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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)

UNUSUAL TRADING PRICE AND VOLUME MOVEMENTS AND RESUMPTION OF TRADING

The board (“**Board**”) of directors (“**Directors**”) of Sustainable Forest Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) has noted the increases in both the trading price and trading volume of the shares of the Company today and wishes to state that the Board is not aware of any reasons for such increases.

As disclosed in the announcements of the Company dated 17 September and 17 October 2011, the Company has signed a non-binding term sheet (“**Term Sheet**”) with a potential seller, being an independent third party, in relation to the proposed acquisition by the Group of 90% interest of a biomass power plant in China.

The Company is also in negotiations with some forest concession or land holders and operators in various places in China, as well as in Indonesia, Malaysia and Russia, all of which being independent third parties, in relation to the possible acquisition by the Group of relevant assets or rights over such lands or other possible investment opportunities or business cooperation. All of the above negotiations are still in preliminary stage and other than the Term Sheet dated 17 September 2011, no agreement has been reached in connection with any of the above possible transactions as at the date of this announcement.

The Board would like to inform that the Company is also in negotiation with CITIC Merchant Co., Limited, being the subscriber of the warrants, on possible alteration of the terms of the warrants including the warrant exercise price. Details of the proposed issue of warrants were disclosed in the Company’s announcement dated 22 September 2011. Such proposed alterations are still under negotiation between the parties and no agreement has been reached and signed as at the date of this announcement. Further announcement(s) in relation to the alteration of terms of the warrants, if such alteration materialize, will be made by the Company as and when appropriate in compliance with the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

* For identification purpose only

The Board confirms that, save as disclosed above, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

In the meantime, shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

SUSPENSION AND RESUMPTION OF TRADING OF THE SHARES

Trading of the shares of the Company was suspended with effect from 1:30 p.m. on 16 November 2011 at the request of the Company, pending the issue of this announcement. Application has been by the Company to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:00 a.m. on 17 November 2011.

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

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

Hong Kong, 16 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.