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If you have sold or transferred all your shares in Sustainable Forest Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES; RETIREMENT AND RE-ELECTION OF DIRECTORS; AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM of the Company to be held at Unit A, 29th Floor, Admiralty Centre Tower 1, 18 Harcourt Road, Hong Kong on Thursday, 25 August 2011 at 10:00 a.m. is set out on pages 15 to 18 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

* *for identification purposes only*

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DEFINITIONS

In this circular (other than in the notice of AGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“AGM”	the annual general meeting of the Company to be held at Unit A, 29th Floor, Admiralty Centre Tower 1, 18 Harcourt Road, Hong Kong on Thursday, 25 August 2011 at 10:00 a.m. or any adjournment thereof
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Sustainable Forest Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of the relevant resolution
“Latest Practicable Date”	12 July 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Preference Shares”	convertible preference share(s) of HK\$0.01 each in the capital of the Company carrying rights to convert into Shares
“Repurchase Mandate”	a general and unconditional mandate to the Directors to exercise the powers of the Company to repurchase Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of the relevant resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0533 each in the capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders at the special general meeting of the Company held on 27 November 2009
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong
“%”	per cent.



Sustainable Forest Holdings Limited

永保林業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 723)

Executive Directors:

Ms LOH Jiah Yee, Katherine (*Chairman*)
Ms FLETCHER Yurk Nam, Sandy
Mr SHIH Chiu, David

Non-executive Director:

Mr LEUNG Chau Ping, Paul

Independent non-executive Directors:

Mr LEUNG Siu Hung, Joel
Mr John Tewksbury BANIGAN
Mr KEUNG Paul Hinsum

Registered office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

*Principal place of business
in Hong Kong:*

Rooms 3001-02
Top Glory Tower
262 Gloucester Road
Causeway Bay
Hong Kong

18 July 2011

*To the Shareholders, and for information only,
holders of Preference Shares,*

Dear Sir or Madam,

**PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES;
RETIREMENT AND RE-ELECTION OF DIRECTORS; AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of AGM and information regarding the resolutions to be proposed at the AGM relating to, among other things, (i) the granting of the Issue Mandate to the Directors; (ii) the granting of the Repurchase Mandate to the Directors; and (iii) the retirement and re-election of Directors.

* for identification purposes only

LETTER FROM THE BOARD

2. ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

By ordinary resolutions passed at the annual general meeting of the Company on 31 August 2010, the Directors were granted a general mandate to repurchase the Shares and a general mandate to allot, issue and deal with the Shares. These mandates will expire at the conclusion of the forthcoming AGM. At the AGM, the following resolutions (among other matters) will be proposed:

- (a) to grant the Issue Mandate to the Directors, i.e. to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution;
- (b) to grant the Repurchase Mandate to the Directors, i.e. to exercise the power of the Company to repurchase the Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of such resolution; and
- (c) to grant the Extension Mandate, i.e. to increase the number of Shares to be issued and allotted under the Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, the issued share capital of the Company included 5,067,560,789 Shares. Subject to the passing of the proposed resolution for the grant of the Issue Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the AGM, the maximum number of new Shares to be issued under the Issue Mandate (if approved by the Shareholders at the AGM) is 1,013,512,157 Shares.

Each of the Issue Mandate and the Repurchase Mandate, if approved, will continue in force until the earliest of: (a) the conclusion of the next annual general meeting of the Company following the AGM; or (b) the end of the period within which the Company is required by the Companies Act or the Bye-laws to hold its next annual general meeting; or (c) when revoked or varied by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company following the AGM.

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution for the grant of the Repurchase Mandate to the Directors. The explanatory statement required by the Listing Rules is set out in Appendix I to this circular.

The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate. With reference to the Repurchase Mandate, the Directors have no immediate plan to repurchase any Shares pursuant thereof.

LETTER FROM THE BOARD

3. RETIREMENT AND RE-ELECTION OF DIRECTORS

At the AGM, Mr LEUNG Siu Hung, Joel will retire from office by rotation in accordance with Bye-law 87(2) of the Bye-laws. Further, Ms LOH Jiah Yee, Katherine, Ms FLETCHER Yurk Nam, Sandy, Mr NG Tik Hong, Mr LEUNG Chau Ping, Paul and Mr SHIH Chiu, David, the newly appointed or re-designated Directors since the last annual general meeting, will also retire from office in accordance with Bye-law 86(2). Save and except Mr NG Tik Hong who has declined to offer himself for re-election at the forthcoming AGM, all the above mentioned Directors will offer themselves for re-election as Directors of the Company at the forthcoming AGM.

The biographical details of Mr LEUNG Siu Hung, Joel, Ms LOH Jiah Yee, Katherine, Ms FLETCHER Yurk Nam, Sandy, Mr LEUNG Chau Ping, Paul and Mr SHIH Chiu, David are set out in Appendix II to this circular.

4. AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Unit A, 29th Floor, Admiralty Centre Tower 1, 18 Harcourt Road, Hong Kong on Thursday, 25 August 2011 at 10:00 a.m. is set out pages 15 to 18 of this circular.

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you intend to attend and vote at the AGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjourned meeting should you so wish.

5. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the chairman of the AGM will demand a poll for all the resolutions to be put forward at the AGM pursuant to Bye-law 66. The Company will appoint scrutineers to handle vote-taking procedures at the AGM. The results of the poll will be published on the websites of the Stock Exchange and the Company as soon as possible after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

7. RECOMMENDATION

The Board is pleased to recommend Mr LEUNG Siu Hung, Joel, Ms LOH Jiah Yee, Katherine, Ms FLETCHER Yurk Nam, Sandy, Mr LEUNG Chau Ping, Paul and Mr SHIH Chiu, David to stand for re-election by Shareholders as Directors. The Directors also consider that the proposed resolutions set out in the notice of AGM, including the grant of the Issue Mandate, the Repurchase Mandate and the Extension Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the said ordinary resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of
Sustainable Forest Holdings Limited
LOH Jiah Yee, Katherine
Chairman

This appendix serves as an explanatory statement, as required under the Listing Rules, to provide requisite information to Shareholders in connection with the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the authorized share capital of the Company was HK\$725,340,000 divided into (i) 8,437,500,000 Shares of HK\$0.0533 each, among which a total of 5,067,560,789 Shares were issued and fully paid-up and (ii) 27,534,000,000 Preference Shares of HK\$0.01 each, among which a total of 8,906,327,601 Preference Shares were issued, outstanding and fully paid-up.

Subject to the passing of the relevant ordinary resolution at the AGM approving the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 506,756,078 Shares.

2. REASONS FOR REPURCHASES

The Directors believe that the proposed grant of the Repurchase Mandate is in the interests of the Company and the Shareholders as a whole. The Repurchase Mandate will give the Company the flexibility to repurchase Shares as and when appropriate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

Repurchases of Shares must be made out of funds legally available for the purpose and in accordance with the Bye-laws, the Listing Rules, the laws of Bermuda and other applicable laws, being profits available for distribution and proceeds of a new issue of Shares made for such purpose and it is envisaged that the funds required for any repurchase would be derived from such sources.

4. IMPACT ON WORKING CAPITAL OR GEARING POSITION

Taking into account the current working capital position of the Company, the Directors consider that, the exercise of the Repurchase Mandate in full will not have a material adverse impact on the working capital and/or gearing position of the Company as compared with the position disclosed in the Company's audited financial statements for the year ended 31 March 2011. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, to the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors nor, any of their associates have a present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorized to make repurchases of Shares.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws, the laws of Bermuda and the applicable laws.

7. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the register of the shareholders maintained by the Company pursuant to Section 336 under Part XV of the SFO showed that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital:

Name of Shareholder	Number of Shares held as at the Latest Practicable Date	Percentage of holding as at the Latest Practicable Date	Percentage of holding if the Repurchase Mandate is exercised in full
Assure Gain International Limited ("Assure Gain") <i>(Note)</i>	1,114,780,310	22.00%	24.44%
Winner Global Holdings Limited ("Winner Global") <i>(Note)</i>	<u>320,041,100</u>	<u>6.32%</u>	<u>7.02%</u>
TOTAL	<u>1,434,821,410</u>	<u>28.32%</u>	<u>31.46%</u>
NWS Financial Management Services Limited	412,000,000	8.13%	9.03%
Integrated Asset Management (Asia) Limited	302,636,405	5.97%	6.64%

Note: Ms LOH Jiah Yee, Katherine, an executive director ("Executive Director") of the Company, is beneficially interested in 100% of the issued share capital of Assure Gain. Assure Gain owns approximately 43.39% of the issued share capital of Winner Global. As at the Latest Practicable Date, Assure Gain is the holder of 1,114,780,310 Shares and Winner Global is the holder of 320,041,100 Shares. Assure Gain and Winner Global held in aggregate, 1,434,821,410 Shares.

In the event that the Directors should exercise in full the power to repurchase shares which is proposed to be granted pursuant to the resolution to be proposed at the AGM, the aggregate shareholding of Assure Gain and Winner Global in the Company would be increased from approximately 28.32% to approximately 31.46% of the issued share capital of the Company. Such increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent as would result in takeover obligation.

The Directors will not repurchase Shares if the repurchase would result in the number of the listing securities which are in the hands of the public falling below 25%, being the relevant minimum prescribed percentage for the Company as required by the Stock Exchange.

8. SHARES PURCHASES MADE BY THE COMPANY

During the last six months preceding the Latest Practicable Date, the Company did not repurchase any Shares on the Stock Exchange or otherwise.

9. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve (12) calendar months immediately preceding the Latest Practicable Date were as follows:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2010		
July	0.5200	0.4250
August	0.4550	0.3300
September	0.4000	0.3300
October	0.3950	0.3300
November	0.3750	0.3200
December	0.3700	0.3250
2011		
January	0.4850	0.3350
February	0.4600	0.3700
March	0.4900	0.3700
April	0.6100	0.4600
May	0.6000	0.4900
June	0.5500	0.3750
July (up to the Latest Practicable Date)	0.4400	0.3750

Pursuant to the Listing Rules, stated below are the details of the Directors who will retire and be eligible for re-election at the AGM.

EXECUTIVE DIRECTORS

Ms LOH Jiah Yee, Katherine (Chairman)

Ms LOH Jiah Yee, Katherine, aged 47, joined the Group in December 2010 as the Chief Investment Officer of the Group and has been appointed as the chairman, the Managing Director and an Executive Director of the Company since 17 December 2010. She is also a member of the executive committee and the remuneration committee of the Board and a director of some of the subsidiaries of the Company. Ms LOH has a Master's degree in Business Administration from the University of Toronto and a Bachelor's degree in Computing Engineering from Imperial College of Science and Technology, University of London. She has more than 24 years of experience in finance and investment banking industry. Ms LOH is a director of Winner Global and the sole director of Assure Gain. She is also the sole shareholder of Assure Gain and Assure Gain holds approximately 43% of the total issued shares of Winner Global. Winner Global and Assure Gain are the substantial Shareholders of the Company directly holding approximately 6.32% and 22.00% of the total issued shares of the Company as at the Latest Practicable Date respectively. Ms LOH did not hold any other directorships in any other public listed companies in the last three years and save as disclosed above, does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company.

Ms LOH has not entered into any service agreement with the Company regarding her appointment as an Executive Director of the Company. However, she has entered into service agreements with subsidiaries of the Company regarding her appointment as the Chief Investment Officer of the Group. The service agreements have no fixed term, but may be terminated by either party giving one month's written notice or payment in lieu. There is no specific length or proposed length of service in respect of Ms LOH's appointment as Director. Her term of appointment as an Executive Director is subject to retirement by rotation and re-election at annual general meeting of the Company at least once every three years in accordance with the Bye-laws. Ms LOH is entitled to an emolument of approximately HK\$1,200,000 per annum which was determined with reference to her experiences and responsibilities with the Company, the remuneration benchmarks in the industry and the prevailing market situation.

As at the Latest Practicable Date, Ms LOH was beneficially interested in 100% of the issued share capital of Assure Gain, 43.39% of the issued share capital of Winner Global held through Assure Gain and 50% of the issued share capital of Corp Insights Holdings Inc. ("Corp Insights"). Assure Gain was the registered holder of 1,114,780,310 Shares and 1,787,002,951 Preference Shares convertible into 335,063,053 Shares; Winner Global was the registered holder of 320,041,100 Shares and 5,496,361,176 Preference Shares convertible into 1,030,567,720 Shares and Corp Insights was the registered holder of 1,050,787,033 Preference Shares convertible into 197,022,568 Shares. Under Part XV of the SFO, Ms LOH was therefore deemed to have interest in 1,434,821,410 Shares and 1,562,653,341 underlying Shares upon conversion of the Preference Shares in which Assure Gain, Winner Global and Corp Insights were interested. Ms LOH was also entitled to share options to subscribe for a maximum of 4,300,000 Shares upon exercise of the options under the Share Option Scheme in full.

Save as disclosed above, Ms LOH does not have any other interest in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There are no other matters relating to the re-election of Ms LOH that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Ms FLETCHER Yurk Nam, Sandy

Ms FLETCHER Yurk Nam, Sandy, aged 39, joined the Group in August 2009. She is the Chief Financial Officer of the Group and has been appointed as an Executive Director of the Company since 17 December 2010. She is also a member of the executive committee of the Board and a director of some subsidiaries of the Company. Ms FLETCHER holds a Bachelor's degree of Science from St. Johns University, United States of America. She is a member of the American Institute of Certified Public Accountants (AICPA). She has over 18 years of experience in financial and accounting matters including auditing, corporate finance and asset management. She worked in Ho Chi Minh City in 2006 to focus on real estate investments. Prior to that, Ms FLETCHER was the managing director of the Asia Pacific office of a private asset management company with headquarters in New York, specializing in structured equity investments. She has worked for 10 years in Deloitte Touche Tohmatsu in their audit practice in New York and subsequently their corporate finance practice in Hong Kong. Ms FLETCHER did not hold any other directorships in any other public listed companies in the last three years and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company.

Ms FLETCHER has not entered into any service agreement with the Company regarding her appointment as an Executive Director of the Company. However, she has entered into service agreements with subsidiaries of the Company regarding her appointment as the Chief Financial Officer of the Group. The service agreements have no fixed term, but may be terminated by either party giving one month's written notice or payment in lieu. There is no specific length or proposed length of service in respect of Ms FLETCHER's appointment as Director. Her term of appointment as an Executive Director is subject to retirement by rotation and re-election at annual general meeting of the Company at least once every three years in accordance with the Bye-laws. Ms FLETCHER is entitled to an emolument of approximately HK\$1,200,000 per annum which was determined with reference to her experiences and responsibilities with the Company, the remuneration benchmarks in the industry and the prevailing market situation.

As at the Latest Practicable Date, Ms FLETCHER was beneficially interested in 100% of the issued share capital of AMF Vietnam Investments Limited ("AMF"). AMF was entitled to share options to subscribe for a maximum of 31,421,710 Shares upon exercise of the options under the Share Option Scheme in full. Ms FLETCHER was therefore deemed to have an interest in 31,421,710 Shares in which AMF was interested under Part XV of the SFO.

Save as disclosed above, Ms FLETCHER does not have any other interest in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There are no other matters relating to the re-election of Ms FLETCHER that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr SHIH Chiu, David

Mr SHIH Chiu, David, aged 64, joined the Group in August 2009. He is the president of China operations of the Group. A forest engineer by training, Mr SHIH has over 27 years of experience in the forestry industry including harvesting, processing, production and sales and marketing of timber products in China, Taiwan and Indonesia. He is responsible for the Group's overall processing operations and integration in Russia and China. Mr SHIH worked in the forest products industry in Taiwan and Indonesia before joining China Chungchun Glory Wood Company in China in 1994. He was a graduate of National Taiwan Chung-Xin University. Mr SHIH did not hold any directorships in any other publicly companies in the last three years and does not have any other directors, senior management or substantial or controlling shareholders of the Company.

Mr SHIH has not entered into any services agreement with the Company regarding his appointment as an Executive Director. However, he has entered into a service agreement with a subsidiary of the Company regarding his appointment as the president of China operations of the Group. The services agreement has no fixed term, but may be terminated by either party giving one month's written notice or payment in lieu.

There is no specific length or proposed length of service in respect of Mr SHIH's appointment as Executive Director but will be subject to retirement by rotation and re-election at annual general meeting of the Company at least once every three years in accordance with the Bye-laws. Mr SHIH will be entitled to an emolument of approximately HK\$600,000 per annum which was determined with reference to his experiences and responsibilities with the Company, the remuneration benchmarks in the industry and the prevailing market situation.

As at the Latest Practicable Date, Mr SHIH was entitled to share options to subscribe for a maximum of 3,000,000 Shares of the Company upon exercise of the options under the Share Option Scheme in full.

Save as disclosed above, Mr SHIH does not have any other interest in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There are no other matters relating to the re-election of Mr SHIH that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

NON-EXECUTIVE DIRECTOR**Mr LEUNG Chau Ping, Paul**

Mr LEUNG Chau Ping, Paul, aged 53, joined the Group in August 2009. He was appointed as an Executive Director and Chief Executive Officer of the Company on 21 August 2009. Mr LEUNG was re-designated as a non-executive Director ("Non-executive Director") of the Company on 6 April 2011. Mr LEUNG graduated from University of Technology, Sydney with a Master's degree in Business Administration. Mr LEUNG is a fellow member of Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr LEUNG has over 29 years of experience in the Australian and Asian internet, telecommunications, computer, and commercial industries with a board range of expertise including financial and strategic planning, management, and business development of new opportunities. Mr LEUNG is also a director of Winner Global which is a substantial Shareholder of the Company

directly holding approximately 6.32% of the total issued shares of the Company as at the Latest Practicable Date. Mr LEUNG did not hold any other directorships in any other publicly listed companies in the last three years and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company.

Mr LEUNG has entered into a letter of appointment with the Company for a term of 2 years commencing from the 6 April 2011 regarding his re-designation as a Non-executive Director. The letter of appointment may be terminated by either party giving one month's written notice. His term of appointment is subject to retirement by rotation and re-election at annual general meeting of the Company at least once every three years in accordance with the Bye-laws. Mr LEUNG is entitled to a director's fee of HK\$100,000 per annum which was determined with reference to his experiences and responsibilities with the Company, the remuneration benchmarks in the industry and the prevailing market situation and in line with the other Non-executive Director of the Company.

As at the Latest Practicable Date, Mr LEUNG was entitled to share options to subscribe for a maximum of 26,421,710 Shares upon exercise of the options granted under the Share Option Scheme in full.

Save as disclosed above, Mr LEUNG does not have any other interest in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There are no other matters relating to the re-election of Mr LEUNG that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr LEUNG Siu Hung, Joel

Mr LEUNG Siu Hung, Joel, aged 47, has been appointed as an independent non-executive director ("Independent Non-executive Director") of the Company since 21 August 2009. He is also a member of the audit committee and remuneration committee of the Board. Mr LEUNG graduated from the University of London, University of Hong Kong and Chinese University of Hong Kong with a Bachelor's degree in Economics & Accounting, Master's degree in Urban Planning and Chinese Business Law respectively. Mr LEUNG is a Royal Chartered Town Planner, Fellow of American Academy of Financial Management, Chartered Risk Analyst, Chartered Asset Manager, Chartered Trust & Estate Planner, Registered Financial Consultant and Certified Accounting Technician. He is also serving as a senior town planner in China City Development Institute. Mr LEUNG has over 11 years of professional experience in law enforcement agencies, such as Hong Kong Police Force, Correctional Services Department, and Equal Opportunities Commission where he was mainly responsible for investigation and operational work. Mr LEUNG is currently the principal financial planner and financial planning director of Prudential Assurance Co Ltd, a company listed on the Main Board of the London, New York, Hong Kong and Singapore Stock Exchanges. Mr LEUNG did not hold any other directorships in any other publicly listed companies in the last three years and does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders of the Company.

Mr LEUNG has not entered into any service agreement or contract of employment with the Company regarding his appointment as an Independent Non-executive Director. There is no specific length or proposed length of service in respect of Mr LEUNG's appointment as a Director. His term of appointment as an Independent Non-executive Director is subject to retirement by rotation and re-election at annual general meeting of the Company at least once every three years in accordance with the Bye-laws. Mr LEUNG is entitled to a director's fee of HK\$100,000 per annum which was determined with reference to his experiences and responsibilities with the Company, the remuneration benchmarks in the industry and the prevailing market situation and in line with the other Independent Non-executive Directors of the Company.

As at the Latest Practicable Date, Mr LEUNG was entitled to share options to subscribe for a maximum of 2,042,171 Shares upon exercise of the options under the Share Option Scheme in full.

Save as disclosed above, Mr LEUNG does not have any other interest in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There are no other matters relating to the re-election of Mr LEUNG that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.



Sustainable Forest Holdings Limited
永保林業控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 723)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“AGM”) of Sustainable Forest Holdings Limited (“Company”) will be held at Unit A, 29th Floor, Admiralty Centre Tower 1, 18 Harcourt Road, Hong Kong on Thursday, 25 August 2011 at 10:00 a.m. (or an adjournment thereof) to consider and, if thought fit, pass with or without modifications the following resolutions as ordinary resolutions:

ORDINARY BUSINESSES

1. To receive and adopt the audited consolidated financial statements and the reports of the directors (“**Directors**”) and auditor of the Company for the year ended 31 March 2011.
2. To approve and declare a final dividend of HK0.45 cent per ordinary share of the Company payable to holders of ordinary shares and HK0.084 cent per convertible preference shares of the Company payable to holders of convertible preference shares for the year ended 31 March 2011.
3. To re-elect Directors (each as a separate resolution).
4. To authorise the board (“**Board**”) of Directors to fix the remuneration of the Directors.
5. To re-appoint auditor of the Company and authorize the Board to fix their remuneration.

SPECIAL BUSINESSES

As special business, to consider and, if thought fit, pass with or without modifications the following resolutions as ordinary resolutions:

6. “**THAT:**
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional ordinary shares of HK\$0.0533 each (“**Shares**”) in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and other securities which carry rights to subscribe for or are convertible into Shares of the Company) which would or might require the exercise

* for identification purposes only

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of such powers during or after the end of the Relevant Period, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and other securities which carry rights to subscribe for or are convertible into Shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes, options or other securities issued by the Company which carry rights to subscribe for or are convertible into Shares; or
 - (iii) an issue of Shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries or any other eligible person(s) of Shares or rights to acquire Shares; or
 - (iv) an issue of Shares as scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company pursuant to the bye-laws of the Company (“**Bye-laws**”), from time to time,

shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of Company is required by any applicable law or the Bye-laws to be held; and

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- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares of the Company open for a period fixed by the Directors to the holders of Shares of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate such other securities) as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any relevant jurisdiction).”

7. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares to be purchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10 per cent of the aggregate nominal amount of share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
8. **“THAT,** subject to the passing of Resolutions Nos. 6 and 7 set out in the notice convening this AGM, the general mandate granted to the Directors to allot, issue and deal with additional Shares pursuant to Resolution No. 6 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to

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Resolution No. 7, provided that such amount of Shares shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.”

By Order of the Board
Sustainable Forest Holdings Limited
LOH Jiah Yee, Katherine
Chairman

Hong Kong, 18 July 2011

Notes:

- (1) A member of the Company entitled to attend and vote at the AGM may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
- (2) Where there are joint registered holders of any Share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
- (3) For determining the entitlement to attend and vote at the AGM, the registers of members (“Registers of Members”) of both ordinary shares (“Ordinary Shares”) and convertible preference shares (“Preference Shares”), will be closed from Monday, 22 August 2011 to Thursday, 25 August 2011 both days inclusive, during which period no transfer of Ordinary Shares and Preference Shares will be registered. In order to ascertain the rights to attend and vote at the forthcoming AGM, for holders of Ordinary Shares, all shares certificates with completed transfer forms of Ordinary Shares must be lodged with the Company’s Hong Kong branch share registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 19 August 2011 and for holders of Preference Shares, all documents for effective and permitted transfers (subject to the approval of the Board) of Preference Shares pursuant to the terms and conditions of the Preference Shares must be lodged with the Company not later than 4:30 p.m. on Friday, 19 August 2011.
- (4) The record date for entitlement to the proposed final dividend is Friday, 2 September 2011. For determining the entitlement to the proposed final dividend, the Registers of Members will be closed from Thursday, 1 September 2011 to Friday, 2 September 2011, both days inclusive, during which period no transfer of Ordinary Shares and Preference Shares will be registered. In order to qualify for the proposed final dividend, for holders of Ordinary Shares, all shares certificates with completed transfer forms of Ordinary Shares must be lodged with the Company’s Hong Kong branch share registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 31 August 2011 and for holders of Preference Shares, all documents for effective and permitted transfers (subject to the approval of the Board) of Preference Shares pursuant to the terms and conditions of the Preference Shares must be lodged with the Company not later than 4:30 p.m. on Wednesday, 31 August 2011.
- (5) In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the office of the Company’s Hong Kong branch share registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
- (7) As at the date of this notice, the Board comprises Ms LOH Jiah Yee, Katherine, Ms FLETCHER Yurk Nam, Sandy and Mr SHIH Chiu, David as executive directors; Mr LEUNG Chau Ping, Paul as non-executive director; and Mr LEUNG Siu Hung, Joel, Mr John Tewksbury BANIGAN and Mr KEUNG Paul Hinsum as independent non-executive directors.