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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 DISCLOSEABLE TRANSACTION IN CONNECTION WITH THE DISPOSAL OF ALLY RISE LIMITED; AND SUPPLEMENTAL AGREEMENT TO THE DISPOSAL AGREEMENT**

The Board is pleased to announce that the completion of the Disposal took place on 30 March 2012. Prior to the completion of the Disposal, on 30 March 2012, the Vendor and the Purchaser entered into the Second Supplemental Agreement in relation to payment arrangement of the Consideration.

Reference is made to the announcements (“**Announcements**”) dated 6 October and 30 December 2011 respectively of Sustainable Forest Holdings Limited (“**Company**”) in relation to, among other things, the disposal by the Group of the entire issued share capital of Ally Rise Limited for the total consideration of HK\$208,000,000 and the extension of Long Stop Date of the Disposal. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless defined otherwise.

#### **COMPLETION OF THE DISPOSAL**

The Board is pleased to announce that the completion of the Disposal took place on 30 March 2012. Upon Completion, as a security for payment of the Consideration and other obligations on the part of the Purchaser under the Disposal Agreement, the Purchaser has executed a share charge (“**Share Charge**”) in relation to the charge of the entire issued share capital of Ally Rise in favor of the Vendor.

#### **THE SECOND SUPPLEMENTAL AGREEMENT**

Prior to the completion of the Disposal, on 30 March 2012, the Vendor and the Purchaser entered into a supplemental agreement (“**Second Supplemental Agreement**”) in relation to payment arrangement of the Consideration.

\* *for identification purposes only*

Pursuant to the Disposal Agreement (as supplemented and amended by a supplemental agreement dated 30 December 2011 in respect of the extension of Long Stop Date of the Disposal to 31 March 2012), the Consideration of HK\$208,000,000 shall be paid as to HK\$10,400,000 upon Completion and the balance of HK\$197,600,000 shall be payable to the Vendor within 9 months upon Completion. As set out in the Second Supplemental Agreement, the entire amount of the Consideration shall be paid in one lump sum payment within 9 months upon Completion in cash or by way of other mode of settlement as may be agreed between the parties.

Save as mentioned above, the other terms of the Disposal Agreement remain unchanged and legally binding.

## **REASONS FOR THE CHANGE OF PAYMENT ARRANGEMENT OF THE CONSIDERATION**

The Company is currently in negotiation with the Purchaser and its ultimate owner in relation to the possible acquisition by the Group of relevant assets or rights over certain forest concession and/or ownership of lands in Russia and possible swap of assets including the exchange of the Chita forests operation in Russia operated by the Disposal Group with those other assets or rights over lands in Russia owned by the Purchaser and its ultimate owner (“**Possible Transaction**”). Such negotiation (including whether and how the assets swap is to be proceeded) is still in preliminary stage and, no agreement (whether written or verbal) has been reached in connection with the above Possible Transaction as at the date of this announcement.

If the abovementioned Possible Transaction (and the assets swap) materialize, the Consideration under the Disposal Agreement or any part thereof may be settled by way of asset swap of such nature and value to be further determined.

The deferred payment arrangement of the Consideration as set out in the Second Supplemental Agreement was determined after arm’s length negotiations between the Purchaser and the Group. Given the charge of the entire issued share capital of Ally Rise by the Purchaser in favor of the Vendor under the Share Charge as a security for payment of the Consideration and in view of the Possible Transaction and the possible assets swap arrangement, the Directors consider the terms and conditions of the Second Supplemental Agreement, in particular, the deferred payment of the Consideration, are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Board confirms that, save as disclosed above, there are no negotiations or agreements relating to intended acquisitions or the Possible Transaction 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. Further announcement(s) in relation to the Possible Transaction, if such materialize and constitutes notifiable transactions, will be made by the Company as and when appropriate in compliance with the Listing Rules.

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

By Order of the Board  
**Sustainable Forest Holdings Limited**  
**Sandy Fletcher Yurk Nam**  
*Executive Director*

Hong Kong, 30 March 2012

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