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CHINA FORESTRY HOLDINGS CO., LTD.
中國森林控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 930)

ANNOUNCEMENT
INSIDE INFORMATION
OFFER TO PURCHASE AND SOLICITATION OF CONSENTS
REGARDING 10.25% SENIOR NOTES DUE 2015

This announcement is made by China Forestry Holdings Co., Ltd. pursuant to Rule 13.09 of the Listing Rules, the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Part VI of Chapter 7 of the Listing Manual of the SGX-ST.

On 22 November 2013, the Company commenced the Tender Offer to purchase for cash any and all outstanding Notes from each registered holder of any such Notes and the Consent Solicitation with respect to Proposed Amendments to the Indenture, upon the terms and subject to the conditions set forth in the Offer to Purchase and Consent Solicitation Statement.

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Reference is made to the announcement of the Company dated 18 November 2013. The Board announces that on 22 November 2013, the Company commenced the Tender Offer to purchase for cash any and all outstanding Notes from each registered holder of any such Notes and the Consent Solicitation with respect to the Proposed Amendments to the Indenture, upon terms and subject to the conditions set forth in the Offer to Purchase and Consent Solicitation Statement. The background and further information regarding the Tender Offer and Consent Solicitation is set out below.

BACKGROUND

The Company issued 7.75% senior notes due 2015 with an aggregate principal amount of US\$300,000,000 (the “**Original Notes**”) on 17 November 2010. As disclosed in the announcements of the Company dated 14 July 2011, 1 August 2011 and 12 August 2011, the Company commenced a tender offer (the “**2011 Tender Offer**”) on 14 July 2011 to purchase up to US\$120 million of the Original Notes and completed the tender offer in August 2011. Pursuant to the terms and conditions of the 2011 Tender Offer, the then outstanding Original Notes which were not tendered and cancelled were exchanged into the Notes and the Indenture was amended by a supplemental indenture dated 29 July 2011 entered into by the Company, the Subsidiary Guarantors and the Trustee.

The Notes are listed on SGX-ST. As at the date of this announcement, the total outstanding principal amount of the Notes was US\$180 million, of which approximately US\$25 million was held by the Company as a result of the Company’s open market purchases. The CUSIP numbers for the Notes are 16946LAA4 and G2113AAA8; the ISIN numbers for the Notes are US16946LAA44 and USG2113AAA81; and the Common Codes for the Notes are 055992797 and 055976767.

OFFER TO PURCHASE AND CONSENT SOLICITATION STATEMENT

On 22 November 2013, the Company commenced the Tender Offer to purchase for cash any and all outstanding Notes from each registered holder of any such Notes by issuing the Offer to Purchase and Consent Solicitation Statement. In conjunction with the Tender Offer, the Company is also soliciting from the Holders consents to the Proposed Amendments to the provisions of the Indenture governing the Notes among the Company, the Subsidiary Guarantors and the Trustee.

The Proposed Amendments remove or modify certain restrictive covenants and provisions in the Indenture (including certain events of default). The Proposed Amendments constitute a single proposal, and a consenting Holder must consent to the Proposed Amendments as an entirety and may not consent selectively with respect to certain of the Proposed Amendments.

Removal of restrictive covenants

If the Proposed Amendments are effected, the following sections or provisions of the Indenture will be eliminated or made less restrictive:

- Section 3.02(b) Notice of Optional Redemption
- Section 4.06 Limitation on Indebtedness and Preferred Stock
- Section 4.07 Limitation on Restricted Payments
- Section 4.08(b) Limitation on Liens
- Section 4.09 Limitation on Sale and Leaseback Transactions
- Section 4.10 Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries
- Section 4.11 Limitation on Sale and Issuances of Capital Stock in Restricted Subsidiaries
- Section 4.14 Limitation on Asset Sales
- Section 4.15 Limitation on Transactions With Shareholders and Affiliates
- Section 4.16 Limitation on the Company's Business Activities
- Section 4.17 Use of Proceeds
- Section 4.18 Designation of Restricted and Unrestricted Subsidiaries
- Section 4.20(a)/
Section 4.20(b) Provision of Financial Statements, Reports and Compliance Certificate
- Section 4.23 No Payments For Consents
- Section 4.24 Suspensions of Section Covenants
- Section 5.01 Consolidation, Merger and Sale of Assets

Covenant to Issue Warrants

The Company will covenant in the Supplemental Indenture to use commercially reasonable efforts to obtain approval by the Stock Exchange and, if required, the Company's shareholders for the issuance of warrants to purchase Shares to holders of Notes that are validly tendered and accepted by the Company in the Tender Offer.

Subject to approval by the Stock Exchange and, if required, shareholders of the Company, holders of Notes that are validly tendered and accepted by the Company in the Tender Offer will be entitled to receive warrants to purchase Shares with an exercise price per Share equal to 80% of the average closing price of the Shares as quoted on the Stock Exchange for a period of the 20 trading days commencing from the day on which trading in the Shares on the Stock Exchange is resumed, provided that unless otherwise approved by the shareholders of the Company, the exercise price per Share will be at least 80.1% of the higher of: (a) the closing price of the Shares as quoted on the Stock Exchange on the date of the grant of the warrants by the Company; and (b) the average closing price of the Shares as quoted on the Stock Exchange in the 5 trading days immediately prior to the earlier of (i) the date of announcement of the grant of warrants, (ii) the date of the grant of warrants; and (iii) the date on which the exercise price of the warrants is fixed. The warrants will expire 18 months after their issuance date. Upon the approval by the Stock Exchange and, if required, the

shareholders of the Company as to the issuance of such warrants, an eligible holder will receive 800 warrants for every US\$1,000 of principal amount of Notes tendered by such holder and accepted by the Company pursuant to the Offer, where one Share will be allotted and issued upon exercise of each warrant.

THE OFFER

The Offer commenced on 22 November 2013 and will expire at 11:59 p.m., New York City time, on the Expiration Date, unless extended or earlier terminated by the Company in its sole discretion. An appropriate announcement will be made if and when the Expiration Date is extended or earlier terminated.

Pursuant to the Offer, Holders who validly tender their Notes on or prior to the Expiration Date and who do not validly withdraw such Notes will be entitled to receive, for each US\$1,000 in principal amount of Notes validly tendered and accepted for payment by the Company the Tender Offer Consideration, being US\$425 in cash, plus accrued and unpaid interest (at the rate of 10.25% per annum) on the principal amount of such Notes from the most recent interest payment date preceding the Payment Date to, but not including, the Payment Date. Notes may be tendered and will be accepted for payment only in integral multiples of US\$1,000.

Pursuant to the Offer, the Company offers to pay to each Holder of Notes who validly tenders Notes on or prior to the Early Consent Deadline and does not validly withdraw such tendered Notes the Early Consent Payment. Any Holder of Notes who tenders Notes prior to or on the Early Consent Deadline but who subsequently withdraws its tendered Notes without validly re-tendering Notes on or prior to the Early Consent Deadline will not be entitled to receive the Early Consent Payment. The Early Consent Payment will be US\$7.50 for each US\$1,000 principal amount of Notes validly tendered on or prior to the Early Consent Deadline and not validly withdrawn. Subject to the terms and conditions of the Offer, the Early Consent Payment will be made on the Payment Date.

Holders may not tender their Notes without delivering Consents. Notes tendered may be validly withdrawn at any time on or prior to the Expiration Date. In order for a Holder to validly revoke a Consent, such Holder must validly withdraw the related tendered Notes. For a withdrawal of a tendered Notes or a revocation of a Consent to be valid, such withdrawal or revocation must comply with the procedures set forth in the Offer to Purchase and Consent Solicitation Statement.

The Company, the Subsidiary Guarantors and the Trustee will execute the Supplemental Indenture in respect of the Notes (only upon satisfaction of all conditions under the Indenture to the execution of the Supplemental Indenture) on the Acceptance Date or as promptly as practicable thereafter. On the Payment Date, the Supplemental Indenture will become operative and the Company will be obligated to pay the Early Consent Payment. If the consent of holders of at least a majority in principal amount of Notes outstanding, excluding Notes held by the Company, being the Requisite Consents, to the Proposed Amendments are not obtained or the Offer is withdrawn or terminated, none of the Proposed Amendments will become operative.

If the Requisite Consents are received and the Supplemental Indenture has been executed and delivered, Holders of all Notes will be bound by the Proposed Amendments as of the Payment Date. Therefore, adoption of the Proposed Amendments will even affect Holders who elect not to tender Notes and deliver Consents.

Notwithstanding any other provision of the Tender Offer or the Consent Solicitation, the obligation of the Company to accept for payment and to pay for Notes validly tendered and not validly withdrawn pursuant to the Tender Offer and the obligation of the Company to make the Early Consent Payment are conditioned upon (1) the Company obtaining valid tenders of at least 80% in principal amount of outstanding Notes (excluding Notes held by the Company) which are not withdrawn on or before the Expiration Date, (2) the Company, the Subsidiary Guarantors and the Trustee having executed and delivered the Supplemental Indenture after the Company's receipt of the Requisite Consents to the Proposed Amendments, (3) the Company obtaining financing upon terms acceptable to the Company in its sole discretion for the purpose of providing funds to pay the Tender Offer Consideration, and (4) satisfaction of the other conditions to the Offer and the Solicitation set forth in the Offer to Purchase and Consent Solicitation Statement.

The Company is in the process of obtaining financing (the "**Financing**") to pay the Tender Offer Consideration, and the Expiration Date may be extended until such financing is obtained.

In the event that the Offer is withdrawn, terminated or otherwise not completed, the Tender Offer Consideration and the Early Consent Payment will not be paid or become payable to Holders, the Notes tendered pursuant to the Offer will be promptly returned to the tendering Holder, and the Proposed Amendments will not become operative.

REASONS FOR AND BENEFITS OF THE TENDER OFFER AND THE CONSENT SOLICITATION

Since the discovery of the accounting irregularities announced in early 2011 and the leaving of the ex-management of the Company, the business of the Company has been adversely affected. The Company incurred a consolidated net loss of RMB1,187 million and RMB4,191 million for the years ended 31 December 2011 and 2012, respectively. The purpose of the Offer and the Solicitation is to reduce the Company's indebtedness and the interest expense on such indebtedness. Reducing the amount of Notes outstanding will reduce the interest expense on the Notes, which is estimated to total approximately US\$18.45 million in fiscal year 2013. Assuming the Offer is successful, the Company will have significantly reduced its financial obligations and interest expense with respect to the Notes which would give it more flexibility to carry out its business strategies and improve its business prospects. The Company believes that the Offer also provides an opportunity for Holders to tender their Notes for purchase by the Company and thereby gain liquidity with respect to their Notes that might not otherwise be available to them. If the Offer is not successful, the Company's liquidity position is unlikely to improve or may decline.

FURTHER INFORMATION

The terms of the Offer are more fully described in the Offer to Purchase and Consent Solicitation Statement. The Company has appointed Bondholder Communications Group, LLC as Information and Tender Agent for the Tender Offer and the Consent Solicitation. Requests for copies of the Offer to Purchase and Consent Solicitation Statement and related documents may be directed to the Information and Tender Agent in New York at 30 Broad Street, 46th Floor, New York, NY 10004, or in London at 28 Throgmorton Street, London EC2N 2AN or at +1 212-809-2663 (New York) or +44 (0)20 7382-4580 (London). Copies of the Offer to Purchase and Consent Solicitation Statement are also available via the website www.bondcom.com/ChinaForestry.

The Offer is not being made to (nor will the tender of Notes and delivery of Consents for payment be accepted from or on behalf of) Holders in the Republic of Italy or in any jurisdiction where the making or acceptance of the Offer would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction, other than the Republic of Italy, in which the making of the Offer, the tender of Notes or the delivery of Consents for payment would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, the Offer will not be made to (nor will tenders or Consents be accepted from or on behalf of) any Holder residing in such jurisdiction.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this announcement, including those statements relating to the Offer, such as the scheduled expiration date and the repurchase of the Notes, are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Notes; changes in the business and financial condition of the Company and its subsidiaries; changes in the debt markets in general; and the occurrence of events specified in the Offer to Purchase and Consent Solicitation Statement that would trigger a condition permitting termination or amendment of the Offer.

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE NOTES. AN OFFER MAY ONLY BE MADE PURSUANT TO THE TERMS OF THE OFFER TO PURCHASE AND CONSENT SOLICITATION STATEMENT.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Acceptance Date”	the date upon which the Company accepts validly tendered Notes for payment, which is expected to be on or promptly following the date on which all of the conditions to the Tender Offer are satisfied
“Board”	the board of directors of the Company
“Company”	China Forestry Holdings Co., Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Consent Solicitation”	the solicitation of Consents pursuant to the Offer to Purchase and Consent Solicitation Statement
“Consents”	consents to the Proposed Amendments
“Director(s)”	the director(s) of the Company
“Early Consent Deadline”	6 December 2013
“Early Consent Payment”	payment in cash of US\$7.50 per US\$1,000 principal amount of Notes in respect of which Consent is delivered
“Expiration Date”	20 December 2013 (unless extended)
“Holder(s)”	holder(s) of the Notes
“Indenture”	the Indenture governing the Notes among the Company, the Trustee and the Subsidiary Guarantors dated 17 November 2010 and as amended by a supplemental indenture among the Company, the Trustee and the Subsidiary Guarantors dated 29 July 2011
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notes”	the 10.25% senior notes due 2015 issued by the Company
“Offer”	the Tender Offer and the Consent Solicitation

“Offer to Purchase and Consent Solicitation Statement”	the Offer to Purchase and Consent Solicitation Statement of the Company dated 22 November 2013 regarding the Offer
“Payment Date”	the date upon which the Company pays the Tender Offer Consideration, which is expected to be on or about one business day following the closing of the Financing
“PRC”	the People’s Republic of China
“Proposed Amendments”	the proposed amendments to the Indenture pursuant to the Offer
“Requisite Consents”	valid Consents representing not less than a majority in aggregate principal amount of the Notes outstanding, excluding Notes held by the Company
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shares”	Ordinary shares with nominal value of US\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	Rich Fame International Limited, Sky Famous Limited, Profit Wise International Limited, Fine Fit Limited, China Zhaoneng Group Limited and Ultra Big Investment Limited, each of whom is a subsidiary of the Company and a party to the Indenture
“Supplemental Indenture”	a supplemental indenture to be entered into among the Company, the Subsidiary Guarantors and the Trustee in which the Proposed Amendments are set out
“Tender Offer”	the Company’s offer to purchase for cash any and all outstanding Notes pursuant to the Offer to Purchase and Consent Solicitation Statement
“Tender Offer Consideration”	the consideration for the Offer, being US\$425 in cash per US\$1,000 of principal amount of Notes validly tendered plus accrued and unpaid interest (at the rate of 10.25% per annum) on the principal amount of such Notes from the most recent interest payment date preceding the Payment Date to, but not including, the Payment Date
“Trustee”	Citicorp International Limited, as the trustee under the Indenture

“US\$” United States Dollars, the lawful currency of the United States of America

“%” per cent

By the order of the Board
China Forestry Holdings Co., Ltd.
Mr. Li Kwok Cheong
Chairman

Hong Kong, 22 November 2013

As at the date of this announcement, the executive Directors are Mr. Li Kwok Cheong, Mr. Lin Pu and Mr. Wei Bin, the non-executive Directors are Mr. Xiao Feng, Mr. Li Zhi Tong and Mr. Meng Fanzhi, and the independent non-executive Directors are Mr. Liu Can, Dr. Liu Yongping and Ms. Hsu Wai Man, Helen.