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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 Units 3–5, 21/F, No. 9 Queen's Road Central, Central, Hong Kong on Tuesday, 5 February 2013 at 8:00 a.m. is set out on pages 13 to 16 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:

“AGM”	the annual general meeting of the Company to be held at Units 3–5, 21/F, No. 9 Queen’s Road Central, Central, Hong Kong on Tuesday, 5 February 2013 at 8:00 a.m. or any adjournment thereof
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 all 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 on the date of passing of the relevant resolution
“Latest Practicable Date”	31 December 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Preferred Shares”	convertible preferred 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 all 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 on the date of 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 shareholder(s)”	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
Ms. FLETCHER Yurk Nam, Sandy
Mr. LI Zhixiong
Mr. LEUNG Siu Hung, Joel

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. John Tewksbury BANIGAN (*Chairman*)
Mr. KEUNG Paul Hinsum
Mr. Donald Smith WORTHLEY

Head office and principal

place of business in Hong Kong:
4/F., Soho Tower
No. 110–118 Caine Road
Central, Hong Kong

4 January 2013

*To the Shareholders, and for information only,
holders of Preferred 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; (iii) the granting of the Extension Mandate to the Directors; and (iv) 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 held on 25 August 2011, the Directors were granted a general mandate to repurchase Shares and a general mandate to allot, issue and deal with Shares. By ordinary resolution passed at the special general meeting of the Company held on 11 April 2012, the general mandate to allot, issue and deal with Shares was refreshed. The above general mandate to repurchase Shares and the refreshed general mandate to issue Shares 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 all 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 all the power of the Company to repurchase 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 total issued share capital of the Company included 7,049,061,694 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 1,409,812,338 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) the revocation or variation of the authority given under such resolution 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 definitive 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. John Tewksbury BANIGAN will retire from office by rotation in accordance with Bye-law 87(2) of the Bye-laws. Further, Mr. LI Zhixiong, Mr. LEUNG Siu Hung, Joel and Mr. Donald Smith WORTHLEY, 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) of the Bye-laws. Save as for Mr. LI Zhixiong who does not offer himself for re-election at the forthcoming AGM, Mr. John Tewksbury BANIGAN, Mr. LEUNG Siu Hung, Joel and Mr. Donald Smith WORTHLEY will offer themselves for re-election as Directors of the Company at the forthcoming AGM.

The biographical details of Mr. John Tewksbury BANIGAN, Mr. LEUNG Siu Hung, Joel and Mr. Donald Smith WORTHLEY are set out in Appendix II to this circular.

4. AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Units 3–5, 21/F, No. 9 Queen’s Road Central, Central, Hong Kong on Tuesday, 5 February 2013 at 8:00 a.m. is set out on pages 13 to 16 of this circular. At the AGM, in addition to the ordinary businesses of the meeting resolutions will be proposed for approval on the proposed Issue Mandate, the Repurchase Mandate, the Extension Mandate and re-election of Directors as special businesses.

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 of the Bye-laws. 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

LETTER FROM THE BOARD

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.

7. RECOMMENDATION

The Board is pleased to recommend Mr. John Tewksbury BANIGAN, Mr. LEUNG Siu Hung, Joel and Mr. Donald Smith WORTHLEY 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 all the Shareholders 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
FLETCHER Yurk Nam, Sandy
Executive Director

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\$915,340,000 divided into (i) 12,000,000,000 Shares, among which a total of 7,049,061,694 Shares were issued and fully paid-up and (ii) 27,534,000,000 Preferred Shares, among which a total of 1,439,151,096 Preferred 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 704,906,169 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 2012. 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 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, to the best knowledge of the Directors, the following Shareholders were interested in 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") (Note)	1,116,762,347	15.84%	17.60%
Winner Global Holdings Limited ("Winner Global") (Note)	320,041,100	4.54%	5.04%
Splendid Asset Holdings Limited ("Splendid Asset") (Note)	<u>331,100,463</u>	<u>4.70%</u>	<u>5.22%</u>
TOTAL	<u>1,767,903,910</u>	<u>25.08%</u>	<u>27.86%</u>
NWS Financial Management Services Limited	404,102,500	5.73%	6.37%
Integrated Asset Management (Asia) Limited	437,581,867	6.21%	6.90%

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 100% of the issued share capital of Winner Global and Splendid Asset respectively. As at the Latest Practicable Date, Assure Gain is the holder of 1,116,762,347 Shares and 621,346,723 Preferred Shares carrying rights to convert into 116,502,510 Shares, Winner Global is the holder of 320,041,100 Shares and Splendid Asset is the holder of 331,100,463 Shares. Assure Gain, Winner Global and Splendid Asset held in aggregate 1,767,903,910 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, Winner Global and Splendid Asset in the Company would be increased from approximately 25.08% to approximately 27.86% of the issued share capital of the Company.

On the basis of the current shareholdings of Assure Gain, Winner Global and Splendid Asset, an exercise of the Repurchase Mandate in full will not give rise to their obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

The Directors will not repurchase Shares if the repurchase would result in the number of the listed securities which are in the hands of 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>
2011		
December	0.2100	0.1500
2012		
January	0.1630	0.1270
February	0.2410	0.1530
March	0.2030	0.1500
April	0.1640	0.1420
May	0.1840	0.1280
June	0.1840	0.1440
July	N/A	N/A
August	N/A	N/A
September	N/A	N/A
October	N/A	N/A
November	N/A	N/A
December (up to the Latest Practicable Date)	0.1490	0.1300

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

EXECUTIVE DIRECTOR

Mr. LEUNG Siu Hung, Joel

Mr. LEUNG Siu Hung, Joel, aged 48, joined the Group as an independent non-executive Director (“**Independent Non-Executive Director**”) of the Company in August 2009 and was re-designated as an Executive Director on 4 November 2011. Mr. LEUNG graduated from the University of London, University of Hong Kong, Chinese University of Hong Kong, Beijing Normal University and China University of Political Science and Law with a Bachelor’s degree in Economics & Accounting, Master’s degree in Urban Planning, Chinese Business Law and double Doctor’s qualification in Finance and Laws respectively. Mr. LEUNG is a Fellow of The Hong Kong Institute of Directors, Fellow of American Academy of Financial Management, Royal Chartered Town Planner, Certified Management Accountant, Chartered Risk Analyst, Chartered Asset Manager and Chartered Trust & Estate Planner. He is also serving as a senior town planner in China City Development Institute. Mr. LEUNG has over 10 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 of Prudential Assurance Co Ltd, a company listed on the Main Board of the London, New York, Hong Kong and Singapore Stock Exchanges. Save as disclosed above, 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 service agreement with the Group regarding his re-designation as an Executive Director for a term of 3 years commencing from 4 November 2011, 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. The service agreement may be terminated by either party giving one month’s prior written notice or payment in lieu. Mr. LEUNG is entitled to a director’s fee of 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. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS**Mr. John Tewksbury BANIGAN** (*Chairman*)

Mr. John Tewksbury BANIGAN, aged 63, has served as an Independent Non-Executive Director since 23 November 2009 and has been appointed as the chairman of the Board (“**Chairman**”) on 27 March 2012. He is also the chairman and a member of each of the audit committee (“**Audit Committee**”), the remuneration committee (“**Remuneration Committee**”) and the nomination committee (“**Nomination Committee**”) of the Board. Mr. BANIGAN graduated from the School of Foreign Service at Georgetown University with a Bachelor’s degree in International Economics. Mr. BANIGAN engages in international investment banking and corporate advisory services to private and public operating and fund management companies. He has had extensive senior management experience related to corporate and trade finance and investment banking operations in Asia, Latin America and the United States of America. Mr. BANIGAN has managed mature financial services operations, formed start-up businesses and consummated foreign-based joint ventures. He currently serves as a director of the general partner of a real estate investment vehicle in the People’s Republic of China. He is also a director of a China-region oriented hedge fund based in Hong Kong. Additionally, he is the sole member of a company which acts as managing member of an affiliated Japanese hedge fund. The latter company engages in investment management of long and short positions and equity derivatives, and securities and other financial instruments, respectively, in the Japanese market. Mr. BANIGAN was a senior vice president of HSBC, responsible for corporate and trade finance in the eastern U.S.. He earlier spent 15 years with Chemical Bank where he held diverse positions. He was the Hong Kong-based Regional Corporate Officer of China, Hong Kong and Taiwan, Mexico City-based Mexico Country Manager, and manager of the bank’s U.S. West Coast-based Asian corporate and financial institution relationships from San Francisco. Earlier assignments included client management, business development, and risk management positions in New York. Save as disclosed above, Mr. BANIGAN 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. BANIGAN has entered into an appointment letter with the Group regarding his appointment as the Chairman and an Independent Non-executive Director for a term of 3 years commencing from 27 March 2012, 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. The appointment letter may be terminated by either party giving one month’s prior written notice or payment in lieu. Mr. BANIGAN is entitled to a director’s fee of HK\$300,000 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. BANIGAN 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. BANIGAN 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. BANIGAN 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. Donald Smith WORTHLEY

Mr. Donald Smith WORTHLEY, aged 62, has been appointed as an Independent Non-Executive Director since 4 November 2011. He is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. He holds a Bachelor's degree of Business Administration majoring in Finance from St. Bonaventure University and an advanced educational degree from the Wharton School of the University of Pennsylvania. Mr. WORTHLEY has over 30 years of experience in providing advice and consultation concerning strategic planning, asset management and corporate governance. He is the principal and general manager of a private company specializing in offering capital and asset planning and advices to corporates. Prior to forming his own company, Mr. WORTHLEY held senior management positions with various reinsurance companies, including as senior vice president of General Reinsurance Corporation and Arthur J. Gallagher Intermediaries, Inc. Save as disclosed above, Mr. WORTHLEY 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. WORTHLEY has entered into an appointment letter with the Group regarding his appointment as an Independent Non-executive Director for a term of 3 years commencing from 4 November 2011, 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. The appointment letter may be terminated by either party giving one month's prior written notice or payment in lieu. Mr. WORTHLEY is entitled to a director's fee of HK\$150,000 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. WORTHLEY held 81,785,711 Preferred Shares carrying rights to convert into 15,334,820 underlying Shares.

Save as disclosed above, Mr. WORTHLEY 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. WORTHLEY 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.

NOTICE OF AGM



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 Units 3–5, 21/F, No. 9 Queen’s Road Central, Central, Hong Kong on Tuesday, 5 February 2013 at 8:00 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 2012.
2. To re-elect Directors (each as a separate resolution).
3. To authorise the board (“**Board**”) of Directors to fix the remuneration of the Directors.
4. 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:

5. “**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 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;

* for identification purposes only

NOTICE OF AGM

- (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 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.

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“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).”

6. “**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.”

7. “**THAT**, subject to the passing of Resolutions Nos. 5 and 6 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. 5 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of

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Shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 6, 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
FLETCHER Yurk Nam, Sandy
Executive Director

Hong Kong, 4 January 2013

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) 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.
- (4) 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.
- (5) As at the date of this notice, the Board comprises Ms. LOH Jiah Yee, Katherine, Ms. FLETCHER Yurk Nam, Sandy, Mr. LI Zhixiong and Mr. LEUNG Siu Hung, Joel as executive directors; and Mr. John Tewksbury BANIGAN, Mr. KEUNG Paul Hinsum and Mr. Donald Smith WORTHLEY as independent non-executive directors.