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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)

ARBITRATION AWARD

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.

Reference is made to the annual report (“**Annual Report**”) of the Group for the year ended 31 March 2011 and the interim report (“**Interim Report**”) of the Group for the six months ended 30 September 2011.

As disclosed in the Annual Report and the Interim Report, a third party (“**Claimant**”) asserted claims against the Company for salaries in aggregate amounts equivalent to about US\$902,000, together with certain other employment benefits of substantial amount, by reason of the alleged breach by the Company of contracts of employment that the Claimant asserted were entered into between the Company and the Claimant in April 2009. The above matters were dealt with under arbitration proceedings which hearing was held at the Hong Kong International Arbitration Centre (“**HKIAC**”) from 19 to 21 September 2011.

The Company received a final award from the HKIAC on 5 March 2012. The arbitral tribunal made an order that the Claimant’s claims against the Company are dismissed and that each party will bear its own legal costs and the costs of the arbitration. The total legal costs plus costs of arbitration incurred and/or to be incurred by the Company in connection with the arbitration is subject to finalization. The Company may publish further announcement(s) regarding such costs as and when appropriate in compliance with the Listing Rules.

* *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, 6 March 2012

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; and Mr. John Tewksbury Banigan, Mr. Keung Paul Hinsum and Mr. Donald Smith Worthley as independent non-executive directors.