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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)**

- (I) TERMINATION OF THE ORIGINAL OPEN OFFERS;  
(II) PROPOSED NEW OPEN OFFERS;  
(III) REVISED TIMETABLE OF THE CHANGE OF BOARD LOT SIZE;  
AND  
(IV) RESUMPTION OF TRADING**

### **TERMINATION**

On 18 March 2013, the Company and the Underwriter entered into the Deed of Termination pursuant to which the Original Open Offers were terminated as the Company was not able to comply with the Companies Act of 1981 and the byelaws of the Company which require the subscription price of the Offer Shares to be not lower than the par value of the Shares.

**Any persons who would have been qualified for the Original Open Offers by lodging transfer of the Shares or CPS by 4:30 p.m. Wednesday, 6 March 2013 would not have any entitlements under the Original Open Offers as a result of the Termination.**

### **NEW OPEN OFFERS**

Upon Termination, the Board proposes the New Open Offers which comprise the Share Open Offer and the CPS Open Offer. Save for the subscription prices, all terms and conditions of the New Open Offers are same as those of the Original Open Offers.

\* For identification purpose only

## Share Open Offer

The Board proposes to raise not less than approximately HK\$63.1 million and not more than approximately HK\$65.6 million before expenses by issuing not less than 1,180,938,718 Offer Shares and not more than 1,227,737,503 Offer Shares at the subscription price of HK\$0.0534 per Offer Share on the basis of one (1) Offer Share for every six (6) existing Shares held on the Record Date with an issue of one Bonus Share Warrant for every Offer Share subscribed.

Assuming no exercise of the Share Options or conversion of the CPS into Shares on or before the Record Date, the minimum number of 1,180,938,718 Offer Shares represents (i) approximately 16.67% of the existing issued ordinary share capital of the Company; and (ii) approximately 14.29% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon Completion.

Assuming full exercise of the Share Options and full conversion of the CPS into Shares on or before the Record Date, the maximum number of 1,227,737,503 Offer Shares represents (i) approximately 16.67% of the issued ordinary share capital of the Company; and (ii) approximately 14.29% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon Completion.

The Record Date is Wednesday, 10 April 2013. The last day of dealings in the Shares on a cum-entitlement basis is Wednesday, 27 March 2013. The Shares will be dealt in on an ex-entitlement basis from Thursday, 28 March 2013. To qualify for the Share Open Offer, Shareholders must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

## CPS Open Offer

The Board also proposes to raise approximately HK\$2.2 million before expenses by issuing not more than 215,525,161 Offer CPS at the subscription price of HK\$0.0100125 per Offer CPS on the basis of one (1) Offer CPS for every six (6) existing CPS held on the Record Date with an issue of one Bonus CPS Warrant for every Offer CPS subscribed. **In the event that all the CPS Holders exercise their rights to convert the CPS into Shares prior to the Record Date, no CPS Open Offer will be made by the Company.**

The maximum number of 215,525,161 Offer CPS represents (i) approximately 16.67% of existing issued CPS; and (ii) approximately 14.29% of the issued CPS as enlarged by the allotment and issue of the Offer CPS upon Completion.

Assuming no exercise of the Share Options or conversion of the CPS on or before the Record Date, the maximum number of 40,410,967 CPS Conversion Shares to be converted at a ratio of one Offer CPS to 0.1875 CPS Conversion Share represent (i) approximately 0.57% of the existing issued ordinary share capital of the Company; and (ii) approximately 0.49% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the CPS Conversion Shares upon Completion.

The Record Date is Wednesday, 10 April 2013. To qualify for the CPS Open Offer, CPS holders must be registered as CPS Holders of the Company on the Record Date and not be an Excluded CPS Holder.

The Share Open Offer is interconditional on the CPS Open Offer.

### **Shares to be issued upon exercise of the Bonus Shares Warrants and Bonus CPS Warrants**

The issue of Bonus Share Warrants and Bonus CPS Warrants is subject to and conditional upon (i) the New Open Offers becoming unconditional; and (ii) the Stock Exchange granting the listing of, and permission to deal in the Bonus Warrant Conversion Shares and Bonus CPS Conversion Shares.

Based on 7,085,632,310 Shares in issue as at the date of this announcement and assuming that no further Shares are issued or repurchased from the date of this announcement up to the Record Date and no exercise of the Share Options or conversion of the CPS before the Record Date, 1,180,938,718 Bonus Share Warrants and 215,525,161 Bonus CPS Warrants, entitling the holders to subscribe for the same number of Shares and CPS, will be issued. The aggregate of 1,221,349,685 Shares (as to 1,180,938,718 Bonus Warrant Conversion Shares and 40,410,967 Bonus CPS Conversion Shares) represent approximately 17.24% of the existing issued ordinary share capital of the Company as at the date of this announcement and approximately 12.87% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares, the Bonus Warrant Conversion Shares and the Bonus CPS Conversion Shares.

### **New Underwriting Agreement**

Pursuant to the New Underwriting Agreement, the Underwriter has agreed to subscribe or procure the subscription for all Untaken Shares by the Latest Time for Acceptance.

### **REVISED TIMETABLE OF THE CHANGE OF BOARD LOT SIZE**

In view of the New Open Offers, the effective date of the change of board lot size from 7,500 Shares to 30,000 Shares will be revised to Wednesday, 8 May 2013. No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates is necessary.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on Tuesday, 12 March 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Tuesday, 19 March 2013.

## **WARNING OF THE RISK OF DEALING IN THE SHARES**

**The New Open Offers are conditional, inter alia, upon the fulfillment of the conditions set out in the section headed “Conditions of the New Open Offers” and therefore the New Open Offers are subject to the New Underwriting Agreement having become unconditional and the Underwriter not having terminated the New Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the New Underwriting Agreement.”**

**Accordingly, the New Open Offers may or may not proceed. Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

## **TERMINATION**

According to the Companies Act 1981 and the byelaws of the Company, the subscription price of the Shares issued by the Company by way of open offer shall not be less than the par value of the Share. As the subscription price of HK\$0.0533 under the Original Open Offers is lower than the par value of the Share (i.e. HK\$0.0533), the Company was not able to comply with the relevant requirement and therefore on 18 March 2013, it entered into the Deed of Termination with the Underwriter to terminate the Original Open Offers.

**Any persons who would have been qualified for the Original Open Offers by lodging transfer of the Shares or CPS by 4:30 p.m. Wednesday, 6 March 2013 would not have any entitlements under the Original Open Offers as a result of the Termination.**

## **NEW OPEN OFFERS**

### **Issue statistics of Share Open Offer**

Basis of the Share Open Offer	:	One (1) Offer Share for every six (6) existing Shares held on the Record Date and payable in full upon application with one Bonus Share Warrant for every Offer Share allotted and issued
Number of Shares in issue as at the date this announcement	:	7,085,632,310 Shares
Number of new Shares to be issued upon full exercise of the Share Options ( <i>Note 1</i> )	:	38,326,904 Shares ( <i>Note 1</i> )

Number of new Shares to be issued upon full exercise of the CPS (Note 2)	:	242,465,806 Share (Note 2)
Minimum number of Offer Shares	:	1,180,938,718 Offer Shares
Maximum number of Offer Shares	:	1,227,737,503 Offer Shares
Subscription price	:	HK\$0.0534 per Offer Share
Enlarged issued ordinary share capital of the Company upon Completion	:	Not less than 8,266,571,028 Shares but not more than 8,594,162,523 Shares
Amount raised before expenses	:	Not less than approximately HK\$63.1 million and not more than approximately HK\$65.6 million

*Notes:*

1. As at the date of this announcement, the Company has 38,326,904 outstanding Share Options entitling the holders to subscribe for 38,326,904 Shares pursuant to the Share Option Scheme.
2. As at the date of this announcement, the Company also has 1,293,150,970 outstanding CPS entitling the holders to convert into 242,465,806 Shares at a ratio of one CPS to 0.1875 Share. Save for the Share Options and the CPS, the Company has no other outstanding options, warrants, derivatives or convertible securities in issue which confer any rights to subscribe for, convert or exchange into the Shares as at the date of this announcement.

Assuming no exercise of the Share Options and conversion of the CPS on or before the Record Date, the minimum number of 1,180,938,718 Offer Shares represents (i) approximately 16.67% of the existing issued ordinary share capital of the Company; and (ii) approximately 14.29% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon Completion.

Assuming full exercise of the Share Options and full conversion of the CPS into Shares on or before the Record Date, the maximum number of 1,227,737,503 Offer Shares represents (i) approximately 16.67% of the issued ordinary share capital of the Company prior to the Completion; and (ii) approximately 14.29% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares upon Completion.

## Issue statistics of CPS Open Offer

Basis of the CPS Open Offer	:	One (1) Offer CPS for every six (6) existing CPS held on the Record Date and payable in full upon application with a Bonus CPS Warrant for every Offer CPS allotted and issued
Number of CPS as at the date of this announcement	:	1,293,150,970 CPS
Number of Offer CPS	:	215,525,161 Offer CPS
Subscription price	:	HK\$0.0100125 per Offer CPS
Minimum number of CPS upon Completion	:	0 ( <i>Note 1</i> )
Maximum number of CPS upon Completion	:	1,508,676,131 CPS
Number of Shares to be issued upon full conversion of the Offer CPS	:	40,410,967 Shares ( <i>Note 2</i> )

### Notes:

1. In the event that all the CPS Holders exercise their rights to convert the CPS into Shares prior to the Record Date, no CPS Open Offer will be made by the Company.
2. The CPS will be converted into Shares at a ratio of one CPS to 0.1875 Share.

The maximum number of 215,525,161 Offer CPS represent (i) approximately 16.67% of existing issued CPS; and (ii) approximately 14.29% of the issued CPS as enlarged by the allotment and issue of Offer CPS upon Completion.

The maximum of 40,410,967 CPS Conversion Shares represent (i) approximately 0.57% of the existing issued ordinary share capital of the Company; and (ii) approximately 0.49% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the CPS Conversion Shares upon Completion.

### Basis of assured allotment

The basis of the assured allotment for the Open Share Offer and the Open CPS Offer shall be one (1) Offer Share for every six (6) existing Shares held by the Qualifying Shareholders and one (1) Offer CPS for every six (6) existing CPS held by the Qualifying Holders, respectively, on the Record Date.

Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Share Application Form and lodging the same with the remittance for the Offer Shares being applied for.

Application for all or any part of a Qualifying CPS holder's assured allotment should be made by completing the CPS Application Form and lodging the same with the remittance for the Offer CPS being applied for.

### **Subscription price of the Offer Shares and the Offer CPS**

The subscription price per Offer Share of HK\$0.0534 each and that of the Offer CPS of HK\$0.0100125 each is payable in full upon application of the relevant assured allotment of Offer Shares and Offer CPS respectively. Taking into account the conversion ratio of one CPS to 0.1875 Share, the subscription price of the Offer CPS would be equivalent to that of the Offer Share (i.e. HK\$0.0534), which represents:

- (i) a discount of approximately 9.49% to the closing price per Share of HK\$0.059 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.10% to the average of the closing prices per Share of approximately HK\$0.0594 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 10.85% to the average of the closing prices per Share of approximately HK\$0.0599 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a discount of approximately 8.25% to the theoretical ex-entitlement price of approximately HK\$0.0582 per Share calculated based on the closing price per Share of HK\$0.059 as quoted on the Stock Exchange on the Last Trading Day.

The subscription price for the Offer Share and the Offer CPS was determined after arm's length negotiations between the Company and the Underwriter with reference to the current market price of the Shares and par value of the Shares.

### **Fractional entitlements to the Offer Shares, the Offer CPS, the Bonus Share Warrants and the Bonus CPS Warrants**

Entitlements to the Offer Shares, the Offer CPS, the Bonus Share Warrants and the Bonus CPS Warrants will be rounded down to the nearest whole number and the fractional entitlements thereto will not be issued but will be aggregated and taken up by the Underwriter in accordance with the New Underwriting Agreement.

### **Issue of the Bonus Share Warrants and Bonus CPS Warrants**

Subject to the conditions of the Share Open Offer, the Bonus Share Warrants will be issued to the registered holders of the Offer Shares on the basis of one Bonus Share Warrant for every Offer Share allotted and issued under the Share Open Offer.



Subject to the conditions of the CPS Open Offer, the Bonus CPS Warrants will also be issued to the registered holders of the Offer CPS on the basis of one Bonus CPS Warrant for every CPS allotted and issued under the CPS Open Offer.

Based on 7,085,632,310 Shares in issue as at the date of this announcement and assuming that no further Shares and CPS are issued or repurchased from the date of this announcement up to the Record Date and no exercise of the Share Options or conversion of the CPS before the Record Date, 1,180,938,718 Bonus Share Warrants and 215,525,161 Bonus CPS Warrants, entitling the holders to subscribe for the same number of Shares and CPS, will be issued. The aggregate of 1,221,349,685 Shares (as to 1,180,938,718 Bonus Warrant Conversion Shares and 40,410,967 Bonus CPS Conversion Shares) represent approximately 17.24% of the issued ordinary share capital of the Company as at the date of this announcement and approximately 12.87% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares, the Bonus Warrant Conversion Shares and the Bonus CPS Conversion Shares.

The issue of Bonus Share Warrants is subject to and conditional upon:

- (i) the New Open Offers becoming unconditional; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in the Bonus Warrant Conversion Shares.

The issue of Bonus CPS Warrants is subject to and conditional upon:

- (i) the New Open Offers becoming unconditional; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in Bonus CPS Conversion Shares.

### **Subscription price of the Bonus Share Warrants and the Bonus CPS Warrants**

The Bonus Share Warrants will entitle the holders to subscribe for Bonus Warrant Conversion Shares at the subscription price of HK\$0.0534 per Share in cash, subject to adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the ordinary share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.

The Bonus CPS Warrants will entitle the holders to subscribe for the CPS at the subscription price of HK\$0.0100125 per CPS in cash, subject to adjustment to be made if and whenever

- (i) the nominal amount of the CPS change by reason of any consolidation or sub-division; or
- (ii) the Company purchases any CPS or securities convertible into CPS and the Directors consider that it may be appropriate to make an adjustment by reference to the opinion given by the appointed auditors or an approved merchant bank.

Taking into account the conversion ratio of one Bonus CPS to 0.1875 Bonus CPS Conversion Share, the subscription price of Bonus CPS Warrants for one whole Bonus CPS Conversion Share is HK\$0.0534, which is equivalent to the subscription price of each Bonus



Share Warrant and the subscription price of each Offer Share, comparison of which with the market price is set out in the paragraph headed “Subscription price of the Offer Shares and the Offer CPS” above.

### **Subscription period**

The Bonus Share Warrants and the Bonus CPS Warrants may be exercised at any time between the date of issue and the date immediately preceding the date falling on the fifth anniversary of the date of issue of the Bonus Share Warrants and the Bonus CPS Warrants (both dates inclusive).

### **Status of the Offer Shares, Offer CPS, the Bonus CPS, the CPS Conversion Shares, the Bonus Warrant Conversion Shares and the Bonus CPS Conversion Shares**

Save that the Offer Shares will be entitled to the Bonus Share Warrants, the Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer Shares.

Save that the Offer CPS will be entitled to the Bonus CPS Warrants, the Offer CPS and the Bonus CPS, when allotted and fully paid, will rank pari passu in all respects with the CPS then in issue. Holders of fully-paid Offer CPS and the Bonus CPS will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the Offer CPS and Bonus CPS.

The CPS Conversion Shares, the Bonus Warrant Conversion Shares and the Bonus CPS Conversion Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid the CPS Conversion Shares, the Bonus Warrant Conversion Shares and the Bonus CPS Conversion Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment of the CPS Conversion Shares, the Bonus Warrant Conversion Shares and Bonus CPS Conversion Shares.

### **Mandate for Bonus Warrant Conversion Shares, CPS Conversion Shares and Bonus CPS Conversion Shares**

Subject to the compliance with Rule 15.02 of the Listing Rules, the Bonus Warrant Conversion Shares, CPS Conversion Shares and Bonus CPS Conversion Shares will be issued pursuant to the general mandate granted to the Directors to issue Shares during the relevant period of up to a maximum of 20% of the issued ordinary share capital of the Company as at the date of passing of the relevant resolution at the annual general meeting of the Company held on 5 February 2013.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares, the Bonus Warrant Conversion Shares, the CPS Conversion Shares and the Bonus CPS Conversion Shares. No application will be made for the listing of the Offer CPS, the Bonus CPS, the Bonus Share Warrants or the Bonus CPS Warrants on the Stock Exchange or any other stock exchange.

Dealings in the Offer Shares in the new board lot of 30,000, which will be registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

## **Qualifying Shareholders and Qualifying CPS Holders**

The Company will send the Prospectus Documents to the Qualifying Shareholders and the Qualifying CPS Holders only. For the Excluded Shareholders and Excluded CPS Holders, the Company will send copies of the Prospectus (without any Application Forms) to them for their information only.

To qualify for the New Open Offers, a Shareholder or a CPS Holder must be registered as a member of the Company or a CPS Holder respectively at the close of business on the Record Date and must be a Qualifying Shareholder and Qualifying CPS Holder respectively. In order to be registered as members of the Company or CPS Holders at the close of business on the Record Date, Shareholders or CPS Holders must lodge any transfers of Shares or CPS (together with the relevant certificates) with the Share Registrar or Royal Bank of Canada, the agent appointed by the Company respectively for the relevant registration no later than 4:30 p.m. on Tuesday, 2 April 2013.

## **Closure of registers of members and CPS Holders**

The register of members and CPS Holders of the Company are expected to be closed from Wednesday, 3 April 2013 to Wednesday, 10 April 2013, both dates inclusive. No transfers of Shares or CPS will be registered during the book closure period.

## **Certificates of the Offer Shares, Offer CPS, the Bonus Share Warrants and the Bonus CPS Warrants**

Subject to the conditions of the New Open Offers, certificates for the Offer Shares, Offer CPS, the Bonus Share Warrants and the Bonus CPS Warrants are expected to be posted on or before Tuesday, 7 May 2013 to those Shareholders or CPS Holders entitled thereto by ordinary post at their own risks.

## **Rights of Excluded Shareholders and Excluded CPS Holders**

If there are any Overseas Shareholders or Overseas CPS Holders at the close of business on the Record Date, such Overseas Shareholders or Overseas CPS Holders may or may not be eligible to take part in the Share Open Offer and the CPS Open Offer respectively.

Based on the register of members and CPS Holders of the Company as at the date of this announcement, the Company had five Overseas Shareholders with address in the PRC, Spain, Taiwan and the BVI, and six CPS Holders with address in United States of America, The Republic of Panama and the BVI. The Directors will comply with Rule 13.36(2) of the Listing Rules and make enquiries regarding the feasibility of extending the Share Open Offer and the CPS Open Offer to the Overseas Shareholders and the Overseas CPS Holders respectively taking into account the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of the Offer Shares and the Bonus Share Warrants to the Overseas Shareholders, and the Offer CPS and the Bonus CPS Warrants to the Overseas CPS Holders.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange at that place, not to offer the Offer Shares and the Bonus Share Warrants to such Overseas Shareholders and the Offer CPS and the Bonus CPS Warrants to such Overseas CPS Holders, the Share Open Offer and the CPS Open Offer will not be extended to the Excluded Shareholders and the Excluded CPS Holders respectively. The result of the enquiries and the basis of the exclusion will be included in the Prospectus. The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

#### **Application for excess Offer Shares and Offer CPS**

There is no arrangement for application for the Offer Shares and CPS Shares by the Qualifying Shareholders and the Qualifying CPS Holders respectively in excess of their entitlements. Considering that each Qualifying Shareholder and Qualifying CPS Holder will be given an equal and fair opportunity to participate in the Company's future development by subscribing for his/her/its proportionate entitlement under the Share Open Offer and the CPS Open Offer respectively, if application for excess Offer Shares and Offer CPS is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, which is not cost-effective from the viewpoint of the Company. Any Offer Shares and Offer CPS not taken up by the Qualifying Shareholders and the Qualifying CPS Holders will be taken up by the Underwriter pursuant to the terms and conditions of the New Underwriting Agreement.

#### **NEW UNDERWRITING AGREEMENT**

Date:	18 March 2013
Underwriter:	Expert Plan Limited
Number of Shares to be underwritten:	Not less than 1,180,938,718 Offer Shares and not more than 1,227,737,503 Offer Shares (being all Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Share Open Offer)

Number of CPS to be underwritten:	Not more than 215,525,161 Offer CPS (being all Offer CPS (including the CPS to which the Excluded CPS Holder(s) would otherwise have been entitled) to be issued pursuant to the CPS Open Offer)
Commission:	3% of the aggregate subscription price in respect of the maximum of all the Offer Shares and the Offer CPS. The commission was determined after arm's length negotiation between the Company and the Underwriter, and the Directors are of the view that it is fair and reasonable

Expert Plan Limited, a company incorporated in the BVI with limited liability, is principally engaged in investment holding. The Underwriter is wholly owned by Mr. Ho Ka Kui Boniface (“Mr. Ho”) who is a professional investor. As at the date of this announcement, the Underwriter and Mr. Ho did not hold any Shares, Share Options or CPS. To the best of the Directors’ knowledge, information and belief, the Underwriter and its respective ultimate beneficial owner and associates are (i) third parties independent of the Company; and (ii) not parties acting in concert with (as defined in the Takeovers Code) any substantial shareholders of the Company. As advised by the Underwriter, it is not in the ordinary or usual course of business of the Underwriter to enter into this type of underwriting arrangement.

Pursuant to the New Underwriting Agreement, the Underwriter has agreed, subject to termination provisions thereof, to subscribe or procure the subscription for all the Untaken Shares.

In the event of the Underwriter being called upon to subscribe for or procure subscription of the Untaken Shares pursuant to the New Underwriting Agreement,

- (i) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (as defined in the Takeovers Code) with it in the Company equal to 19% or more of the voting rights of the Company upon the Completion; and
- (ii) the Underwriter shall use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholders of the Company or their respective associates (as defined in the Listing Rules); and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (as defined in the Takeovers Code) with it, hold 19% or more of the voting rights of the Company upon Completion.

The Directors consider that the terms of the New Underwriting Agreement are fair and reasonable.

## Conditions of the New Open Offers

The New Open Offers are subject to the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, all the Offer Shares (in their fully-paid form), the Bonus Warrant Conversion Shares, the CPS Conversion Shares and the Bonus CPS Conversion Shares;
- (ii) the filing and registration of all documents relating to the New Open Offers, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance;
- (iii) the posting of the Prospectus Documents to Qualifying Shareholders and Qualifying CPS Holders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders and Excluded CPS Holders (as the case may be), if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Share Open Offer or CPS Open Offer (as the case may be) on or before the Prospectus Posting Date;
- (iv) compliance with and performance of all the undertakings and obligations of the Company under the terms of the New Underwriting Agreement and the New Underwriting Agreement not having been terminated pursuant to the terms therein;
- (v) if necessary, the registration with the Registrar of Companies in Bermuda of one copy of each of the Prospectus Documents, signed by or on behalf of all the Directors prior to or as soon as reasonably practicable after publication of, the Prospectus Documents;
- (vi) the permission of the Bermuda Monetary Authority for the allotment and issue of the Offer Shares, the Bonus Warrant Conversion Shares, the Offer CPS, the Bonus CPS, the CPS Conversion Shares and the Bonus CPS Conversion Shares if necessary, being obtained; and
- (vii) the Board having passed a resolution for the conducting of the New Open Offers and the issue of the Bonus Share Warrants and the Bonus CPS Warrants with a copy of the minutes being provided to the Underwriter.

Save for condition (iv) above which may be waived by the Underwriter in whole or in part, none of the conditions above can be waived by either the Company or the Underwriter. If the conditions of the New Open Offers are not satisfied and/or waived (as the case may be) in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the New Underwriting Agreement shall terminate and (except in respect of any reasonable legal fees or other reasonably out-of-pocket expenses, if any, of the Underwriter, or the indemnity given to the Underwriter and any rights or obligations which may accrue under the New Underwriting Agreement prior to such termination) no party will have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach.

## Termination of the New Underwriting Agreement

The Underwriter shall terminate the New Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination if, prior to the Latest Time for Termination:

- (i) in the absolute opinion of the Underwriter acting in good faith, the success of the New Open Offers would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in context of the Open Offers; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof), of a political, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any material adverse change in the business or in the financial or trading position or prospectus of the Group as a whole; or
  - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (f) any suspension in trading of Shares on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Document or other announcements or circulars in connection with the New Open Offers; or
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions includes a change in the system under which the value of the HK\$ is pegged with that of the currency of the United States of America) occurs which in absolute opinion of the Underwriter is likely to materially or adversely affect the success of the New Open Offers or otherwise makes it inexpedient or inadvisable to proceed with the New Open Offers; or



(iii) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the New Open Offers.

The Underwriter shall be entitled by notice in writing to rescind the New Underwriting Agreement, if prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the relevant clause in the New Underwriting Agreement comes to the knowledge of the Underwriter; or
- (ii) any event occurring or matter arising on or after the date of the New Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the New Underwriting Agreement would have rendered any of the warranties contained in the relevant clause in the New Underwriting Agreement untrue or incorrect in any material respect.

**If the Underwriter exercises such right, the New Open Offers will not proceed.**

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES**

**The New Open Offers are conditional, inter alia, upon the fulfillment of the conditions set out in the section headed “Conditions of the New Open Offers” and therefore the New Open Offers are subject to the New Underwriting Agreement having become unconditional and the Underwriter not having terminated the New Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the New Underwriting Agreement”.**

**Accordingly, the New Open Offers may or may not proceed. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**



## SHAREHOLDING STRUCTURES

### (i) Upon Completion and assuming no exercise of Share Options and the CPS on or before Record Date

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon Completion, assuming no exercise of the Share Options or conversion of the CPS before the Record Date, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders, and there being no change in shareholding from the date of this announcement to Completion (the “Scenario A”); and (iii) upon Completion, assuming no exercise of the Share Options or conversion of the CPS before the Record Date, no acceptance by the Qualifying Shareholders or the Qualifying CPS Holders, and there being no change in shareholding from the date of this announcement to Completion (the “Scenario B”):

	(i) As at the date of this announcement																			
	(i) Scenario A						(ii) Scenario B													
	No conversion of Bonus Share Warrants and Bonus CPS Warrants			Full conversion of Bonus Share Warrants and Bonus CPS Warrants			No conversion of Bonus Share Warrants and Bonus CPS Warrants			Full conversion of Bonus Share Warrants and Bonus CPS Warrants										
No. of Shares held	Approx. %	No. of CPS held	Approx. %	No. of Shares held	Approx. %	No. of CPS held	Approx. %	No. of Shares held	Approx. %	No. of CPS held	Approx. %									
Loh Jiah Yee, Katherine	1,767,903,910	24.95%	929,974,147	71.92%	2,062,554,561	24.95%	1,084,969,838	71.92%	2,357,205,212	24.95%	1,239,965,529	71.92%	1,767,903,910	21.39%	929,974,147	61.64%	1,767,903,910	18.71%	929,974,147	53.94%
Underwriter	—	—	—	—	—	—	—	—	—	—	—	—	1,180,938,718	14.29%	215,525,161	14.29%	2,361,877,436	25.00%	431,050,322	25.00%
<b>Public Shareholders</b>	<b>5,317,728,400</b>	<b>75.05%</b>	<b>363,176,823</b>	<b>28.08%</b>	<b>6,204,016,467</b>	<b>75.05%</b>	<b>423,706,293</b>	<b>28.08%</b>	<b>7,090,204,534</b>	<b>75.05%</b>	<b>484,235,763</b>	<b>28.08%</b>	<b>5,317,728,400</b>	<b>64.33%</b>	<b>363,176,823</b>	<b>24.07%</b>	<b>5,317,728,400</b>	<b>56.29%</b>	<b>363,176,823</b>	<b>21.06%</b>
<b>Total</b>	<b>7,085,632,310</b>	<b>100.00%</b>	<b>1,293,150,970</b>	<b>100.00%</b>	<b>8,266,571,028</b>	<b>100.00%</b>	<b>1,508,676,131</b>	<b>100.00%</b>	<b>9,447,509,746</b>	<b>100.00%</b>	<b>1,724,201,292</b>	<b>100.00%</b>	<b>8,266,571,028</b>	<b>100.00%</b>	<b>1,508,676,131</b>	<b>100.00%</b>	<b>9,447,509,746</b>	<b>100.00%</b>	<b>1,724,201,292</b>	<b>100.00%</b>

**(ii) Upon Completion and assuming full exercise of Share Options and the CPS on or before the Record Date**

Set out below is the shareholding structure of the Company (i) as at the date of this announcement assuming full exercise of Share Options and full conversion of the CPS before the Record Date (the “Scenario C”); (ii) upon Completion assuming full exercise of Share Options and full conversion of the CPS before the Record Date, there being no change in shareholding from the date of this announcement to Completion, and full acceptance by Qualifying Shareholders (the “Scenario D”); and (iii) upon Completion assuming full exercise of the Share Options and the full conversion of the CPS before the Record Date, there being no change in shareholding from the date of this announcement to Completion and no acceptance by the Qualifying Shareholders (the “Scenario E”):

	(i) Scenario C				(ii) Scenario D				(iii) Scenario E			
	No conversion of Bonus Share Warrants		Full conversion of Bonus Share Warrants		No conversion of Bonus Share Warrants		Full conversion of Bonus Share Warrants		No conversion of Bonus Share Warrants		Full conversion of Bonus Share Warrants	
	No. of Shares held	Approx. %	No. of CPS held	Approx. %	No. of Shares held	Approx. %	No. of Shares held	Approx. %	No. of Shares held	Approx. %	No. of Shares held	Approx. %
Loh Jiah Yee, Katherine (Note 1)	1,946,574,062	26.42%	—	—	2,271,003,072	26.42%	2,595,432,082	26.42%	1,946,574,062	22.65%	1,946,574,062	19.82%
Underwriter	—	—	—	—	—	—	—	—	1,227,737,503	14.29%	2,455,475,006	25.00%
Public Shareholder	<u>5,419,850,958</u>	<u>73.58%</u>	<u>—</u>	<u>—</u>	<u>6,323,159,451</u>	<u>73.58%</u>	<u>7,226,467,944</u>	<u>73.58%</u>	<u>5,419,850,958</u>	<u>63.06%</u>	<u>5,419,850,958</u>	<u>55.18%</u>
Total	<u>7,366,425,020</u>	<u>100.00%</u>	<u>—</u>	<u>—</u>	<u>8,594,162,523</u>	<u>100.00%</u>	<u>9,821,900,026</u>	<u>100.00%</u>	<u>8,594,162,523</u>	<u>100.00%</u>	<u>9,821,900,026</u>	<u>100.00%</u>

*Note:*

- Loh Jiah Yee, Katherine holds 4,300,000 outstanding Share Options entitling her to subscribe for 4,300,000 Shares and 929,974,147 CPS entitling her to convert them into 174,370,152 Shares as at the date of this announcement.

**REASONS FOR THE NEW OPEN OFFERS AND THE ISSUE OF BONUS SHARE WARRANTS AND BONUS CPS WARRANTS AND USE OF PROCEEDS**

The Group is principally engaged in (i) provision of tree felling and clearing services; (ii) sustainable management of and investment in natural forests, timber and wood processing, trading and sales of forestry and timber products; and (iii) manufacturing and sale of timber products including but not limited to wooden door, furniture and wooden flooring..

The Company will raise not less than approximately HK\$63.1 million and not more than approximately HK\$65.6 million before expenses from the Share Open Offer. Pursuant to the terms of the CPS, if the Company makes any offer by way of rights of Shares to all Shareholders, the Company shall offer CPS to the CPS Holders at the same time and on the same terms as the Shares are offered. Accordingly, the Company has also extended the CPS Open Offer to the CPS Holders. The Company will raise approximately HK\$2.2 million before expenses from the CPS Open Offer assuming that no CPS Holder converted its CPS into Shares after the date of the announcement and prior to the Record Date. In aggregate, the Company will raise not less than approximately HK\$65.3 million and not more than approximately HK\$65.6 million before expenses from the New Open Offers.

The net proceeds from New Open Offers are estimated to be not less than approximately HK\$60.9 million and not more than approximately HK\$61.2 million. The Company intends to apply the net proceeds from New Open Offers for (i) the general working capital of the Group; (ii) partially repayment of the indebtedness of the Group; and (iii) investments in new business should any suitable opportunities arise.

Assuming full exercise of Bonus Share Warrants and the Bonus CPS Warrants, and no exercise of the Share Options or conversion of the CPS before the Record Date, the aggregate proceeds from the exercise thereof are estimated to be approximately HK\$65.3 million. In the event that all CPS Holders exercise its rights to convert the CPS into Shares before the Record Date, no CPS Open Offer will be made and the proceeds from exercise of the Bonus Share Warrants are estimated to be approximately HK\$65.6 million. The Company intends to apply such proceeds, upon exercise thereof, for the general working capital of the Group.

The New Open Offers will strengthen the Company's capital base and enhance its financial position. The Board believes that the New Open Offers will provide the Qualifying Shareholders with an opportunity to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Company. In addition, the issue of Bonus Share Warrants and Bonus CPS Warrants will be an additional incentive for the Shareholders and the CPS Holders to take part in the New Open Offers. In this regard, the Board considers that the New Open Offers are in the interests of the Group and the Shareholders as a whole.

#### **CHANGE IN BOARD LOT SIZE**

In view of the entering into the New Subscription Agreement, the effective date of the change in board lot size from 7,500 Share to 30,000 Shares will be revised to Wednesday, 8 May 2013. The Shares are currently traded in board lots of 7,500 Shares each and the market value of each board lot is HK\$442.5 (based on the closing price of HK\$0.0590 per Share as quoted on the Stock Exchange on the Last Trading Day). Based on the theoretical ex-entitlement price of the Shares of HK\$0.0582 with reference to the closing price of the Last Trading Day, the new estimated board lot value would be approximately HK\$1,746. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed South China Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during period from Wednesday, 8 May 2013 to Thursday, 30 May 2013 (both days inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Ms. Michelle Lee of South China Securities Limited at 28/F., Bank of China Tower, No. 1 Garden Road, Central, Hong Kong (telephone: (852) 3196-6237 and facsimile: (852) 3101-9200) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 7,500 Shares to new share certificates in board lot size of 30,000 Shares is necessary.

**EXPECTED TIMETABLE**

Set out below is an indicative timetable for the implementation of the New Open Offers. The timetable is subject to change in accordance with the terms of the New Underwriting Agreement. The Company will notify the Shareholders and CPS Holders on any changes to the expected timetable by way of announcement(s) as and when appropriate.

**2013**

Last day of dealings in Shares on a cum-entitlement basis. . . . .	Wednesday, 27 March
First day of dealings in Shares on an ex-entitlement basis. . . . .	Thursday, 28 March
Latest time for lodging transfer of Shares or CPS in order to be qualified for the New Open Offers . . . . .	4:30 p.m. on Tuesday, 2 April
Registers of members of the Company and CPS Holders close . . . . .	Wednesday, 3 April to Wednesday, 10 April (both dates inclusive)
Record Date . . . . .	Wednesday, 10 April
Despatch of the Prospectus Documents. . . . .	Thursday, 11 April
Registers of members of the Company and CPS Holders re-open. . . . .	Thursday, 11 April
Latest Time for Acceptance of and payment for the Offer Shares and the Offer CPS . . . . .	4:00 p.m. on Thursday, 25 April
Latest time for the New Open Offers to become unconditional. . . . .	4:00 p.m. on Monday, 29 April
Announcement of results of acceptance of the New Open Offers to be published on the website of the Stock Exchange . . . . .	Monday, 6 May
Despatch of refund cheques by the Share Registrar and the Company or its appointed agent (as the case may be) if the New Open Offers are terminated . . . . .	Tuesday, 7 May
Despatch of certificates for Offer Shares and the Bonus Share Warrants by the Share Registrar. . . . .	Tuesday, 7 May

Despatch of certificates for Offer CPS and the Bonus CPS Warrants by the Company or its appointed agent . . . . .	Tuesday, 7 May
Dealings in Offer Shares commence. . . . .	9:00 a.m. on Wednesday, 8 May
Effective date of change in board lot size from 7,500 Shares to 30,000 Shares . . . . .	Wednesday, 8 May
First day for the designated broker to provide matching services in respect of the odd lots. . . . .	Wednesday, 8 May
Last day for the designated broker to provide matching services in respect of the odd lots. . . . .	Thursday, 30 May

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES**

All times in this announcement refer to Hong Kong time. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Thursday, 25 April 2013:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including but not limited to the Latest Time for Termination) may be affected.

Dates or deadlines stated in this announcement for events in the timetable are indicative only and may be extended or varied between the Company and the Underwriter. Any changes to the expected timetable for the New Open Offers will be announced as and when appropriate.

### **PREVIOUS FUND RAISING EXERCISES OF THE COMPANY**

References are made to the announcement issued by the Company dated 19 December 2011, 21 December 2011 and 19 January 2012. Pursuant to the equity line facility agreement entered into between the Company and the YA Global Master SPV Ltd. dated 19 December 2011, as supplemented on 21 December 2011 and 19 January 2012, in the past 12 months before the date of this announcement, the Company has raised approximately HK\$30.2 million under the equity facilities line granted for the general working capital of the Group and repayment of the indebtedness of the Group. Reference is also made to the announcement of the Company dated 21 February 2013 in relation to the Original Open Offers. As a result of the Termination, the Company has not raised any funds from the Original Open Offers.

Save for the aforesaid, the Company did not conduct any fund raising activity in the past 12 months immediately preceding the date of this announcement.

## **ADJUSTMENTS TO THE SHARE OPTIONS**

Adjustments to the exercise prices and numbers of the outstanding Share Options may be required under the relevant terms of the Share Option Scheme. Further details of such adjustments, if required, will be disclosed in further announcement(s).

## **GENERAL**

The New Open Offers are not subject to Shareholders' approval under the Listing Rules. The Prospectus Documents setting out details of the New Open Offers will be despatched to the Qualifying Shareholders and the Qualifying CPS Holders as soon as practicable and the Prospectus (without relevant Application Forms) will be despatched to the Excluded Shareholders and the Excluded CPS Holders for their information only.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 1:00 p.m. on Tuesday, 12 March 2013 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Tuesday, 19 March 2013.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	being the latest time at which provisional allotments of the Offer Shares (with Bonus Share Warrants) and Offer CPS (with Bonus CPS Warrants) may be validly accepted as described in the Prospectus
“Application Form(s)”	the Share Application Form and the CPS Application Form
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus CPS”	new convertible preference shares allotted and issued upon exercise of the Bonus CPS Warrants
“Bonus CPS Conversion Share(s)”	new Shares to be allotted and issued on the exercise of the subscription rights attaching to the CPS converted under Bonus CPS Warrants

“Bonus CPS Warrant(s)”	the warrant(s) to be issued by the Company entitling the holder(s) thereof to subscribe, at any time between the date of issue and the date immediately preceding the date falling on the fifth anniversary of the date of issue of such warrants (both dates inclusive), for fully paid CPS at the subscription price of HK\$0.0100125
“Bonus Share Warrant(s)”	the warrant(s) to be issued by the Company entitling the holder(s) thereof to subscribe, at any time between the date of issue and the date immediately preceding the date falling on the fifth anniversary of the date of issue of such warrants (both dates inclusive), for fully paid Shares at the subscription price of HK\$0.0534
“Bonus Warrant Conversion Shares”	new Shares to be allotted and issued on the exercise of the subscription rights attaching to the Bonus Share Warrants
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted or remains hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Sustainable Forest Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 723)
“Completion”	completion of the New Open Offers
“CPS(s)”	another class of shares of HK\$0.01 each in the share capital of the Company, carrying the rights for conversion into Shares at a ratio of one convertible preference share to 0.1875 Share
“CPS Application Form(s)”	the form(s) of application in respect of the CPS Open Offer to be issued to the Qualifying CPS Holders
“CPS Conversion Shares”	new Shares to be allotted and issued on the exercise of the subscription rights attaching to the Offer CPS



“CPS Holder(s)”	holder(s) of the CPS(s)
“CPS Open Offer”	the proposed issue of the Offer CPS at the subscription price of HK\$0.0100125 on the basis on one (1) Offer Share for every six (6) Shares held on the Record Date to the Qualifying CPS Holders upon the terms and conditions as described in this announcement
“Deed of Termination”	the deed dated 18 March 2013 entered into between the Company and the Underwriter in respect of the Termination
“Director(s)”	director(s) of the Company
“Excluded CPS Holder(s)”	Overseas CPS Holders in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Offer CPS (with Bonus CPS Warrants) to such Overseas CPS Holders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Excluded Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Offer Shares (with Bonus Share Warrants) to such Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	12 March 2013, being the last trading day on which the Company and the Underwriter entered into the New Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 25 April 2013 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for application of the New Open Offers
“Latest Time for Termination”	4:00 p.m. on Monday, 29 April 2013 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for the Underwriter to terminate the New Underwriting Agreement
“Listing Committee”	has the meaning attributed to that term in the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Open Offers”	collectively, the Share Open Offer and the CPS Open Offer
“New Underwriting Agreement”	the underwriting agreement dated 18 March 2013 entered into between the Company and the Underwriter in relation to the underwriting arrangement of the New Open Offers
“Offer CPS”	not more than 215,525,161 CPS, proposed to be offered to the Qualifying CPS Holders for subscription on the terms and subject to the conditions set out in the New Underwriting Agreement and the Prospectus Documents
“Offer Share(s)”	not less than 1,180,938,718 new Shares and not more than 1,227,737,503 new Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the New Underwriting Agreement and the Prospectus Documents
“Original Open Offers”	collectively, the open offer in respect of the Shares on the basis of one (1) offer shares for six (6) existing Shares together with one bonus warrants for every offer shares subscribed, and the open offer in respect of the CPS on the same basis as that of the aforesaid open offer, as proposed in the announcement of the Company dated 21 February 2013
“Overseas CPS Holder(s)”	CPS Holder(s) whose name(s) appear(s) on the register of CPS members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) in a place(s) outside Hong Kong
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) in a place(s) outside Hong Kong
“PRC”	The People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company to the Shareholders and CPS Holders containing details of the New Open Offers
“Prospectus Documents”	the Prospectus and the Application Forms
“Prospectus Posting Date”	Thursday, 11 April 2013, the tentative date of despatch of the Prospectus Documents, or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents

“Qualifying CPS Holder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of CPS members of the Company at the close of business on the Record Date
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	being the record date for determining the entitlements of the Shareholders and CPS Holders to participate in the New Open Offers
“Share(s)”	ordinary share(s) of HK\$0.0533 ( <i>Note</i> ) each in the share capital of the Company
“Share Application Form(s)”	the form(s) of application in respect of the Share Open Offer to be issued to the Qualifying Shareholders
“Share Open Offer”	the proposed issue of the Offer Shares at the subscription price of HK\$0.0534 on the basis on one (1) Offer Share for every six (6) Shares held on the Record Date to the Qualifying Shareholders upon the terms and conditions as described in this announcement
“Share Options”	the outstanding options to subscribe for 38,326,904 new Shares granted to the Directors, employees and consultants of the Group pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 27 November 2009
“Share Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Termination”	the termination of the Original Open Offers
“Underwriter”	Expert Plan Limited, a company incorporated in the BVI with limited liability
“Underwriting Agreement”	the underwriting agreement dated 21 February 2013 entered into between the Company and the Underwriter in relation to the underwriting arrangement of the Original Open Offers

*Note:* The par value of the Shares is a recurring figure.

“Untaken Shares”	the Offer Shares and Offer CPS that have not been taken by the Qualifying Shareholders or the Qualifying CPS Holders
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

By order of the Board  
**Sustainable Forest Holdings Limited**  
**Zhou Jing**  
*Chairman*

Hong Kong, 18 March 2013

*As at the date of this announcement, the Board comprises Ms. Zhou Jing and Mr. Mung Wai Ming as executive Directors; and Mr. William Keith Jacobsen, Mr. Wu Wang Li and Mr. Ng Wai Hung as independent non-executive Directors.*