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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform potential investors and shareholders of the Company that it is expected that the Group will record substantial losses for the six-month period ended 30 September 2011 (“**Interim Period**”) comparing with that for the corresponding period last year, primarily due to (i) the making of full provision for assets, including logs inventory and account receivables related to sales of logs of approximately HK\$355 million which amount is lesser than the revaluation gain on biological assets as of 30 September 2011 and (ii) drop of sales (and revenue) of logs as the logs (which amount was fully provided for as outlined in item (i) above) retained in the hydropower plant in Brazil were not available for sales during the Interim Period.

This announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group. The actual results for the Group for the Interim Period have not been finalized.

The results announcement of the Company for the Interim Period is expected to be released on 28 November 2011. Shareholders and investors are advised to read the results announcement carefully.

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

This announcement is made by Sustainable Forest Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of The Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

* For identification purpose only

The board of directors (the “**Board**”) of the Company wishes to inform potential investors and shareholders of the Company that based on preliminary assessment of the unaudited consolidated management accounts of the Group, the Group is expected to record substantial losses for the Interim Period comparing with that for the corresponding period last year, primarily due to (i) the making of full provision for assets, including logs inventory and account receivables related to sales of logs of approximately HK\$355 million which amount is lesser than the revaluation gain on biological assets as of 30 September 2011 and (ii) drop of sales (and revenue) of logs as the logs (which amount was fully provided for as outlined in item (i) above) retained in the hydropower plant in Brazil were not available for sales during the Interim Period.

The logs inventory and account receivables related to sales of logs where provision was made are retained inside the hydropower plant in Brazil, details of the relevant events leading to the making of the provision were disclosed in the Company’s announcements dated 20 October and 7 November 2011.

The Board wishes to point out that the provision for assets is a non-cash item and is not expected to have a material adverse effect on the Group’s cash flows. Further, the drop in revenue arising from the unavailability of sales of retained logs is not expected to be recurring in nature. Thus, the Board considers that the overall operation of the Group remains sound and intact.

Please note that the information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and therefore may be different from what is disclosed in this announcement. The interim results of the Company for the six-month period ended 30 September 2011 have not been finalized as at the date of this announcement. The results announcement of the Company for the Interim Period is expected to be released on 28 November 2011. Shareholders and investors are advised to read the results announcement carefully.

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, 23 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.