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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement (“**Announcement**”) of Sustainable Forest Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) dated 20 October 2011. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise.

The Board wishes to clarify that in the first half of the year 2010, the Group started negotiation with the Proposed Counterparty regarding a proposed transaction in Brazil. In the second half of the year 2010, the proposed transaction failed to materialize due to the failure of the Proposed Counterparty to provide proper authorization document necessary to conclude the proposed deal and other commercial reasons. Since around February 2011, UTRB and some of our senior officers have been receiving threatening emails and phone calls from the Proposed Counterparty extorting money.

As disclosed in the Announcement, the possible extortion and threats against the Group has been reported to the police force in Brazil and Hong Kong.

Further announcement(s) in relation to the progress and/or result of the police investigation on the case, other possible legal actions against the relevant parties and/or the financial position of the Group may be made by the Company as and when appropriate in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

* *For identification purpose only*

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

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

Hong Kong, 7 November 2011

As at the date of this announcement, the Board comprises Ms. Loh Jiah Yee, Katherine, Ms. Fletcher Yurk Nam, Sandy, Mr. Shih Chiu, David, Mr. Li Zhixiong and Mr. Leung Siu Hung, Joel as executive directors; Mr. Leung Chau Ping, Paul as non-executive director; and Mr. John Tewksbury Banigan, Mr. Keung Paul Hinsum and Mr. Donald Smith Worthley as independent non-executive directors.