to, among other things, the acquisition by the Group of the entire issued share capital of Originate Tech Global Investments Limited involving the issue of new Shares by the Company under specific mandate and the announcement dated 30 June 2011 of the Company in respect of the extension of Long Stop Date of the Acquisition. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless defined otherwise.

* *for identification purpose only*

COMPLETION OF THE ACQUISITION

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THE SUPPLEMENTAL AGREEMENT

Prior to the completion of the Acquisition, on 28 July 2011, the Vendor, the Purchaser and the Company entered into a supplemental agreement (the “Supplemental Agreement”) to the Acquisition Agreement whereby among other things, a condition precedent (the “Condition”) in respect of the signing of the Escrow Agreement has been waived and the arrangement regarding the appointment of Escrow Agent to escrow and handle the Second Tranche Consideration Shares has been cancelled. According to the Acquisition Agreement, the Condition is one of the conditions precedent which is capable of being waived by the Purchaser.

As provided in the Supplemental Agreement, as a condition to the waiver of the Condition, the Vendor will (1) upon Completion deposit the Second Tranche Consideration Shares issued in his name in a securities account opened under the name of the Vendor but controlled at the sole discretion of the Authorised Person (as defined below) (the “Designated Securities Account”); and (2) execute a power of attorney authorising any one of the executive Directors as his authorised person (the “Authorised Person”) to effect the disposal of the Second Tranche Consideration Shares in the event the Profit Guarantee is not met. The Supplemental Agreement further provides that in the event that the Profit Guarantee is not met, the Vendor and the Company shall arrange for disposal of the Second Tranche Consideration Shares in the open market or appoint a placing agent to be designated 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. On the other hand, in the event that the Profit Guarantee is met, the Company will arrange the Second Tranche Consideration Shares be released, at the cost of the Vendor, to the Vendor from the Designated Securities Account or amend the authorised signatory of the Designated Securities Account to be the Vendor or his nominee. In addition, the Vendor has irrevocably undertaken and guaranteed to the Purchaser that for the period from the date of Completion and up to the date of receipt by the Purchaser of the audited report of the Target Group for the financial year ending 31 March 2014, the Vendor shall not sell and/or pledge all or any part of the Second Tranche Consideration Shares or agree to perform similar acts.

Save as mentioned above, the other terms of the Acquisition Agreement (as supplemented and amended by an extension agreement dated 30 June 2011 in respect of the extension of Long Stop Date of the Acquisition) remain unchanged and legally binding.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company immediately before and after Completion and the issue of the First Tranche Consideration Shares and Second Tranche Consideration Shares:

	Shareholding in the Company immediately before the Completion		Shareholding in the Company immediately after the Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Assure Gain International Limited (<i>Note 1</i>)	1,114,780,310	22.00%	1,114,780,310	20.46%
Winner Global Holdings Limited (<i>Note 2</i>)	320,041,100	6.31%	320,041,100	5.87%
Vendor	—	—	380,000,000 (<i>Note 3</i>)	6.98%
Sub-total	1,434,821,410	28.31%	1,814,821,410	33.31%
Public Shareholders	<u>3,632,739,379</u>	<u>71.69%</u>	<u>3,632,739,379</u>	<u>66.69%</u>
Total	<u>5,067,560,789</u>	<u>100%</u>	<u>5,447,560,789</u>	<u>100%</u>

Notes:

1. 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 1,787,002,951 Preference Shares carrying rights to convert into 335,063,053 Shares.
2. 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 5,496,361,176 Preference Shares carrying rights to convert into 1,030,567,720 Shares.
3. The Second Tranche Consideration Shares, comprising 280,000,000 Shares, will be subject to lock-up and will be deposited in the Designated Securities Account as described 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 1.84% of the issued share capital of the Company immediately after Completion.

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

Hong Kong, 2 August 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.