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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 18 December 2012, the Vendor and the Purchaser entered into the Fourth Supplemental Agreement in relation to payment arrangement of the Consideration.

Reference is made to the announcements (“**Announcements**”) dated 6 October 2011, 30 December 2011, 30 March 2012 and 17 April 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, the completion of the Disposal and supplemental agreement to the disposal agreement. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless defined otherwise.

THE FOURTH SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 18 December 2012, the Vendor and the Purchaser entered into a supplemental agreement (“**Fourth 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, 30 March 2012 and 17 April 2012 respectively), the Consideration of HK\$208,000,000 shall be paid in one lump sum payment within 9 months upon Completion in cash. As set out in the Fourth Supplemental Agreement, the Consideration shall be paid in one lump sum payment within 12 months upon Completion in cash. In addition, the Purchaser shall pay interest equivalent to 9.25% p.a. calculated based on the Consideration from the date of the Fourth Supplemental Agreement until the Consideration is settled in full.

** for identification purpose only*

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

REASONS FOR THE CHANGE OF PAYMENT DUE DATE OF THE CONSIDERATION

On 18 December 2012, the Purchaser requested for a further extension of three months to settle the Consideration as more time is required to complete necessary procedures with the State Forest Agency in Russia to obtain two concessions previously owned by the Russia Group.

Given the Purchaser is required to pay interest equivalent to 9.25% p.a. calculated based on the Consideration from the date of the Fourth Supplemental Agreement until the Consideration is settled in full, the Directors consider the terms of the Fourth Supplemental Agreement are fair and reasonable 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, 20 December 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 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.