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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) RESULTS OF THE OPEN OFFERS AND (II) ADJUSTMENTS TO THE SHARE OPTIONS AND THE SHARE WARRANTS

RESULTS OF THE OPEN OFFERS

All conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriters on or before the Latest Time for Termination. The Underwriting Agreement became unconditional at 4:00 p.m. on Thursday, 8 May 2014.

As at 4:00 p.m. on Monday, 5 May 2014, being the Latest Time for Acceptance, (i) 42 valid acceptances were received for a total of 47,727,639 Offer Shares representing approximately 34.3% of the total number of 139,179,601 Offer Shares under the Share Open Offer; and (ii) no valid acceptance was received for the CPS Open Offer. As a result, the Share Open Offer and CPS Open Offer were under-subscribed by 91,451,962 Offer Shares and 150,867,613 Offer CPS respectively. In accordance with the terms of the Underwriting Agreement, (i) Ocean Honor has subscribed for 91,451,962 Offer Shares and 105,607,329 Offer CPS which have not been taken up by the Qualifying Shareholders and Qualifying CPS Holders respectively; and (ii) Head & Shoulders has procured the subscription of 45,260,284 Offer CPS which have not been taken up by the Qualifying CPS Holders by a subscriber who is a third party independent of and not connected with the Company and its connected persons.

* *For identification purpose only*

It is expected that the certificates for the Offer Shares and the Bonus Shares will be posted by ordinary post to the Qualifying Shareholders who have validly applied and paid for their Offer Shares at their own risk on Tuesday, 13 May 2014.

It is expected that the certificates for the Offer CPS and the Bonus CPS will be posted by ordinary post to the Qualifying CPS Holders who have validly applied and paid for their Offer CPS at their own risk on Tuesday, 13 May 2014.

Dealings in the Offer Shares and the Bonus Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, 14 May 2014.

ADJUSTMENTS TO SHARE OPTIONS AND THE SHARE WARRANTS

As a result of the Open Offers, adjustments will be made to the exercise prices and numbers of the outstanding Share Options and the Share Warrants pursuant to the relevant terms of the Share Option Scheme and the Share Warrants.

Reference is made to the prospectus of Sustainable Forest Holdings Limited dated 16 April 2014 (the “**Prospectus**”). Capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus, unless the context requires otherwise.

RESULTS OF OPEN OFFERS

As at 4:00 p.m. on Monday, 5 May 2014, being the Latest Time for Acceptance, (i) 42 valid acceptances were received for a total of 47,727,639 Offer Shares representing approximately 34.3% of the total number of 139,179,601 Offer Shares under the Share Open Offer; and (ii) no valid acceptance was received for the CPS Open Offer.

The Underwriting Agreement

As all conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriters on or before the Latest Time for Termination, the Underwriting Agreement became unconditional at 4:00 p.m. on Thursday, 8 May 2014.

Based on the results of the Open Offers as set out above, the Share Open Offer and CPS Open Offer were under-subscribed by 91,451,962 Offer Shares and 150,867,613 Offer CPS respectively. In accordance with the terms of the Underwriting Agreement, the Underwriters, (i) Ocean Honor, has subscribed for 91,451,962 Offer Shares and 105,607,329 Offer CPS which have not been taken up by the Qualifying Shareholders and Qualifying CPS Holders respectively; and (ii) Head & Shoulders has procured the subscription of 45,260,284 Offer CPS which have not been taken up by the Qualifying CPS Holders by a subscriber who is a third party independent of and not connected with the Company and its connected persons.

Changes in shareholding structure of the Company

To the best of the knowledge, information and belief of the Directors and after having made all reasonable enquiries, the following is a summary of the shareholding structure of the Company immediately before and after the Completion:

	Immediately before the Completion				Immediately after the Completion			
	<i>No. of Shares held</i>	<i>Approx. %</i>	<i>No. of CPS held</i>	<i>Approx. %</i>	<i>No. of Shares held</i>	<i>Approx. %</i>	<i>No. of CPS held</i>	<i>Approx. %</i>
Loh Jiah Yee, Katherine (<i>Note 2</i>)	294,650,651	21.17	929,974,147	61.64	294,650,651	13.23	929,974,147	38.53
Expert Plan Limited (<i>Note 3</i>)	170,893,099	12.28	215,525,161	14.29	170,893,099	7.67	215,525,161	8.93
Ocean Honor	-	-	-	-	548,711,772	24.64	633,643,974	26.25
Subscriber procured by Head & Shoulders	-	-	-	-	-	-	271,561,704	11.25
Public Shareholders	926,252,263	66.55	363,176,823	24.07	1,212,618,097	54.46	363,176,823	15.04
Total	<u>1,391,796,013</u>	<u>100.00</u>	<u>1,508,676,131</u>	<u>100.00</u>	<u>2,226,873,619</u>	<u>100.00</u>	<u>2,413,881,809</u>	<u>100.00</u>

Notes:

- The above percentages are subject to rounding error.
- Ms. Loh Joah Yee, Katherine is a former director of the Company who resigned on 15 February 2013.
- Expert Plan Limited is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Ho Ka Kui, Boniface.

Despatch of share certificates for Offer Shares, Bonus Shares, Offer CPS and Bonus CPS

It is expected that the certificates for the Offer Shares and the Bonus Shares will be posted by ordinary post to the Qualifying Shareholders who have validly applied and paid for their Offer Shares at their own risk on Tuesday, 13 May 2014.

It is expected that the certificates for the Offer CPS and the Bonus CPS will be posted by ordinary post to the Qualifying CPS Holders who have validly applied and paid for their Offer CPS at their own risk on Tuesday, 13 May 2014.

Commencement of dealings in the Offer Shares and the Bonus Shares

Dealings in the Offer Shares and the Bonus Shares will be commenced on the Stock Exchange at 9:00 a.m. on Wednesday, 14 May 2014.

ADJUSTMENTS TO SHARE OPTIONS AND THE SHARE WARRANTS

As a result of the Open Offers, adjustments will be made to the exercise prices and numbers of the outstanding Share Options and the Share Warrants pursuant to the relevant terms and conditions of the Share Option Scheme and the Share Warrants, details of which are set out as follows:

Adjustments to the Share Options

Pursuant to the Company's Share Option Scheme adopted on 27 November 2009 and the requirements of Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005, the exercise prices of the Share Options would be adjusted from HK\$5.6400, HK\$4.2600, HK\$2.2500, and HK\$0.3204 per Share to HK\$4.2750, HK\$3.2289, HK\$1.7054 and HK\$0.2429 per Share respectively while the number of Shares to be allotted and issued upon exercise of the subscription rights attaching to the outstanding Share Options would be adjusted from 260,432, 140,432, 33,333 and 27,758,622 Shares to 343,587, 185,277, 43,978 and 36,615,325 respectively as a result of the Open Offers.

Adjustments to the Share Warrants

Pursuant to the terms and conditions of the Share Warrants, the exercise price of the Share Warrants would be adjusted from HK\$0.3204 per Share to HK\$0.2429 per Share as a result of the Open Offers. Based on the outstanding Share Warrants in the aggregate principal amount of HK\$58,565,577.18 as at the date of this announcement, the number of Shares to be allotted and issued to the respective holders of the outstanding Share Warrants upon exercise of the subscription rights attaching to the Share Warrants would be adjusted from 182,788,942 Shares to 241,109,827 Shares as a result of the Open Offers.

Save for the above adjustments, all other terms and conditions of the Share Options and the Share Warrants remain unchanged. The above adjustments to the Share Options and the Share Warrants have been reviewed by the auditor of the Company, in accordance with their respective terms and conditions.

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

Hong Kong, 12 May 2014

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.