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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)

SUPPLEMENTAL AGREEMENT TO THE DISPOSAL AGREEMENT

The Board is pleased to announce that on 17 April 2012, the Vendor and the Purchaser entered into the Third Supplemental Agreement in relation to payment arrangement of the Consideration.

Reference is made to the announcements (“**Announcements**”) dated 6 October, 30 December 2011 and 30 March 2012 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, the extension of Long Stop Date and the completion of the Disposal. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless defined otherwise.

THE THIRD SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 17 April 2012, the Vendor and the Purchaser entered into a supplemental agreement (“**Third Supplemental Agreement**”) in relation to payment arrangement of the Consideration.

Pursuant to the Disposal Agreement (as supplemented and amended by supplemental agreements dated 30 December 2011 and 30 March 2012 respectively), the Consideration of HK\$208,000,000 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. As set out in the Third Supplemental Agreement, the Consideration shall be paid in one lump sum payment within 9 months upon Completion in cash.

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

** for identification purpose only*

REASONS FOR THE CHANGE OF PAYMENT ARRANGEMENT OF THE CONSIDERATION

As set out in the announcement of the Company dated 30 March 2012, the Company is currently in negotiation with the Purchaser and its ultimate owner in relation to the Possible Transaction. While the Possible Transaction is still under negotiation, whether such Possible Transaction (and the assets swap) will materialize and whether and how the assets swap (including the nature and value of the assets concerned) is to be proceeded is not ascertained at this stage. In order to avoid any uncertainties as to the mode of settlement of the Consideration, the Group has agreed with the Purchaser that the Consideration shall be paid in one lump sum payment within 9 months upon Completion in cash.

Given (i) the charge of the entire issued share capital of Ally Rise by the Purchaser in favor of the Vendor as a security for payment of the Consideration which will not be released until and unless the full amount of the Consideration shall have been paid in full and that (ii) in view of the mode of settlement of the Consideration by way of cash but not other mode of settlement has been confirmed, the Directors consider the terms and conditions of the Third Supplemental Agreement are fair and reasonable, are on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

The Company will make further announcement when the full amount of the Consideration is duly settled.

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, 17 April 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.