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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) PROPOSED SHARE CONSOLIDATION;

(II) PROPOSED SHARE OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TWELVE (12) CONSOLIDATED SHARES HELD ON THE RECORD DATE WITH SHARE BONUS ISSUE ON THE BASIS OF ELEVEN (11) BONUS SHARES FOR EVERY OFFER SHARE SUBSCRIBED;

**(III) PROPOSED CONVERTIBLE PREFERRED SHARE OPEN OFFER ON THE BASIS OF ONE (1) OFFER CONVERTIBLE PREFERRED SHARE FOR EVERY TWELVE (12) EXISTING CONVERTIBLE PREFERRED SHARES HELD ON THE RECORD DATE WITH CONVERTIBLE PREFERRED SHARE BONUS ISSUE ON THE BASIS OF ELEVEN (11) BONUS CONVERTIBLE PREFERRED SHARES FOR EVERY OFFER CONVERTIBLE PREFERRED SHARE SUBSCRIBED;
AND**

(IV) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

SHARE CONSOLIDATION

The Board proposes that every six (6) Existing Shares of HK\$0.0533 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.32 each in the issued and unissued share capital of the Company. As at the date of this announcement, there were 8,267,479,653 Existing Shares in issue and fully paid or credited as fully paid. Assuming no further Existing Shares will be issued or repurchased, no exercise of the Share Options, no conversion of the Share Warrants into Shares and no conversion of the CPS into Existing Shares from the date of this announcement up to the date of the Share Consolidation becoming effective, there will be 1,377,913,275 Consolidated Shares in issue and fully paid or credited as fully paid immediately following the Share Consolidation becoming effective.

* For identification purpose only

Based on the closing price of HK\$0.0460 per Existing Share on the Last Trading Day, the value of each board lot of 30,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$8,280. The Open Offers is conditional upon, among other things, the completion of the Share Consolidation on or before the Record Date.

OPEN OFFERS

Share Open Offer with Share Bonus Issue

The Board proposes to raise not less than approximately HK\$36.7 million and not more than approximately HK\$43.4 million before expenses by issuing not less than 114,826,106 Offer Shares and not more than 135,741,703 Offer Shares at the subscription price of HK\$0.32 per Offer Share on the basis of one (1) Offer Share for every twelve (12) Consolidated Shares held on the Record Date with Share Bonus Issue of eleven (11) Bonus Shares for every Offer Share subscribed and allotted.

Assuming no exercise of the Share Options, no conversion of the Share Warrants into Shares and no conversion of the CPS into Existing Shares on or before the Record Date, the minimum number of Offer Shares and Bonus Shares in aggregate of 1,377,913,272 Consolidated Shares represents (i) approximately 100.00% of the issued ordinary share capital of the Company immediately prior to the Completion (taking into account the Share Consolidation); and (ii) approximately 50.00% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

Assuming full exercise of the Share Options, full conversion of the Share Warrants into Shares, full conversion of CPS Warrants into CPS and full conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares on or before the Record Date, the maximum number of Offer Shares and Bonus Shares in aggregate of 1,628,900,436 Consolidated Shares represents (i) approximately 100.00% of the issued ordinary share capital of the Company as enlarged by the conversion shares as a result of the full conversion of the Share Options, the Share Warrants and the CPS (including those CPS as a result of the full conversion of the CPS Warrants) immediately prior to the Completion (taking into account the Share Consolidation); and (ii) approximately 50.00% of the issued ordinary share capital of the Company as further enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

The Record Date is Tuesday, 27 August 2013. The last day of dealings in the Consolidated Shares on a cum-entitlement basis is Wednesday, 21 August 2013. The Consolidated Shares will be dealt in on an ex-entitlement basis from Thursday, 22 August 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 with CPS Bonus Issue

The Board also proposes to raise approximately HK\$1.44 million before expenses by issuing not more than 143,683,441 Offer CPS at the subscription price of HK\$0.01 per Offer CPS on the basis of one (1) Offer CPS for every twelve (12) existing CPS held on the Record Date with an issue of eleven (11) Bonus CPS for every Offer CPS subscribed and allotted.

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.

Assuming no conversion of the CPS Warrants into CPS and no conversion of the CPS into Shares on or before the Record Date, the number of Offer CPS and Bonus CPS in aggregate of 1,508,676,120 CPS represents (i) approximately 100.00% of issued CPS as at the date of this announcement; and (ii) approximately 50.00% of the issued CPS as enlarged by the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

Assuming full conversion of the CPS Warrants into CPS but no conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Existing Shares on or before the Record Date, the maximum number of Offer CPS and Bonus CPS in aggregate of 1,724,201,292 CPS represents (i) approximately 114.29% of the existing CPS as at the date of this announcement; and (ii) approximately 50.00% of the issued CPS as enlarged by the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

The Record Date is Tuesday, 27 August 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 Open Offers is conditional upon, among other things, the completion of the Share Consolidation on or before the Record Date.

UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriters have agreed to severally subscribe or procure the subscription for all untaken Underwritten Shares and Underwritten CPS.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$915,340,000 comprising 12,000,000,000 ordinary shares of HK\$0.0533 each, of which 8,267,479,653 Existing Shares are in issue and 27,534,000,000 convertible preference shares of HK\$0.01 each, of which 1,508,676,131 CPS are in issue. It is proposed to increase the authorised share capital of the Company to HK\$1,875,340,000 immediately following the Share Consolidation becoming effective by the creation of an additional 3,000,000,000 Consolidated Shares in order to allow for the issue of Consolidated Shares under the Share Open Offer and further issue of Consolidated Shares.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Share Consolidation”.

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

Accordingly, the Share Consolidation and the 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.

SHARE CONSOLIDATION

The Board proposes that every six (6) Existing Shares of HK\$0.0533 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.32 each in the issued and unissued share capital of the Company. As at the date of this announcement, there were 8,267,479,653 Existing Shares in issue and fully paid or credited as fully paid. Assuming no further Existing Shares will be issued or repurchased, no exercise of the Share Options, no conversion of the Share Warrants into Shares and no conversion of the CPS into Existing Shares from the date of this announcement up to the date of the Share Consolidation becoming effective, there will be 1,377,913,275 Consolidated Shares in issue and fully paid or credited as fully paid immediately following the Share Consolidation becoming effective.

Assuming full exercise of the Share Options, full conversion of the Share Warrants into Existing Shares, full conversion of CPS Warrants into CPS and full conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Existing Shares on or before the date of Share Consolidation becoming effective, there will be 1,628,900,446 Consolidated Shares in issue and fully paid or credited as fully paid immediately following the Share Consolidation becoming effective.

Upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$915,340,000 comprising of 2,000,000,000 Consolidated Shares of HK\$0.32 each and 27,534,000,000 CPS of HK\$0.01 each.

Based on the closing price of HK\$0.0460 per Existing Share on the Last Trading Day, the value of each board lot of 30,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$8,280.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

1. the passing of the necessary ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;
2. the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares; and
3. compliance with the relevant procedures and requirements under Bermuda law and the Listing Rules to effect the Share Consolidation.

Subject to the fulfillment of the above conditions, the Share Consolidation will become effective on the Business Day following the date of the SGM, which is expected to be Tuesday, 20 August 2013.

Listing application

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Consolidated Shares. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Status of the Consolidated Shares

The Consolidated Shares will be identical and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. The Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company.

Odd lot matching services

To alleviate the difficulties in trading odd lots of the Shares arising from the Share Consolidation, 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 Consolidated Shares, on a best effort basis, during period from 9:00 a.m. on Wednesday, 4 September 2013 to 4:00 p.m. on Wednesday, 25 September 2013 (both days inclusive). Holders of the Consolidated 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 Consolidated Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Reasons for the Share Consolidation and its impact on the Company and the Shareholders

The Board is aware that since 21 January 2013, the Existing Shares have been consistently trading at a price below HK\$0.10.

Based on the recent trading prices of the Existing Shares, there is a risk that the price of the Existing Shares may approach the extremity of HK\$0.01, being the trading limit under Rule 13.64 of the Listing Rules. The proposed Share Consolidation will increase the nominal value of the Existing Shares and reduce the total number of Existing Shares currently in issue, thereby minimizing the possibility that the price of the Existing Shares would approach such extremity. The Share Consolidation will also reduce the transaction costs for dealing in the Consolidated Shares as the board lot value would increase after the Share Consolidation becomes effective. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and Shareholders as a whole. Other than the expenses to be incurred by the Company in relation to the Share Consolidation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the interests of Shareholders as a whole.

Exchange of Share Certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be Wednesday, 21 August 2013, being the Business Day immediately after the date of the SGM. Shareholders may, between Wednesday, 21 August 2013 and Friday, 27 September 2013 (both days inclusive and during office hours), submit their share certificates in green for the Existing Shares to the Share Registrar for exchange for share certificates in orange for the Consolidated Shares at the expense of the Company. Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) per certificate issued or cancelled, whichever is higher, will be payable by the Shareholders to the Share Registrar for exchange of share certificates.

With effect from 4:00 p.m. on Wednesday, 25 September 2013, trading will only be in Consolidated Shares. Share certificates in green for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Share Consolidation” above, and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

OPEN OFFERS

Share Open Offer with Share Bonus Issue

The Board proposes to raise not less than approximately HK\$36.7 million and not more than approximately HK\$43.4 million before expenses by issuing not less than 114,826,106 Offer Shares and not more than 135,741,703 Offer Shares at the subscription price of HK\$0.32 per Offer Share on the basis of one (1) Offer Share for every twelve (12) Consolidated Shares held on the Record Date with Share Bonus Issue of eleven (11) Bonus Shares for every Offer Share subscribed and allotted.

Issue statistics of Share Open Offer with Share Bonus Issue

Basis of the Share Open Offer and Share Bonus Issue:	One (1) Offer Share for every twelve (12) Consolidated Shares held on the Record Date and payable in full upon application with eleven (11) Bonus Shares for every Offer Share allotted and issued
Number of Shares in issue as at the date this announcement:	8,267,479,653 Existing Shares (equivalent to 1,377,913,275 Consolidated Shares immediately after the Share Consolidation becomes effective)
Number of new Shares to be issued upon full exercise of the Share Options (<i>Note 1</i>):	2,605,194 Existing Shares (equivalent to 434,199 Consolidated Shares immediately after the Share Consolidation becomes effective)
Number of new Shares to be issued upon full exercise of the Share Warrants (<i>Note 2</i>):	1,180,030,093 Existing Shares (equivalent to 196,671,682 Consolidated Shares immediately after the Share Consolidation becomes effective)

Number of new Shares to be issued upon full exercise of the CPS (including those CPS as a result of the conversion of the CPS Warrants (<i>Note 3</i>)):	323,287,740 Existing Shares (equivalent to 53,881,290 Consolidated Shares immediately after the Share Consolidation becomes effective)
Maximum number of Consolidated Shares in issue immediately after the Share Consolidation becomes effective (based on the number of Existing Shares in issue as at the date of this announcement and assuming full exercise of the Share Options, full conversion of the Share Warrants into Shares, full conversion of CPS Warrants into CPS and full conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares):	1,628,900,446 Consolidated Shares
Minimum number of Offer Shares:	114,826,106 Consolidated Shares
Aggregate nominal value of minimum number of Offer Shares:	HK\$36,744,353.92
Minimum number of Bonus Shares:	1,263,087,166 Consolidated Shares
Aggregate nominal value of minimum number of Bonus Shares:	HK\$404,187,893.12
Maximum number of Offer Shares:	135,741,703 Consolidated Shares
Aggregate nominal value of maximum number of Offer Shares:	HK\$43,437,344.96
Maximum number of Bonus Shares:	1,493,158,733 Consolidated Shares
Aggregate nominal value of maximum number of Bonus Shares:	HK\$477,810,794.56
Subscription price:	HK\$0.32
Enlarged issued ordinary share capital of the Company following the Share Consolidation becomes effective and upon Completion:	Not less than 2,755,826,547 Consolidated Shares but not more than 3,257,800,882 Consolidated Shares
Amount raised before expenses:	Not less than approximately HK\$36.7 million and not more than approximately HK\$43.4 million

Notes:

1. As at the date of this announcement, the Company has 2,605,194 outstanding Share Options entitling the holders to subscribe for 2,605,194 Existing Shares pursuant to the Share Option Scheme.
2. At the date of this announcement, the Company has 1,180,030,093 outstanding Share Warrants entitling the holders to subscribe for 1,180,030,093 Existing Shares.
3. As at the date of this announcement, the Company also has (i) 215,525,161 CPS Warrants entitling the holders to subscribe for 215,525,161 CPS, which entitles the holders to convert into 40,410,967 Existing Shares at a ratio of one CPS to 0.1875 Existing Share and (ii) 1,508,676,131 outstanding CPS entitling the holders to convert into 282,876,773 Existing Shares at a ratio of one CPS to 0.1875 Existing Share. Save for the Share Options, the Share Warrants, the CPS Warrants 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 Shares as at the date of this announcement.

Assuming no exercise of the Share Options, no conversion of the Share Warrants into Shares and no conversion of the CPS into Shares on or before the Record Date, the minimum number of Offer Shares and Bonus Shares in aggregate of 1,377,913,272 Consolidated Shares represents (i) approximately 100.00% of the issued ordinary share capital of the Company immediately prior to the Completion (taking into account the Share Consolidation); and (ii) approximately 50.00% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

Assuming full exercise of the Share Options, full conversion of the Share Warrants into Shares, full conversion of CPS Warrants into CPS and full conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares on or before the Record Date, the maximum number of Offer Shares and Bonus Shares in aggregate of 1,628,900,436 Consolidated Shares represents (i) approximately 100.00% of the issued ordinary share capital of the Company as enlarged by the conversion shares as a result of the full conversion of the Share Options, the Share Warrants and the CPS (including those CPS as a result of the full conversion of the CPS Warrants) immediately prior to the Completion (taking into account the Share Consolidation); and (ii) approximately 50.00% of the issued ordinary share capital of the Company as further enlarged by the allotment and issue of the Offer Shares and Bonus Shares upon Completion.

CPS Open Offer with CPS Bonus Issue

The Board also proposes to raise approximately HK\$1.44 million before expenses by issuing not more than 143,683,441 Offer CPS at the subscription price of HK\$0.01 per Offer CPS on the basis of one (1) Offer CPS for every twelve (12) existing CPS held on the Record Date with an issue of eleven (11) Bonus CPS for every Offer CPS subscribed and allotted.

Issue statistic of CPS Open Offer with CPS Bonus Issue

Basis of the CPS Open Offer and CPS Bonus Issue: One (1) Offer CPS for every twelve (12) existing CPS held on the Record Date and payable in full upon application with eleven (11) Bonus CPS for every Offer CPS allotted and issued

Number of CPS as at the date of this announcement:	1,508,676,131 CPS
Number of CPS converted upon exercise of all CPS Warrants (<i>Note 1</i>):	215,525,161 CPS
Maximum number of Offer CPS:	Not more than 143,683,441 CPS
Nominal value of maximum number of Offer CPS:	Not more than HK\$1,436,834.41
Maximum number of Bonus CPS:	Not more than 1,580,517,851 CPS
Nominal value of maximum number of Bonus CPS:	Not more than HK\$15,805,178.51
Minimum number of CPS upon Completion:	0 (<i>Note 2</i>)
Maximum number of CPS upon Completion:	3,448,402,584 CPS
Number of new Shares to be issued upon full conversion of the Offer CPS and the Bonus CPS (<i>Note 3</i>):	Not more than 323,287,742 Existing Shares (equivalent to 53,881,290 Consolidated Shares immediately after the Share Consolidation becomes effective)

Notes:

1. As at the date of this announcement, the Company has 215,525,161 CPS Warrants entitling the holders to subscribe for 215,525,161 CPS, which entitles the holders to convert into 40,410,967 Existing Shares at a ratio of one CPS to 0.1875 Existing Share.
2. In the event that all the CPS Holders exercised their rights to convert the CPS into Shares prior to the Record Date, no CPS Open Offer will be made by the Company.
3. The CPS will be converted into Existing Shares at a ratio of one CPS to 0.1875 Existing Share.

Assuming no conversion of the CPS Warrants into CPS and no conversion of the CPS into Shares on or before the Record Date, the number of Offer CPS and bonus CPS in aggregate of 1,508,676,120 CPS represents (i) approximately 100.00% of issued CPS as at the date of this announcement; and (ii) approximately 50.00% of the issued CPS as enlarged by the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

Assuming full conversion of the CPS Warrants into CPS but no conversion of the CPS (including those CPS as a result of the conversion of the CPS Warrants) into Shares on or before the Record Date, the maximum number of Offer CPS and Bonus CPS in aggregate of 1,724,201,292 CPS represents (i) approximately 114.29% of the issued CPS as at the date of this announcement; and (ii) approximately 50.00% of the issued CPS as enlarged by the allotment and issue of the Offer CPS and Bonus CPS upon Completion.

Basis of assured allotment

The basis of the assured allotment for the Share Open Offer shall be one (1) Offer Share for every twelve (12) Consolidated Shares held by the Qualifying Shareholders on the Record Date.

The basis of the assured allotment for the CPS Open Offer shall be one (1) Offer CPS for every twelve (12) existing CPS held by the Qualifying CPS Holders 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.

As at the date of this announcement, the Board has not received any information from any of the substantial Shareholders of their intention to take up the Offer Shares (or the Offer CPS) to be provisionally allotted to them.

Subscription price of the Offer Shares and the Offer CPS

The subscription price per Offer Share was determined after arm's length negotiations between the Company and the Underwriters with reference to the current market price of the Shares and par value of the Consolidated Shares following completion of the Share Consolidation.

The subscription price of the Offer Shares of HK\$0.32 each and that of the Offer CPS of HK\$0.01 each is payable in full upon application of the relevant assured allotment of the Offer Shares and the Offer CPS respectively. Taking into account the conversion ratio of one CPS to 0.1875 Existing Share and the basis of the Share Consolidation, the subscription price of the Offer CPS per Consolidated Share to be converted thereunder is equivalent to the subscription price of the Offer Shares (i.e. HK\$0.32 each).

The subscription price of HK\$0.32 each represents:

- (i) a premium of approximately 15.94% over the closing price of HK\$0.276 per Consolidated Share based on the closing price per Existing Share of HK\$0.0460 as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a premium of approximately 17.65% over the average closing price of HK\$0.272 per Consolidated Share based on the average of the closing prices per Existing Share of approximately HK\$0.0454 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;

- (iii) a premium of approximately 15.11% over the average closing price of HK\$0.278 per Consolidated Share based on the average of the closing prices per Existing Share of approximately HK\$0.0463 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iv) a premium of approximately 111.92% over the theoretical ex-entitlement price of approximately HK\$0.151 per Consolidated Share calculated based on the closing price per Existing Share of HK\$0.0460 as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.

Taking into account the Bonus Shares, the effective subscription price of HK\$0.0266 each represents:

- (i) a discount of approximately 90.34% to the closing price of HK\$0.276 per Consolidated Share based on the closing price per Existing Share of HK\$0.0460 as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 90.20% to the average closing price of HK\$0.272 per Consolidated Share based on the average of the closing prices per Existing Share of approximately HK\$0.0454 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 90.41% to the average closing price of HK\$0.278 per Consolidated Share based on the average of the closing prices per Existing Share of approximately HK\$0.0463 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iv) a discount of approximately 82.34% to the theoretical ex-entitlement price of approximately HK\$0.151 per Consolidated Share calculated based on the closing price per Existing Share of HK\$0.0460 as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.

Fractional entitlements to the Offer Shares, the Offer CPS, the Bonus Shares and the Bonus CPS

Entitlements to the Offer Shares and the Offer CPS will be rounded down to the nearest whole number. Fractional entitlements to the Offer Shares and the Offer CPS will not be issued but will be aggregated and dealt with as Offer Shares or Offer CPS (as the case may be) not taken up in accordance with the Underwriting Agreement.

Status of the Offer Shares, Offer CPS, the Bonus Shares, the Bonus CPS, the Offer CPS Conversion Shares, and the Bonus CPS Conversion Shares

Save that the Offer Shares will be entitled to the Bonus Shares, the Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Consolidated 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, the Offer CPS, when allotted and fully paid, will rank pari passu in all respects with the CPS then in issue. 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 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 (or the Bonus CPS, as the case may be).

The Bonus Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares, when allotted and fully paid, will rank pari passu in all respects with the Consolidated Shares then in issue. Holders of fully-paid Bonus Shares, the Offer CPS 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 Bonus Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares.

Mandate for Bonus Shares, Offer CPS Conversion Shares and Bonus CPS Conversion Shares

Subject to the compliance with Rule 15.02 of the Listing Rules, the Bonus Shares, Offer CPS Conversion Shares and Bonus CPS Conversion Shares will be issued pursuant to a specific mandate to be sought at the SGM.

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 Shares, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares.

No application will be made for the listing of the CPS, the Offer CPS, the Bonus CPS or the CPS to be converted under the CPS Warrants on the Stock Exchange or any other stock exchange.

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 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 or 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 Butterfield Fulcrum Group (Bermuda) Limited (the agent appointed by the Company) respectively, for the relevant registration no later than 4:30 p.m. on Friday, 23 August 2013.

Closure of registers of members and CPS Holders

The registers of members and CPS Holders of the Company are expected to be closed from Monday, 26 August 2013 to Tuesday, 27 August 2013, both dates inclusive. No transfers of Shares or CPS will be registered during the book closure period.

Certificates of the Offer Shares, Bonus Shares, Offer CPS and the Bonus CPS

Subject to the conditions of the Open Offers, certificates for the Offer Shares, Bonus Shares, Offer CPS and Bonus CPS are expected to be posted on or before Monday, 23 September 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.

The Directors will comply with Notes to 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 to the Overseas Shareholders, and the Offer CPS and the Bonus CPS 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 Shares to such Overseas Shareholders or the Offer CPS and the Bonus CPS 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.

Application for excess Offer Shares and Offer CPS

There is no arrangement for application for the Offer Shares and Offer CPS 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 Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

UNDERWRITING AGREEMENT

Date: 5 July 2013

Underwriters: Ocean Honor Limited (“**Ocean Honor**”); and
China Galaxy International Securities (Hong Kong) Co., Limited (“**China Galaxy**”)

Number of Consolidated Shares to be underwritten: Not less than 114,826,106 Offer Shares and not more than 135,741,703 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) (the “**Underwritten Shares**”)

In the event of the Share Open Offer not being fully subscribed, 50% of the untaken Underwritten Shares or not more than 67,870,852 Offer Shares (not more than approximately HK\$21.8 million), will be first taken up by Ocean Honor to the fullest extent and the balance of untaken Underwritten Shares will thereafter be taken up by China Galaxy

The maximum underwriting commitments with respect to the Share Open Offer are (i) 67,870,852 Offer Shares by Ocean Honor; and (ii) 67,870,851 Offer Shares by China Galaxy

Number of CPS to be underwritten: Not more than 143,683,441 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) (the “**Underwritten CPS**”)

In the event of the CPS Open Offer not being fully subscribed, 50% of the untaken Underwritten CPS or not more than 71,841,721 CPS (not more than around HK\$719,000) will be first taken up by Ocean Honor to the fullest extent and the balance of untaken Underwritten CPS will thereafter be taken up by China Galaxy

The maximum underwriting commitments with respect to the CPS Open Offer are (i) 71,841,721 Offer CPS by Ocean Honor; and (ii) 71,841,720 Offer CPS by China Galaxy

Commission: 2.5% of the aggregate subscription price in respect of the respective number of Offer Shares and Offer CPS to be underwritten by the Underwriters. The commission was determined after arm's length negotiation between the Company and the Underwriters, and the Directors are of the view that it is fair and reasonable

Company's undertaking: The Company has undertaken to the Underwriters not to drawdown the equity line facilities granted by YA Global Master SPV Ltd. to it pursuant to agreement dated 19 December 2011 as supplemented on 21 December 2011 and 19 January 2012, prior to the Latest Time for Termination; or in the event of any drawdown of the equity facility line on or before the Latest Time for Termination, the Company has undertaken not to repay any drawn amount by the allotment and issue of Shares

Ocean Honor Limited is incorporated in BVI with principle business in investment holding and is beneficially wholly-owned by Mr. Chan Yuen Ming, who is a professional investor. As at the date of this announcement, each of the Underwriters and their respective ultimate beneficial owner(s) do not hold any Existing Shares, Share Options, Share Warrants, CPS or CPS Warrants. To the best of the Directors' knowledge, information and belief, each of the Underwriters and their respective ultimate beneficial owner(s) are (i) third parties independent of the Company; and (ii) not parties acting in concert with (within the meaning of the Takeovers Code) any substantial shareholders of the Company. As advised by the Ocean Honor, it is not in the ordinary or usual course of business of Ocean Honor to enter into this type of underwriting arrangement.

Pursuant to the Underwriting Agreement, the Underwriters have agreed, subject to termination provisions thereof, to subscribe or procure the subscription for all the Offer Shares and Offer CPS which have not been taken up by the Qualifying Shareholders and Qualifying CPS Holders.

In the event of the Underwriters being called upon pursuant to the Underwriting Agreement to subscribe for or procure subscribers of the Underwritten Shares and/or Underwritten CPS not taken up,

- (1) China Galaxy shall not subscribe, for its own account, for such number of untaken Underwritten Shares and/or Underwritten CPS which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company on completion of the Open Offers more than 19.99% of the voting rights of the Company upon the completion of the Open Offers; and
- (2) China Galaxy shall use all reasonable endeavours to ensure that each of the subscribers or purchasers of the untaken Underwritten Shares and/or Underwritten CPS procured by it (i) shall be third party independent of, not acting in concert (within the meaning of 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 China Galaxy itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold more than 19.99% of the voting rights of the Company upon completion of the Open Offers.

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

Conditions of the Open Offers

The Open Offers are subject to the fulfillment (or waiver, if applicable) of the following conditions:

- (a) 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 Consolidated Shares, the Offer Shares, the Bonus Shares and the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Offer CPS and the Bonus CPS;
- (b) the delivery of the Prospectus Documents to the Stock Exchange and the filing and registration of all documents relating to the Open Offers, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance;
- (c) 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;
- (d) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement and the Underwriting Agreement not having been terminated pursuant to the terms therein;

- (e) if necessary, the permission of the Bermuda Monetary Authority for the allotment and issue of the Consolidated Shares, the Offer Shares, the Bonus Shares, the Offer CPS, the Bonus CPS, the Offer CPS Conversion Shares and the Bonus CPS Conversion Shares, being obtained;
- (f) the board of directors of the Company having passed a resolution for the conducting of the Open Offers and the issue of the Bonus Shares and the Bonus CPS with a copy of the minutes being provided to the Underwriters;
- (g) the shareholders of the Company in general meeting having approved the Open Offers, the increase in authorised share capital to HK\$1,875,340,000 comprising of 5,000,000,000 Consolidated Shares of HK\$0.32 each and 27,534,000,000 CPS of HK\$0.01 each and the Share Consolidation;
- (h) the completion of the Share Consolidation on or before the Record Date;
- (i) the Shares remaining listed on the Stock Exchange at all time prior to the Settlement Date and the listing of the Shares not having been withdrawn or trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days (except for the purpose of clearing the announcements and circulars in relation to the Open Offers) and that no indication being received from the Stock Exchange that the listing of the Shares will be withdrawn including but not limited to as a result of the Open Offers or for any other reason; and
- (j) each of the Underwriters and their respective parties acting in concert not being obliged to make a mandatory offer pursuant to Rule 26 of the Takeovers Code by reason of each of the Underwriters taking up any of the Underwritten Shares.

Save for conditions (d) and (i) above which may be waived by the Underwriters in whole or in part by written notice to the Company, none of the conditions above can be waived by either the Company or the Underwriters. If the conditions of the Open Offers are not satisfied and/or waived (as the case may be) in whole or in part by the Underwriters by the Latest Time for Termination or such later date or dates as the Underwriters may agree with the Company in writing, the Underwriting Agreement shall terminate and (except in respect of any reasonable legal fees or other reasonably out-of-pocket expenses, if any, of the Underwriters, or the indemnity given to the Underwriters and any rights or obligations which may accrue under the 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. If the Underwriting Agreement terminates in accordance with its terms, the Open Offers will not proceed.

Termination of the Underwriting Agreement

The Underwriters shall terminate the 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:

- (1) in the absolute opinion of the Underwriters, the success of the Open Offers would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters 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 the 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 of the Underwriting Agreement), of a political, military, 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 the absolute opinion of the Underwriters 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 prospects 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 the absolute opinion of the Underwriters 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 of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (f) any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than ten consecutive business days (as defined in the Listing Rules), excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offers; or
- (2) 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 for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriters are likely to materially or adversely affect the success of the Open Offers or otherwise makes it inexpedient or inadvisable to proceed with the Open Offers; or

- (3) the Prospectus when published contains 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 Underwriters are material to the Group as a whole upon completion of the Open Offers and is likely to affect materially and adversely the success of the Open Offers.

The Underwriters shall be entitled by a notice in writing to rescind the 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 Underwriting Agreement comes to the knowledge of the Underwriters; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the relevant clause in the Underwriting Agreement untrue or incorrect in any material respect.

If the Underwriters exercise such right, the Open Offers will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offers are conditional, inter alia, upon the fulfillment (or waiver, if applicable) of the conditions set out in the section headed “Conditions of the Open Offers” above. The Open Offers are therefore subject to the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed “Termination of the Underwriting Agreement” above.

Accordingly, the 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 conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; (iii) upon Completion, assuming no exercise of conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before 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 except for the full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders (the “**Scenario A**”); and (iv) upon Completion, assuming no exercise of the conversion rights under the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before 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**”):

	As at the date of this announcement				Immediately after the Share Consolidation becoming effective				Scenario A				Scenario B			
	No. of Existing Shares held	Approx. %	No. of CPS held	Approx. %	No. of Consolidated Shares held	Approx. %	No. of CPS held	Approx. %	No. of Consolidated Shares held	Approx. %	No. of CPS held	Approx. %	No. of Consolidated Shares held	Approx. %	No. of CPS held	Approx. %
Loh Jiah Yee, Katherine (Note 2)	1,767,903,910	21.38	929,974,147	61.64	294,650,651	21.38	929,974,147	61.64	589,301,291	21.38	1,859,948,287	61.64	294,650,651	10.69	929,974,147	30.82
Expert Plan Limited (Note 3)	1,025,358,598	12.40	215,525,161	14.29	170,893,099	12.40	215,525,161	14.29	341,786,191	12.40	431,050,321	14.29	170,893,099	6.20	215,525,161	7.14
Ocean Honor	—	—	—	—	—	—	—	—	—	—	—	—	688,956,636	25.00	754,338,060	25.00
China Galaxy and subscribers procured by China Galaxy (Note 4)	—	—	—	—	—	—	—	—	—	—	—	—	688,956,636	25.00	754,338,060	25.00
Public Shareholders	5,474,217,145	66.22	363,176,823	24.07	912,369,525	66.22	363,176,823	24.07	1,824,739,065	66.22	726,353,643	24.07	912,369,525	33.11	363,176,823	12.04
Total	8,267,479,653	100.00	1,508,676,131	100.00	1,377,913,275	100.00	1,508,676,131	100.00	2,755,826,547	100.00	3,017,352,251	100.00	2,755,826,547	100.00	3,017,352,251	100.00

(ii) Upon Completion and assuming full conversion of the CPS Warrants into CPS prior to the Share Consolidation becoming effective and no exercise of conversion rights under the Share Options, the Share Warrants and the CPS on or before Record Date

Set out below is the shareholding structure of the Company (i) immediately prior to the Share Consolidation becoming effective, and assuming full conversion of the CPS Warrants into CPS and no exercise of conversion rights under the Share Options, the Share Warrants and the CPS prior to the Share Consolidation becoming effective; (ii) immediately after the Share Consolidation becoming effective; (iii) upon Completion, assuming full conversion of the CPS Warrants into CPS and no exercise of the Share Options, the Share Warrants and the CPS on or before Record Date, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders and there being no change in shareholding from the date of the Share Consolidation becoming effective to Completion except for the full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders (the “**Scenario C**”); and (iv) upon Completion, assuming full conversion of the CPS Warrants into CPS and no exercise of conversion rights under the Share Options, the Share Warrants and the CPS on or before Record Date, no acceptance by the Qualifying Shareholders or the Qualifying CPS Holders, and there being no change in shareholding from the date of the Share Consolidation becoming effective to Completion (the “**Scenario D**”):

	Immediately prior to the Share Consolidation, and assuming full conversion of CPS Warrants and no exercise of conversion rights under the Share Options, Share Warrants and CPS prior to the Share Consolidation becoming effective				Immediately after the Share Consolidation becoming effective				Scenario C				Scenario D			
	No. of Existing		No. of CPS		No. of		No. of		No. of		No. of		No. of		No. of	
	Shares held	Approx. %	held	Approx. %	Shares held	Approx. %	held	Approx. %	Shares held	Approx. %	held	Approx. %	Shares held	Approx. %	held	Approx. %
Loh Jiah Yee, Katherine (Note 2)	1,767,903,910	21.38	929,974,147	53.94	294,650,651	21.38	929,974,147	53.94	589,301,291	21.38	1,859,948,287	53.94	294,650,651	10.69	929,974,147	26.97
Expert Plan Limited (Note 3)	1,025,358,598	12.40	431,050,322	25.00	170,893,099	12.40	431,050,322	25.00	341,786,191	12.40	862,100,642	25.00	170,893,099	6.20	431,050,322	12.50
Ocean Honor	—	—	—	—	—	—	—	—	—	—	—	—	688,956,636	25.00	862,100,652	25.00
China Galaxy and subscribers procured by China Galaxy (Note 4)	—	—	—	—	—	—	—	—	—	—	—	—	688,956,636	25.00	862,100,640	25.00
Public Shareholders	5,474,217,145	66.22	363,176,823	21.06	912,369,525	66.22	363,176,823	21.06	1,824,739,065	66.22	726,353,655	21.06	912,369,525	33.11	363,176,823	10.53
Total	8,267,479,653	100.00	1,724,201,292	100.00	1,377,913,275	100.00	1,724,201,292	100.00	2,755,826,547	100.00	3,448,402,584	100.00	2,755,826,547	100.00	3,448,402,584	100.00

(iii) Upon Completion and assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants on or before Record Date

Set out below is the shareholding structure of the Company (i) immediately prior to the Share Consolidation, and assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants prior to the Share Consolidation becoming effective; (ii) immediately after the Share Consolidation becoming effective; (iii) upon Completion, assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants, full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders and there being no change in shareholding from the date of the Share Consolidation becoming effective to Completion except for the full acceptance by the Qualifying Shareholders and the Qualifying CPS Holders (the “**Scenario E**”); and (iv) upon Completion, assuming full conversion of the Share Options, the Share Warrants, the CPS and the CPS Warrants, no acceptance by the Qualifying Shareholders or the Qualifying CPS Holders, and there being no change in shareholding from the date of the Share Consolidation becoming effective to Completion (the “**Scenario F**”):

	Immediately prior to the Share Consolidation, and assuming full conversion of Share Options, CPS, Share Warrants, CPS Warrants prior to the Share Consolidation becoming effective				Immediately after the Share Consolidation becoming effective				Scenario E				Scenario F			
	No. of Existing Shares held		Approx. %		No. of Consolidated Shares held		Approx. %		No. of Consolidated Shares held		Approx. %		No. of Consolidated Shares held		Approx. %	
Loh Jiah Yee, Katherine (Note 2)	1,942,274,063	19.87	—	—	323,712,343	19.87	—	—	647,424,679	19.87	—	—	323,712,343	9.94	—	—
Expert Plan Limited (Note 3)	2,131,539,130	21.81	—	—	355,256,521	21.81	—	—	710,513,041	21.81	—	—	355,256,521	10.90	—	—
Ocean Honor	—	—	—	—	—	—	—	—	—	—	—	—	814,450,224	25.00	—	—
China Galaxy and subscribers procured by China Galaxy (Note 4)	—	—	—	—	—	—	—	—	—	—	—	—	814,450,212	25.00	—	—
Public Shareholders	5,699,589,487	58.32	—	—	949,931,582	58.32	—	—	1,899,863,162	58.32	—	—	949,931,582	29.16	—	—
Total	9,773,402,680	100.00	—	—	1,628,900,446	100.00	—	—	3,257,800,882	100.00	—	—	3,257,800,882	100.00	—	—

Notes:

- The above percentages are subject to rounding error.
- Ms. Loh Jiah Yee, Katherine is an ex-Director of the Company.
- Expert Plan Limited is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Ho Ka Kui, Boniface.
- Under the terms of the Underwriting Agreement, each of (i) China Galaxy and (ii) each of the subscribers or purchasers of the untaken Underwritten Shares and/or Underwritten CPS procured by it shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold more than 19.99% of the voting rights of the Company upon completion of the Open Offers. Details of the aforesaid are set out in the section “Underwriting Agreement” in this announcement.

REASONS FOR THE OPEN OFFERS AND THE ISSUE OF BONUS SHARES AND BONUS CPS 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\$36.7 million and not more than approximately HK\$43.4 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 not more than approximately HK\$1.44 million before expenses from the CPS Open Offer assuming that all CPS Warrants holders converted their CPS Warrants into CPS and no CPS Holder converted its CPS into Shares after the date of the announcement and prior to the Record Date. As the maximum number of Offer Shares to be issued has already taken into account the effect that all CPS Warrants holders converted their CPS Warrants into CPS and all CPS Holders converted their CPS into Shares, in aggregate, the Company will raise not less than approximately HK\$38.1 million and not more than approximately HK\$43.4 before expenses from the Open Offers.

The net proceeds from Open Offers are estimated to be not less than approximately HK\$35.7 million and not more than approximately HK\$41.0 million. The Company intends to apply the net proceeds from Open Offers as to: (i) approximately HK\$11.0 million will be reserved for repayment of indebtedness; (ii) approximately HK\$20.0 million will be reserved for investments in new business, including but not limited to trading business, treasury management business and property management business, as and when suitable opportunities arise; (iii) the balance for general working capital of the Group. Based on the net proceed of not less than approximately HK\$34.3 million and not more than approximately HK\$41.0 from the Share Open Offer, the net prices of each Offer Share is not less than approximately HK\$0.2990 and not more than approximately HK\$0.3022. Based on the maximum net proceed of approximately HK\$1.36 million from the CPS Offer divided by the maximum number of the Offer CPS, the net price of each Offer CPS is not more than approximately HK\$0.0094.

The Open Offers will strengthen the Company's capital base and enhance its financial position. The Board believes that the 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 Shares and Bonus CPS will be an additional incentive for the Shareholders and the CPS Holders to take part in the Open Offers. In this regard, the Board considers that the Open Offers are in the interests of the Group and the Shareholders as a whole.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$915,340,000 comprising 12,000,000,000 ordinary shares of HK\$0.0533 each, of which 8,267,479,653 Existing Shares are in issue and 27,534,000,000 convertible preference shares of HK\$0.01 each, of which 1,508,676,131 CPS are in issue. It is proposed to increase the authorised share capital of the Company to HK\$1,875,340,000 immediately following the Share Consolidation becoming effective by the creation of an additional 3,000,000,000 Consolidated Shares in order to allow for the issue of Consolidated Shares under the Share Open Offer and further issue of new Consolidated Shares.

Upon the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$1,875,340,000 comprising of 5,000,000,000 Consolidated Shares of HK\$0.32 each and 27,534,000,000 CPS of HK\$0.01 each.

EXPECTED TIMETABLE

Despatch of circular with notice and proxy forms in relation to the SGM	:	Monday, 5 August 2013
Latest time for return of proxy form of the SGM	:	9:00 a.m. on Sunday, 18 August 2013
Latest time for lodging transfers of Shares in order to qualify for attendance and voting at the SGM	:	4:30 p.m. on Monday, 19 August 2013
Expected date and time of the SGM	:	9:00 a.m. on Tuesday, 20 August 2013
Announcement of poll results of the SGM	:	Tuesday, 20 August 2013
Expected effective date of the Share Consolidation	:	Wednesday, 21 August 2013
Dealings in Consolidated Shares commence	:	9:00 a.m. on Wednesday, 21 August 2013
Original counter for trading in Existing Shares in board lots of 30,000 Shares temporarily closes	:	9:00 a.m. on Wednesday, 21 August 2013
Temporary counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) opens	:	9:00 a.m. on Wednesday, 21 August 2013
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	:	Wednesday, 21 August 2013

Last day of dealing in Consolidated Shares on a cum-rights basis	:	Wednesday, 21 August 2013
First day of dealing in Consolidated Shares on an ex-rights basis	:	Thursday, 22 August 2013
Latest time for lodging transfer of Consolidated Shares and CPS in order to qualify for the Open Offers	:	4:30 p.m. on Friday, 23 August 2013
Register of members and CPS Holders of the Company closes (both dates inclusive)	:	Monday, 26 August 2013 to Tuesday, 27 August 2013
Record Date	:	Tuesday, 27 August 2013
Register of members and CPS Holders of the Company re-opens	:	Wednesday, 28 August 2013
Despatch of the Prospectus Documents	:	Thursday, 29 August 2013
Original counter for trading in Consolidated Shares in board lots of 30,000 Consolidated Shares (in the form of new share certificates) reopens	:	9:00 a.m. on Wednesday, 4 September 2013
Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) commences	:	9:00 a.m. on Wednesday, 4 September 2013
Designated broker starts to stand in the market to purchase and sell odd lots of Consolidated Shares	:	9:00 a.m. on Wednesday, 4 September 2013
Latest time for acceptance of, and payment for the Offer Shares and the Offer CPS	:	4:00 p.m. on Thursday, 12 September 2013
Open Offers expected to become unconditional	:	Monday, 16 September 2013
Announcement of results of acceptance of the Open Offers	:	Thursday, 19 September 2013
Despatch of certificates for Offer Shares, Bonus Shares, Offer CPS and Bonus CPS	:	Monday, 23 September 2013
Commencement of dealings in Offer Shares and Bonus Shares	:	Tuesday, 24 September 2013

- Temporary counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of existing share certificates) closes : 4:00 p.m. on Wednesday, 25 September 2013
- Parallel trading in Consolidated Shares (in the form of new share certificates and existing share certificates) ends : 4:00 p.m. on Wednesday, 25 September 2013
- Designated broker ceases to stand in the market to purchase and sell odd lots of Consolidated Shares : 4:00 p.m. on Wednesday, 25 September 2013
- Last day for free exchange of existing share certificates for new share certificates for Consolidated Shares : Friday, 27 September 2013

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

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, 12 September 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 9:00 a.m. and 4:00 p.m.

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, 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 Underwriters. Any changes to the anticipated timetable for the Open Offers will be announced as appropriate.

PREVIOUS FUND RAISING EXERCISES OF THE COMPANY

References are made to the announcements issued by the Company dated 19 December 2011, 21 December 2011 and 19 January 2012. Pursuant to the equity line facility agreement entered between the Company and 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\$1.4 million under the equity facilities line granted for general working capital of the Group and repayment of the indebtedness of the Group. As at the date of this announcement, the amount raised has been fully utilised as intended.

Reference is also made to the announcement of the Company dated 21 February 2013 in relation to the February Open Offers which was subsequently terminated on 18 March 2013. As a result of the termination, the Company has not raised any funds from the February Open Offers.

In addition, with reference to the announcements of the Company dated 18 March 2013 and 6 May 2013, respectively, the Company has completed the March Open Offers and raised gross proceed of approximately HK\$65.3 million.

As stated in the prospectus of the Company dated 11 April 2013, the Company intended to apply the net proceeds of approximately HK\$60.8 million from the March Open Offers as to (i) 20% (approximately HK\$12.2 million) for the general working capital of the Group such as daily operations of the Group; (ii) 60% (approximately HK\$36.4 million) for partial repayment of the indebtedness of the Group; and (iii) 20% (approximately HK\$12.2) million for investments in new business should any suitable opportunities arise. As at the date of this announcement, approximately HK\$44.0 million has been utilised for repayment of the indebtedness of the Group and the rest of the net proceeds of HK\$16.8 million are intended to be utilised as to (i) approximately HK\$8.4 million for the general working capital of the Group such as daily operations of the Group and (ii) approximately HK\$8.4 million for investments in new business should any suitable opportunities arise..

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

ADJUSTMENTS TO THE CPS, SHARE OPTIONS AND THE SHARE WARRANTS

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

GENERAL

The Open Offers are conditional upon, among other things, the completion of the Share Consolidation on or before the Record Date.

As the Open Offers will increase the issued share capital of the Company by more than 50%, pursuant to the Listing Rules, any controlling shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offers. As at the date of this announcement, there is no controlling shareholder. Accordingly, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolution(s) relating to the Open Offers at the SGM.

The Company will establish an independent board committee to advise the Independent Shareholders as to whether the terms of the Open Offers are fair and reasonable and whether the Open Offers are in the interests of the Company and the Shareholders as a whole, taking into account the recommendations of the independent financial adviser. In this connection,

the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Open Offers are fair and reasonable.

A circular containing, among other things, further details of the Share Consolidation and the Open Offers, the increase in authorised share capital, the letter from the independent board committee, the letter from the independent financial adviser and a notice convening the SGM will be despatched by the Company to the Shareholders (and, for information only, the CPS Holders) as soon as practicable in accordance with the Listing Rules.

DEFINITION

“Application Form(s)”	the Share Application Form(s) and the CPS Application Form(s)
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus CPS”	in respect of the CPS Open Offer, the bonus CPS to be issued (for no additional payment) on the basis of eleven (11) bonus CPS for every one (1) Offer CPS taken up under the CPS Open Offer subject to the terms and conditions as set out in the Prospectus Documents
“Bonus CPS Conversion Share(s)”	new Consolidated Shares to be allotted and issued on the exercise of the conversion rights attaching to the Bonus CPS
“Bonus Shares”	in respect of the Share Open Offer, the bonus Consolidated Shares to be issued (for no additional payment) on the basis of eleven (11) bonus Consolidated Shares for every one (1) Offer Share taken up under the Share Open Offer subject to the terms and conditions as set out in the Prospectus Documents
“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 Open Offers
“Consolidated Shares”	ordinary shares of HK\$0.32 each in the capital of the Company immediately upon completion of the Share Consolidation
“CPS(s)”	convertible preference 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 Existing 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 Bonus Issue”	in respect of the CPS Open Offer, the issue of the Bonus CPS pursuant to the terms and conditions to be set out in the Prospectus Documents
“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\$0.01 on the basis on one (1) Offer CPS for every twelve (12) CPS held on the Record Date to the Qualifying CPS Holders upon the terms and conditions as described in this announcement
“CPS Warrant(s)”	the CPS warrant(s) of the Company entitling the holders thereof to subscribe for fully paid CPS at the subscription price of HK\$0.0100125 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 days inclusive)
“Director(s)”	director(s) of the Company
“Excluded CPS Holder(s)”	the 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) 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)”	the 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 Shares) 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
“Existing Shares”	ordinary shares of HK\$ 0.0533 each in the capital of the Company immediately prior to the completion of the Share Consolidation
“February Open Offers”	collectively, the open offer in respect of the Shares on the basis of one (1) offer shares for six (6) existing Share 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
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	the Shareholder(s), other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, who are not involved in, nor interested in, the Underwriting Agreement
“Last Trading Day”	Friday, 5 July 2013, being the last trading day on which the Company and the Underwriters entered into the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 12 September 2013 or such later time to be agreed in writing between the Company and the Underwriters, being the latest time for application of the Open Offers
“Latest Time for Termination”	4:00 p.m. on Monday, 16 September 2013 or such later time to be agreed in writing between the Company and the Underwriters, being the latest time for the Underwriters to terminate the 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

“March Open Offers”	the open offers for shares and convertible preference shares of the Company as announced by the Company on 18 March 2013
“Open Offers”	collectively, the Share Open Offer, the CPS Open Offer, the Share Bonus Issue and the CPS Bonus Issue
“Offer CPS”	not more than 143,683,441 CPS, proposed to be offered to the Qualifying CPS Holders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Offer CPS Conversion Shares”	new Consolidated Shares to be allotted and issued on the exercise of the subscription rights attaching to the Offer CPS
“Offer Share(s)”	not less than 114,826,106 new Consolidated Shares and not more than 135,741,703 new Consolidated Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“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 Open Offers
“Prospectus Documents”	the Prospectus and the Application Forms
“Prospectus Posting Date”	Thursday, 29 August 2013, the tentative date of despatch of the Prospectus Documents, or such other date as the Underwriters 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”	Tuesday, 27 August 2013, being the record date for determining the entitlements of the Shareholders and CPS Holders to participate in the Open Offers
“Settlement Date”	Tuesday, 17 September 2013 or such other date as may be agreed between the Company and the Underwriters in accordance with the relevant regulations or requirements, such date being the third Business Day after the Latest Time for Acceptance
“SGM”	the special general meeting of the Company to be convened and held to consider and approve, among other things, the Share Consolidation, the increase in the authorised share capital of the Company and the Open Offers
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Application Form(s)”	the form(s) of application in respect of the Share Open Offer to be issued to the Qualifying Shareholders
“Share Bonus Issue”	in respect of the Share Option Offers, the issue of the Bonus Shares pursuant to the terms and conditions to be set out in the Prospectus Documents
“Share Consolidation”	the proposed consolidation of every six (6) Existing Shares of HK\$0.0533 each into one (1) Consolidated Share of HK\$0.32 each in the issued and unissued share capital of the Company
“Share Open Offer”	the proposed issue of the Offer Shares at the subscription price of HK\$0.32 on the basis of one (1) Offer Share for every twelve (12) Consolidated 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 2,605,194 new Existing 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
“Share Warrants”	the share warrant(s) of the Company entitling the holders thereof to subscribe for fully paid Existing Shares at the subscription price of HK\$0.0534 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 days inclusive)
“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
“Underwriters”	Ocean Honor Limited and China Galaxy International Securities (Hong Kong) Co., Limited
“Underwriting Agreement”	the underwriting agreement dated 5 July 2013 entered into between the Company and the Underwriters in relation to the underwriting arrangement of the Open Offers
“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, Friday, 5 July 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.