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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement (“**Announcement**”) of Sustainable Forest Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) dated 22 April 2012 in connection with certain articles (“**Article(s)**”) circulated in Brazil posing serious accusations against the Group. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless defined otherwise.

The Article in Portuguese on the internet referred to in the Announcement is the article on the following link, which, as informed by the Company’s Brazilian officer who is familiar with the Portuguese and English languages, covers substantially all the information in other Articles:- <http://agenciapodium.wordpress.com/2012/04/19/susfor-grupo-chines-investigado-por-crimes-no-para/>.

The Articles received by the Company were in Portuguese and in English, the sender of which was the Proposed Counterparty as referred to in the Announcement who has blackmailed against the Group and waged personal attacks and threats to its officers. The Company believes that the Article in English was translated from Portuguese into English through the Google translator, the link for which is this: <http://translate.google.com/#>.

The Articles in Portuguese can be translated from Portuguese into English by following the instructions on the Google translator website, which link is given above.

The Board restates that the accusations and allegations against the Group in the Articles are untrue and misleading.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Sustainable Forest Holdings Limited
Leung Siu Hung, Joel
Executive Directors

Hong Kong, 23 April 2012

As at the date of this announcement, the Board comprises Ms. Loh Jiah Yee, Katherine, Ms. Fletcher Yurk Nam, Sandy, Mr. Li Zhixiong, Mr. Leung Siu Hung, Joel and Mr. Shih Chiu, David as executive directors; and Mr. John Tewksbury Banigan, Mr. Keung Paul Hinsum and Mr. Donald Smith Worthley as independent non-executive directors.

** For identification purpose only*