

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE TRUSTEES OF THE LABOURERS' PENSION FUND
OF CENTRAL AND EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL
UNION OF OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING
ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known
as BDO McCabe Lo Limited), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT POON,
DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E. HYDE,
EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST, PÖYRY (BEIJING)
CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES (CANADA), INC.,
TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC DOMINION
SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC., MERRILL
LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON PLACEMENTS
CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC and BANC OF AMERICA
SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

MOTION RECORD OF THE PLAINTIFFS
(Motion for Leave – Part XXIII.1 of the *Securities Act*)
Volume 1

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Court File No. CV-11-431153-00CP

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SUPERIOR COURT OF JUSTICE**

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Defendants

Proceeding under the *Class Proceedings Act, 1992*

**NOTICE OF MOTION FOR LEAVE TO PLEAD THE CAUSES OF ACTION
CONTAINED IN PART XXIII.1 OF THE ONTARIO *SECURITIES ACT***

The Plaintiffs other than David Grant (the "Part XXIII.1 Plaintiffs") will make a motion
to the Court, on a date and at a time to be fixed, before the Honourable Justice Perell at Osgoode
Hall, 130 Queen Street West, Toronto

PROPOSED METHOD OF HEARING:

The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order granting leave to file a Fresh as Amended Statement of Claim substantially in the form attached as Tab 11 to the Motion Record of the Plaintiffs (the “Fresh as Amended Claim”), pleading the cause of action available under Part XXIII.1 of the *Securities Act*, RSO 1990, c S.5, as amended (the “*OSA*”), or, in the alternative, under the *OSA* and the equivalent provisions of the Other Canadian Securities Legislation (as defined in the Fresh as Amended Claim), *nunc pro tunc* as of the date of the commencement of this action or, in the alternative, as of such date as this Court may deem just;
2. costs of this motion, plus applicable taxes; and
3. such further and other order and relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. the cause of action under Part XXIII.1 of the *OSA* is being asserted in good faith;
2. there is a reasonable possibility that the action under Part XXIII.1 of the *OSA* will be resolved at trial in favour of the Part XXIII.1 Plaintiffs;
3. it is in the interests of justice that leave be granted on a *nunc pro tunc* basis;
4. the securities legislation of each other province and territory in Canada contains provisions materially similar to the provisions of Part XXIII and Part XXIII.1 of the *OSA*;
5. the *OSA*;
6. the *Securities Act*, RSA 2000, c S-4, as amended;

7. the *Securities Act*, RSBC 1996, c 418, as amended;
8. *The Securities Act*, CCSM c S50, as amended;
9. the *Securities Act*, SNB 2004, c S-5.5, as amended;
10. the *Securities Act*, RSNL 1990, c S-13, as amended;
11. the *Securities Act*, SNWT 2008, c 10, as amended;
12. the *Securities Act*, RSNS 1989, c 418, as amended;
13. the *Securities Act*, S Nu 2008, c 12, as amended;
14. the *Securities Act*, RSPEI 1988, c. S-3.1, as amended;
15. the *Securities Act*, RSQ c V-1.1, as amended;
16. *The Securities Act, 1988*, SS 1988-89, c S-42.2, as amended;
17. the *Securities Act*, SY 2007, c 16, as amended;
18. the *Rules of Civil Procedure*, RRO 1990, Reg 194 and, in particular, Rules 1.04(1), 12, 26.01 and 26.02; and
19. such further and other grounds as counsel may advise and this Honourable Court may deem just.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Affidavit of Robert Wong;
2. the Affidavit of Michael Gallagher;
3. the Affidavit of Ingrid Albinsson and Svante Linder;

4. the Affidavit of Joseph Mancinelli;
5. the Affidavit of Stephen Gowan Chandler;
6. the Affidavit of Daniel E.H. Bach;
7. the Affidavit of Dennis Deng;
8. the Affidavit of Carol-Ann Tjon-Pian-Gi;
9. the Affidavit of Alan T. Mak; and
10. such further and other evidence as counsel may advise and this Honourable Court may deem just.

March 2, 2012

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The Trustees of the Labourer's Pension Fund
of Central and Eastern Canada, et al.

Sino-Forest corporation, et al.

and

Court File No: CV-11-431153-00CP

Plaintiffs

Defendants

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SUPERIOR COURT OF JUSTICE

Proceedings Under the *Class Proceedings Act, 1992*
Proceeding commenced at Toronto

NOTICE OF MOTION FOR LEAVE TO PLEAD THE
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AMERICA SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF ROBERT WONG

I, ROBERT WONG, of the City of Kindardine, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am a plaintiff in this action. Accordingly, I have knowledge of the matters herein
deposed. Where I make statements in this affidavit based on information not within my
personal knowledge, I have been informed by my lawyers at Siskinds LLP and Koskie
Minsky LLP, and I believe such information to be true.

- 2. I swear this affidavit in support of the Plaintiffs' motion for leave to amend the statement of claim in this action to advance the causes of action under Part XXIII.1 of the Ontario *Securities Act*, and for no other or improper purpose.
- 3. No portion of this affidavit is meant to waive, nor should it be construed as a waiver of, solicitor-client, litigation, or any other privilege.

NATURE OF THE ACTION

- 4. This action was commenced on July 20, 2011 against Sino-Forest Corporation ("Sino") and other defendants. Sino is a publicly traded company, and its shares were traded at all material times on the Toronto Stock Exchange under the ticker symbol "TRE".
- 5. In this action, I allege, on my own behalf and on behalf of the Class of investors that acquired Sino's securities during the material time, that Sino misstated its financials, substantially overstated the value of its assets, and concealed material information about its business and operations from investors in its public filings. As a result of these alleged misrepresentations, Sino's securities traded at artificially inflated prices.
- 6. I brought this action to recover my investment losses, to ensure that the defendants are held accountable for their behaviour, to deter similar conduct by others, and to safeguard the health and transparency of the public markets. I commenced this action in good faith and have no ulterior motive, nor any improper or collateral purpose for starting these proceedings.

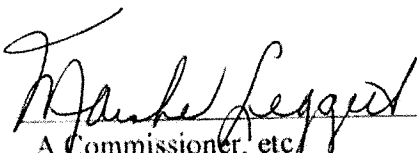
MY INVESTMENT IN SINO-FOREST CORPORATION

- 7. I first became a shareholder of Sino on July 29, 2002, when I purchased, over the TSX, approximately 15,000 Sino shares. I paid about \$15,000 for those shares. I was a

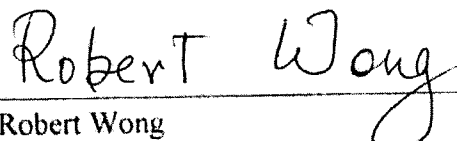
shareholder of Sino continuously from that time until June 10, 2011, when I disposed of my last shares of Sino.

- 8. After I first became a Sino shareholder, I purchased hundreds of thousands of Sino shares, many of which I acquired during the proposed class period in this action. I also sold many shares during that period. However, by early September 2008, I owned 1,371,500 Sino shares having a market value at that time of approximately \$26.1 million.
- 9. At the conclusion of the proposed class period, I continued to own 518,700 Sino shares having at that time a market value of approximately \$9.4 million. Thirty thousand of the Sino shares I then owned were purchased at a price of \$16.80 per share, or a total of \$504,000, under Sino's December 2009 prospectus.
- 10. On June 3, 2011 and June 10, 2011, following my learning of the allegations made against Sino by Muddy Waters, I sold all of the 518,700 Sino shares that I owned at the end of the class period, and did so for total proceeds of approximately \$2.8 million. During the time that I was a Sino shareholder, I purchased Sino shares at prices as high as \$23.00, but the average price at which I sold my Sino shares after the class period was \$5.43.
- 11. Attached and marked as **Exhibit "A"** is a summary of the transactions outlined above.

SWORN OR AFFIRMED before)
 me at at the City of PINCARDINE, on)
 February 23, 2012.)
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)
)
)
)


 _____)
 A Commissioner, etc)

MARSHA PAULINE LEGGETT, a Commissioner,
 etc., Province of Ontario, for
 William S. Mathers, Barrister and Solicitor.
 Expires January 20, 2013.


 _____)
 Robert Wong)

TRUSTEES OF THE LABOURERS' and SINO-FOREST CORPORATION *et al.*
PENSION FUND OF CENTRAL AND
EASTERN CANADA *et al.*

Plaintiffs Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF ROBERT WONG

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Lawyers for the Plaintiffs

This is Exhibit "A" mentioned
and referred to in the Affidavit
of Robert Wong, sworn before
me at the City of *KINCARDINE*, in
the Province of *ONTARIO*, this *23RD*
day of *FEBRUARY*, 2012.


A Commissioner etc.

MARSHA PAULINE LEGGETT, a Commissioner,
etc., Province of Ontario, for
William S. Mathers, Barrister and Solicitor.
Expires January 20, 2013.

Date	Stock	Transaction	Symbol	Quantity	Price	Commission	Amount
7/29/02	sino forest	b	tre.a	15200	0.95		-14,896.00
7/30/02	sino forest	b	tre.a	4500	0.95		-4,410.00
8/29/02	sino forest	b	tre.a	40000	0.95		-39,200.00
12/12/02	sino forest	b	tre.a	74700	1.20		-91,881.00
12/13/02	sino forest	b	tre.a	25300	1.20		-31,119.00
3/8/03	sino forest	b	tre.a	40000	1.73		-70,035.00
3/10/03	sino forest	b	tre.a	40000	1.84		-74,800.00
3/19/03	sino forest	b	tre.a	24100	1.80		-44,103.00
3/20/03	sino forest	b	tre.a	15900	1.80		-28,097.00
4/16/03	sino forest	b	tre.a	10000	1.76		-17,800.00
4/24/03	sino forest	b	tre.a	15800	1.73		-27,886.00
7/28/03	sino forest	b	tre.a	20000	2.71		-54,800.00
9/2/03	sino forest	b	tre.a	16500	3.45		-57,420.00
9/3/03	sino forest	b	tre.a	3500	3.45		-12,180.00
9/10/03	sino forest	b	tre.a	20000	3.35		67,600.00
10/3/03	sino forest	b	tre.a	20000	3.35		67,600.00
2/19/04	sino forest	b	tre.a	11600	6.20		-71,920.00
3/19/04	sino forest	b	tre.a	1000	4.00		-4,015.00
3/29/04	sino forest	b	tre.a	30000	4.10		-123,306.00
3/29/04	sino forest	b	tre.a	2000	3.82		-7,656.00
5/20/04	sino forest	b	tre.a	50000	2.50		-125,505.00
2/17/05	sino forest	b	tre.a	100000	4.16		-417,000.00
12/12/05	sino forest	b	tre	8000	4.77		-43,020.00
1/25/06	sino forest	b	tre	8500	6.47		-66,580.00
3/27/06	sino forest	b	tre	2700	6.49		-17,550.00
3/29/06	sino forest	b	tre	47300	6.49		-307,450.00
6/29/06	Sino Forest	b	tre	50000	6.50		-275,500.00
8/3/06	Sino Forest	b	tre	5100	6.68		-28,917.00
8/4/06	Sino Forest	b	tre	42300	6.68		-239,841.00
8/8/06	Sino Forest	b	tre	2600	6.68		-14,742.00
8/15/06	Sino Forest	b	tre	20000	4.50		-90,200.00
10/11/06	Sino Forest	b	tre	30000	5.09		-153,000.00
10/18/06	Sino Forest	b	tre	43800	6.30		-231,516.00
10/17/06	Sino Forest	b	tre	6400	5.30		-33,984.00
10/24/06	Sino Forest	b	tre	50000	5.43		-272,000.00
11/1/06	Sino Forest	b	tre	50000	5.70		-285,500.00
11/10/06	Sino Forest	b	tre	2500	6.29		-15,750.00
11/13/06	Sino Forest	b	tre	60400	6.65		-402,264.00
11/14/06	Sino Forest	b	tre	10000	6.62		-66,300.00
12/24/06	Sino Forest	b	tre	2200	6.62		-14,588.00
1/2/07	Sino Forest	b	tre	34000	7.89		-268,800.00
1/3/07	Sino Forest	b	tre	20000	7.89		-158,176.00
1/4/07	Sino Forest	b	tre	16000	7.50		-114,150.00
1/5/07	Sino Forest	b	tre	5000	7.65		-38,340.00
1/8/07	Sino Forest	b	tre	5000	7.95		-39,300.00
1/9/07	Sino Forest	b	tre	10000	7.87		-78,800.00
1/10/07	Sino Forest	b	tre	9800	7.98		-78,302.00
1/12/07	Sino Forest	b	tre	40000	10.37		-416,200.00
1/15/07	Sino Forest	b	tre	60000	9.13		-548,400.00

1/24/07	Sino Forest	b	tre	20000	9.43		-188,800.00
6/26/07	sino forest	b	tre	10000	15.00		-150,100.00
8/7/07	sino forest	b	tro	10000	15.00		-150,100.00
	total			1261500	4.930		-6,219,204.00
8/10/07	sino forest	s	tre	-20000	15.000		299,800.00
	remaining			1241500	4.930		-6,120,692.43
8/15/07	sino forest	b	tre	10000	15.000		-150,100.00
12/10/07	sino forest	b	tre	4400	20.580		-90,598.00
12/10/07	sino forest	b	tre	5800	20.600		-116,416.00
1/15/08	sino forest	b	tre	10000	20.170		-201,700.00
6/13/08	sino forest	b	tre	10000	16.670		-166,700.00
6/26/08	sino forest	b	tre	20000	18.000		-360,000.00
7/16/08	sino forest	b	tre	10000	15.000		-150,000.00
7/22/08	sino forest	b	tre	10000	14.500		-146,000.00
8/6/08	sino forest	b	tre	7900	15.500		-122,450.00
8/6/08	sino forest	b	tro	2100	15.500		-32,550.00
8/11/08	sino forest	b	tre	10000	15.000		-150,000.00
8/26/08	sino forest	b	tro	10000	19.000		-190,000.00
9/4/08	sino forest	b	tre	20000	19.000		-380,000.00
	total			1371500	6.1066		-6,375,204.43
9/18/08	sino forest	s	tre	-40000	15.900	400.00	635,000.00
9/18/08	sino forest	s	tre	-20000	14.286	200.00	286,520.00
9/29/08	sino forest	s	tre	-1,500.00	13.210	15.00	19,800.00
	sino forest	s	tro	-18500	13.210	185.00	244,200.00
9/30/08	sino forest	s	tre	-100,000	13.480	1,000.00	1,345,000.00
10/2/08	sino forest	s	tre	-25,000	11.743	2,935.80	290,644.20
10/2/08	sino forest	s	tro	-20,000	12.030	200.00	240,400.00
10/2/08	sino forest	s	tre	-40,000	12.250	400.00	489,600.00
10/8/08	sino forest	s	tro	-10,000	9.800	100.00	96,900.00
10/8/08	sino forest	s	tre	-20,000	10.150	200.00	202,800.00
10/8/08	sino forest	s	tre	-20,000	10.250	200.00	204,800.00
10/8/08	sino forest	s	tre	-10,000	10.410	100.00	104,000.00
10/8/08	sino forest	s	tre	-10000	10.800	100.00	107,900.00
10/9/08	sino forest	s	tre	-7400	10.265	74.00	75,887.00
10/10/08	sino forest	s	tro	-2600	8.880	26.00	23,062.00
10/15/08	sino forest	s	tre	-6500	10.000	65.00	64,936.00
11/13/08	sino forest	s	tre	-20000	6.990	200.00	139,800.00
11/14/08	sino forest	s	tre	-20000	7.000	200.00	139,800.00
11/18/08	sino forest	s	tro	-5000	6.650	50.00	33,200.00
11/19/08	sino forest	s	tre	-15000	6.720	150.00	100,650.00
11/20/08	sino forest	s	tre	-40000	6.960	400.00	238,000.00
11/21/08	sino forest	s	tre	-20000	5.700	200.00	113,800.00
11/24/08	sino forest	s	tro	-108100	5.898	1,081.00	838,492.80
11/25/08	sino forest	s	tre	-108700	5.549	1,087.00	602,089.30
11/26/08	sino forest	s	tre	-310300	5.557	3,103.00	1,721,234.10
11/27/08	sino forest	s	tre	-10000	6.174	1,000.00	61,640.00
11/28/08	sino forest	s	tre	-4000	6.670	40.00	27,440.00
12/1/08	sino forest	s	tro	-2000	6.700	20.00	13,380.00
	sino forest	s	tre	-2000	6.420	20.00	12,820.00
	sino forest	s	tre	-700	6.600	7.00	4,613.00
12/2/08	sino forest	s	tre	-2000	6.600	20.00	13,180.00

	sino forest	s	tre	-2000	6.850	20.00	13,880.00
12/3/08	sino forest	s	tre	-2000	6.700	20.00	13,380.00
12/4/08	sino forest	s	tre	-2000	7.000	20.00	13,980.00
	sino forest	s	tre	-2000	7.300	20.00	14,580.00
12/8/08	sino forest	s	tre	-2000	8.080	20.00	16,140.00
	sino forest	s	tre	-2000	8.150	20.00	16,280.00
12/10/08	sino forest	s	tre	-2000	9.500	20.00	18,980.00
	sino forest	s	tre	-2000	10.500	20.00	20,980.00
	total sale			-1035300	8.090		8376027
		remaining		336200	6.1066		-2,053,039.54
3/2/09	sino forest	b	tre	2000	6.000	20.00	-18,020.00
12/16/08	sino forest	b	tre	30000	16.800	0.00	-504,000.00
12/17/09	sino forest	b	tre	10000	17.380	100.00	-174,000.00
12/29/09	sino forest	b	tre	10000	19.600	100.00	-198,100.00
12/30/09	sino forest	b	tre	5000	19.3100	50.00	-98,500.00
12/31/09	sino forest	b	tre	5000	19.2300	50.00	-98,200.00
1/6/10	sino forest	b	tre	10000	20.5500	100.00	-205,500.00
1/11/10	sino forest	b	tre	10000	20.8400	100.00	-208,500.00
1/14/10	sino forest	b	tre	10000	20.5000	100.00	-205,100.00
6/7/10	sino forest	b	tre	500	16.0000	5.00	-8,005.00
1/13/11	sino forest	b	tre	20000	23.0000	200.00	-460,200.00
5/8/11	sino forest	b	tre	10000	21.3700	100.00	-213,800.00
5/13/11	sino forest	b	tre	10000	19.7400	100.00	-197,500.00
5/24/11	sino forest	b	tre	10000	19.0000	100.00	-190,100.00
5/25/11	sino forest	b	tre	10000	19.1000	100.00	-191,100.00
5/25/11	sino forest	b	tre	10000	19.1200	100.00	-191,300.00
5/25/11	sino forest	b	tre	10000	19.1200	100.00	-191,300.00
6/2/11	sino forest	b	tre	10000	17.0000	100.00	-170,100.00
	total			518700	10.7318		-5666564.54
6/3/11	sino forest	s	tre	-488700	5.4400	0.00	2658528.00
8/10/11	sino forest	s	tre	-30000	5.3397	1,089.30	169100.70
	total sale			-518700	5.4321		2817628.70
		remaining		0			-2,748,935.84

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND
EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF
OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING
ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT
and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly
known as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN,
KAI KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND,
JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J.
WEST, PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE
SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES
CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC
WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD
FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE
SECURITIES (USA) LLC, and BANC OF AMERICA SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF MICHAEL GALLAGHER

I, MICHAEL GALLAGHER, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am the chair of the board of trustees of the International Union of Operating Engineers Local 793 Pension Plan (the "OE Fund"), plaintiffs in this action, and I have knowledge of the matters herein deposed. Where I make statements in this affidavit that are not within my personal knowledge, I have been informed by Mark Zigler of Koskie Minsky

LLP, counsel to the OE Fund, and Chris Brisebois of Eckler Ltd., actuaries and investment counsel to the OE Fund, and I believe that such information is true.

2. The OE Fund Plan was established on November 1, 1973. It is a specified multi-employer pension plan and it administered by a board of trustees. Almost all of the members of the plan are qualified operating engineers or apprentices working primarily in the Ontario construction industry as operators of cranes or other heavy equipment.

3. I swear this affidavit in support of the plaintiffs' motion for leave to amend the statement of claim in this action to advance the causes of action under Part XXIII.1 of the Ontario *Securities Act* and for no other or improper purpose.

4. No portion of this affidavit is meant to waive, nor should it be construed as a waiver of, solicitor-client, litigation, or any other privilege.

NATURE OF THE ACTION

5. This action was commenced on July 20, 2011 against Sino-Forest Corporation ("Sino") and other defendants. Sino is a publicly traded company, and its shares were traded at all material times on the Toronto Stock Exchange under the ticker symbol "TRE".

6. In this action, the plaintiffs allege, on their own behalf and on behalf of the class of investors that acquired Sino's securities, that Sino misstated its financials, substantially overstated the value of its assets, and concealed material information about its business and operations from the investors in its public filings. As a result of these alleged misrepresentations, Sino's securities traded at artificially inflated prices.

7. The trustees brought this claim to recover investor losses, including those of the OE Fund, and in the interests of proper disclosure from issuers. The trustees have a strong interest in the health and proper function of the Canadian capital markets.

8. The trustees of the OE Fund have commenced this action to ensure that the defendants are held accountable for their behaviour and to deter similar conduct by others. The trustees have no ulterior motive, nor any improper or collateral purpose in commencing this action.

OE FUND'S INVESTMENT IN SINO-FOREST CORPORATION

9. The trustees invested in Sino shares through four asset managers: McLean Budden Ltd., Morrison Williams Investment Management Ltd., Greystone Managed Investment Inc., and TD Asset Management Inc. ("TDAM"). I am advised by Chris Brisebois of Eckler Ltd. and I believe that the following reflects the trustees' transactions in Sino shares.

10. The fund's assets were invested on a segregated fund basis by Morrison Williams, Greystone and McLean Budden, and on a pooled fund basis by TDAM.

11. On the trustees' behalf, McLean Budden purchased 42,000 Sino shares between February 1, 2011 and May 24, 2011, which had a market value of \$18.21 per share or \$764,820 at the close of trading on June 1, 2011. The trustees sold their holdings on June 21, 2011 at a share price of \$1.84 for net proceeds \$77,170.80.

12. On the trustees' behalf, Morrison Williams purchased 181,700 Sino shares between January 20, 2011 and June 1, 2011, which had a market value of \$18.21 per share or \$3,308,757 at the close of trading on June 1, 2011. The trustees sold their holdings on June 3, 2011 at an average share price of \$5.147 for net proceeds of \$1,524,026.70.

TRUSTEES OF THE LABOURERS' and
PENSION FUND OF CENTRAL AND
EASTERN CANADA *et al.*

SINO-FOREST CORPORATION *et al.*

Court File No: CV-11-431153-00CP

Plaintiffs

Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF MICHAEL GALLAGHER

Siskinds LLP

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Tel: 416-595.2149

Fax: 416.204.2903

Lawyers for the Plaintiffs

**EXHIBIT "A" TO THE AFFIDAVIT OF MICHAEL GALLAGHER
SWORN BEFORE ME, THIS 27 DAY OF FEBRUARY, 2012.**



Commissioner for Taking Affidavits

Summary of Transactions in Sino's Shares

TRADE DATE	TYPE	# OF SHARES	PRICE PER UNIT
McLean Budden			
01-Feb-11	Buy	5,700	\$22.2215
02-Feb-11	Buy	2,500	\$22.7232
03-Feb-11	Buy	2,800	\$22.7766
04-Feb-11	Buy	2,700	\$23.2396
07-Feb-11	Buy	2,000	\$23.8432
08-Feb-11	Buy	8,800	\$24.4734
08-Feb-11	Buy	1,500	\$24.55
17-May-11	Buy	300	\$20.48
17-May-11	Buy	3,500	\$20.6637
18-May-11	Buy	2,500	\$20.8238
18-May-11	Buy	400	\$20.79
19-May-11	Buy	500	\$20.9666
19-May-11	Buy	1,900	\$21.0764
20-May-11	Buy	4,500	\$20.4702
24-May-11	Buy	2,400	\$19.4105
21-Jun-11	Sell	42,000	\$1.8407
Morrison Williams			
20-Jan-11	Buy	181,700	\$21.535
14-Mar-11	Buy	83,800	\$21.526
15-Mar-11	Buy	30,600	\$21.616
3-Jun-11	Sell	296,100	\$5.147
Greystone			
05-Jul-07	Buy	800	\$17.1374
06-Jul-07	Buy	700	\$17.0498
09-Jul-07	Buy	200	\$17
10-Jul-07	Buy	1800	\$17.042
11-Jul-07	Buy	300	\$17.25
16-Jul-07	Buy	400	\$17.6
17-Jul-07	Buy	900	17.7783

18-Jul-07	Buy	3900	17.9749
18-Jul-07	Buy	300	17.8849
20-Jul-07	Buy	2700	18.8874
23-Jul-07	Buy	600	18.4758
24-Jul-07	Buy	600	18.0999
25-Jul-07	Buy	1000	17.3125
26-Jul-07	Buy	700	16.7498
27-Jul-07	Buy	2200	17.098
30-Jul-07	Buy	3200	17.1184
31-Jul-07	Buy	5000	17.171
01-Aug-07	Buy	600	15.9966
02-Aug-07	Buy	200	16.05
03-Aug-07	Buy	400	16.05
07-Aug-07	Buy	600	15.4422
09-Aug-07	Buy	1000	15.7949
10-Aug-07	Buy	1200	14.9193
10-Aug-07	Buy	1000	15.2581
13-Aug-07	Buy	1000	15.0395
14-Aug-07	Buy	800	15.1954
15-Aug-07	Buy	800	14.9744
16-Aug-07	Buy	4600	13.8702
17-Aug-07	Buy	2250	13.9638
20-Aug-07	Buy	800	14.0159
21-Aug-07	Buy	2200	13.9995
22-Aug-07	Buy	300	14.3237
23-Aug-07	Buy	1400	16.1001
24-Aug-07	Buy	450	16.9357
29-Aug-07	Buy	1000	17.4422
30-Aug-07	Buy	600	17.5898
04-Sep-07	Buy	5200	18.23
10-Sep-07	Buy	1000	18.85
26-Sep-07	Buy	1600	22.2955

27-Sep-07	Buy	1200	21.8191
02-Oct-07	Buy	800	23.2441
03-Oct-07	Buy	5430	23.1858
04-Oct-07	Buy	2300	23.165
11-Oct-07	Buy	3970	24.7695
23-Oct-07	Sell	2700	22.4873
22-Jan-08	Buy	2900	15.9431
28-Jan-08	Sell	700	17.711
26-Feb-08	Sell	270	19.1641
04-Mar-08	Sell	1200	18.9003
20-Mar-08	Buy	2200	14.9113
04-Apr-08	Sell	2700	17.5524
21-Apr-08	Sell	1200	15.3125
22-Apr-08	Sell	600	15.2969
21-May-08	Sell	860	18.0225
22-May-08	Sell	840	17.99
08-Jul-08	Buy	1400	16.4677
11-Aug-08	Buy	1720	14.9995
12-Aug-08	Buy	130	16.4084
13-Aug-08	Buy	2100	17.5051
20-Aug-08	Buy	320	18.8381
21-Aug-08	Buy	1380	19.4353
10-Sep-08	Buy	1740	17.7225
11-Sep-08	Buy	880	18.0153
07-Oct-08	Buy	3260	10.7574
14-Oct-08	Buy	1900	10.6571
15-Oct-08	Buy	4700	9.9627
18-Nov-08	Buy	2400	6.6901
21-Nov-08	Buy	1700	5.6527
25-Feb-09	Buy	4100	8.9626
26-Feb-09	Buy	1400	8.9057
21-May-09	Sell	1600	12.6417

02-Jun-09	Sell	1700	13.256
06-Oct-09	Sell	1200	16.5709
18-Feb-10	Buy	2900	20.2981
13-May-10	Sell	1700	18.3831
09-Jun-10	Buy	1000	16.4574
20-Jul-10	Buy	1500	16.1303
08-Sep-10	Sell	1300	18.7328
07-Oct-10	Sell	4800	17.3474
09-Nov-10	Sell	1600	22.262
04-Feb-11	Sell	1660	22.9815
16-Mar-11	Buy	1400	21.9237
05-May-11	Buy	700	21.268
26-May-11	Buy	17300	18.4451
6-Jul-11	Sell	22800	4.7579
26-Jul-11	Sell	17,900	7.4341
27-Jul-11	Sell	3,100	7.5853
26-Aug-11	Sell	16,310	1.72

Court File No. CV-11-431153-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST, PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC, and BANC OF AMERICA SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF INGRID ALBINSSON AND SVANTE LINDER

WE, INGRID ALBINSSON AND SVANTE LINDER, of the City of Stockholm, in the Country of Sweden, MAKE OATH AND SAY:

1. We are, respectively, the Chief Strategist and Head of Administration of Sjunde AP-Fonden ("AP7"), a plaintiff in this action. Accordingly, we have knowledge of the matters herein deposed. Where we make statements in this affidavit based on information not within personal knowledge, we have been informed by AP7's lawyers at Siskinds LLP and Koskie Minsky LLP, and believe such information to be true.

- 2 -

2. We swear this affidavit in support of the Plaintiffs' motion for leave to amend the statement of claim in this action to advance the causes of action under Part XXIII.1 of the *Ontario Securities Act*, and for no other or improper purpose.
3. No portion of this affidavit is meant to waive, nor should it be construed as a waiver of, solicitor-client, litigation, or any other privilege.

NATURE OF THE ACTION

4. This action was commenced on July 20, 2011 against Sino-Forest Corporation ("Sino") and other defendants. Sino is a publicly traded company, and its shares were traded at all material times on the Toronto Stock Exchange under the ticker symbol "TRE".
5. In this action, AP7 alleges, on its own behalf and on behalf of the Class of investors that acquired Sino's securities during the material time, that Sino misstated its financials, substantially overstated the value of its assets, and concealed material information about its business and operations from investors in its public filings. As a result of these alleged misrepresentations, Sino's securities traded at artificially inflated prices.
6. AP7 brought this action to recover its investment losses, to ensure that the defendants are held accountable for their behaviour, to deter similar conduct by others, and to safeguard the health and transparency of the public markets. It commenced this action in good faith and has no ulterior motive, nor any improper or collateral purpose for starting these proceedings.

BACKGROUND OF AP7

7. In 2000, AP7, the Seventh Swedish National Pension Fund, was established, and began investing as part of Sweden's national pension system. Under the Swedish national


pension system, 2.5% of an individual's pensionable income is paid to the "premium pension" system, in which this individual may choose to invest his or her contributions in authorized mutual funds or the government option managed by AP7. For those who do not make an affirmative selection, their contributions default for management by AP7.

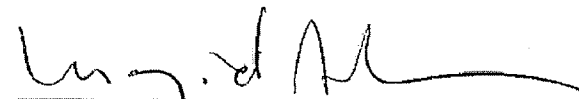
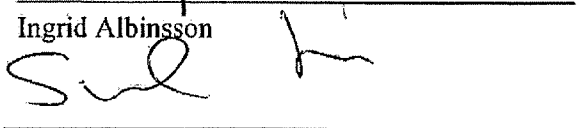
- 8. AP7 is governed by a Board of Directors. As of June 30, 2011, it had approximately 103 Billion SEK (equivalent to approximately \$15.9 billion, at current exchange rates) in assets under management.
- 9. AP7 is authorized to initiate and prosecute legal actions on behalf of the funds it manages, and no other person or entity other than AP7 may commence claims on behalf of those funds.

AP7'S INVESTMENT IN SINO-FOREST CORPORATION

- 10. AP7 purchased Sino shares between April 21, 2010 and January 14, 2011. Those purchases were made in the secondary market over the TSX.
- 11. AP7's funds held a total of 139,398 shares on June 1, 2011, with a market value of \$18.21 per share or \$2,538,438 in total. On August 24, 2011, AP7 sold 43,095 Sino shares for net proceeds \$188,829.36. AP7 continues to hold 96,303 shares of Sino.
- 12. Attached and marked as Exhibit "A" is a summary of the transactions outlined above.

SWORN OR AFFIRMED before)
me at the City of Stockholm on)
February 27, 2012.)


A Commissioner, etc.)
Anders Mankren


Ingrid Albinsson)

Svante Linder

TRUSTEES OF THE LABOURERS' and SINO-FOREST CORPORATION *et al.*
PENSION FUND OF CENTRAL AND
EASTERN CANADA *et al.*

Court File No: CV-11-431153-00CP

Plaintiffs Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**AFFIDAVIT OF INGRID ALBINSSON AND
SVANTE LINDER**

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Lawyers for the Plaintiffs

This is Exhibit "A" mentioned
and referred to in the Affidavit
of *Svante Linder and*
Jugrid Albinsson

, sworn before me at the City of
Stockholm

, in the Country of *Sweden*, this
day of *2 March*, 2012.



A Commissioner, etc.

Anders Månsson

0473

Summary of Transactions in Siro's Shares

TRADE DATE	TYPE	# OF SHARES	PRICE PER UNIT
4/21/2010	Purchase	2,945	\$19.6985
4/29/2010	Purchase	4,900	\$19.80
4/29/2010	Purchase	1,020	\$19.80
4/29/2010	Purchase	3,500	\$19.40
4/26/2010	Purchase	1,994	\$19.5122
4/27/2010	Purchase	71,500	\$19.3148
4/27/2010	Purchase	6,085	\$19.3295
4/27/2010	Purchase	1,300	\$19.3152
4/28/2010	Purchase	4,070	\$18.6711
4/29/2010	Purchase	3,082	\$17.6924
4/29/2010	Purchase	4,123	\$18.0285
5/10/2010	Purchase	3,469	\$17.5641
5/10/2010	Purchase	5,147	\$17.7513
5/11/2010	Purchase	1,983	\$17.6141
10/6/2010	Purchase	6,180	\$17.5220
12/14/2010	Purchase	14,800	\$14.2573
1/14/2011	Purchase	4,500	\$14.3549
02/1/2011	Sale	49,093	\$14.3317



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Court File No. CV-11-431153-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND
 EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF
 OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING
 ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT
 and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly
 known as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN,
 KAI KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND,
 JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J.
 WEST, PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE
 SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES
 CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC
 WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD
 FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE
 SECURITIES (USA) LLC, and BANC OF AMERICA SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF JOSEPH MANCINELLI

I, JOSEPH MANCINELLI, of the City of Hamilton, in the Province of Ontario,

MAKE OATH AND SAY:

1. I am the chair of the board of trustees of the Labourers' Pension Fund of Central and Eastern Canada (the "Labourers Fund"), plaintiffs in this action, and I have knowledge of the matters herein deposed. Where I make statements in this affidavit that are not within my personal knowledge, I have been informed by Michael Mazzuca of Koskie Minsky LLP,

counsel to the Labourers Fund, and Janet Rabovsky of Towers Watson, investment counsel to the Labourers Fund, and I believe that such information is true.

2. The Labourers Fund was established on February 23, 1972 by the Labourers International Union of North America. It is a specified multi-employer pension plan and is administered by a board of trustees.

3. I swear this affidavit in support of the plaintiffs' motion for leave to amend the statement of claim in this action to advance the causes of action under Part XXIII.1 of the Ontario *Securities Act* and for no other or improper purpose.

4. No portion of this affidavit is meant to waive, nor should it be construed as a waiver of, solicitor-client, litigation, or any other privilege.

NATURE OF THE ACTION

5. This action was commenced on July 20, 2011 against Sino-Forest Corporation ("Sino") and other defendants. Sino is a publicly traded company, and its shares were traded at all material times on the Toronto Stock Exchange under the ticker symbol "TRE".

6. In this action, the plaintiffs allege, on their own behalf and on behalf of the class of investors that acquired Sino's securities, that Sino misstated its financials, substantially overstated the value of its assets, and concealed material information about its business and operations from the investors in its public filings. As a result of these alleged misrepresentations, Sino's securities traded at artificially inflated prices.

7. The trustees brought this action because of the Labourers Fund's investment losses and because of their concern that public markets remain healthy and transparent. While cases

such this are relatively rare, the trustees, as part of their ongoing fiduciary responsibilities, will consider pursuing cases in which they believe an individual or company has committed fraud or made misrepresentations to investors and a loss to the fund has resulted.

8. The trustees have commenced this action to ensure that the defendants are held accountable for their behaviour and to deter similar conduct by others. The trustees have no ulterior motive, nor any improper or collateral purpose in commencing this action.

LABOURERS FUND'S INVESTMENT IN SINO-FOREST CORPORATION

9. The trustees purchased Sino-Forest shares between December 2009 and June 2011. Most of these purchases were made in the secondary market over the Toronto Stock Exchange. I am advised by Janet Rabovsky of Towers Watson and I believe that the following reflects the trustees' transactions in Sino shares.

10. The trustees invested in Sino-Forest shares through two asset managers: Fiera Sceptre Inc. and TD Asset Management Inc. ("TDAM"). The plan's assets were invested on a segregated fund basis by Fiera Sceptre and on a pooled fund basis by TDAM.

11. On December 11, 2009, the trustees purchased 32,300 shares at a cost of \$16.80 per share in a primary market distribution pursuant to the Final Short Form Prospectus dated December 10, 2009. This trade was placed through Credit Suisse and settled on December 17, 2009.

12. The trustees held a total of 128,700 shares on June 1, 2011, with a market value of \$18.21 per share or \$2,343,627 at the close of trading on June 1, 2011. On June 2 and 3, 2011,

the trustees sold their holdings for net proceeds of \$695,993.96. Attached and marked as **Exhibit "A"** is a summary of the trustees' transactions in Sino's shares.


13. The trustees also purchased units in two pooled funds managed by TDAM that held Sino-Forest shares. On May 31, 2011 the trustees held \$367,000,000 in these pooled funds. On the same date, the pooled funds had invested approximately 0.38% of the funds in shares of Sino-Forest. The trustees' holdings of Sino-Forest were valued at approximately \$1,386,104. As of June 30, 2011, the value of Sino-Forest shares in the pooled funds fell to 0.08% of the total assets of the pooled fund and the trustees holdings of Sino-Forest had a value of approximately \$291,811.

SWORN before me at the City of)
Hamilton, on March 1, 2012.)



A Commissioner, etc.

James Harnum
LSUC # 60459F



JOSEPH MANCINELLI

TRUSTEES OF THE LABOURERS' and SINO-FOREST CORPORATION *et al.*
PENSION FUND OF CENTRAL AND
EASTERN CANADA *et al.*

Plaintiffs

Defendants

Court File No: CV-11-431153-00CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF JOSEPH MANCINELLI

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Barristers & Solicitors
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Lawyers for the Plaintiffs

**EXHIBIT "A" TO THE AFFIDAVIT OF JOSEPH S. MANCINELLI
SWORN BEFORE ME, THIS 1 DAY OF MARCH, 2012**



Commissioner for Taking Affidavits

James Harum
LSUC # 60459F

Summary of Transactions in Sino's Shares

TRADE DATE	TYPE	# OF SHARES	PRICE PER UNIT
11-Dec-09	Buy	6,500	\$17.443
11-Dec-09	Buy	6,500	\$17.351
11-Dec-09	Buy	6,500	\$17.329
11-Dec-09	Buy	13,000	\$17.203
11-Dec-09	Buy	11,800	\$17.250
11-Dec-09	Buy	32,300	\$16.800
18-Dec-09	Buy	8,300	\$17.260
18-Dec-09	Buy	8,800	\$17.250
04-Jan-10	Sell	6,900	\$19.694
12-Jan-10	Sell	10,700	\$21.104
17-Feb-10	Sell	11,700	\$19.775
18-Mar-10	Buy	9,300	\$19.487
29-Mar-10	Buy	18,400	\$19.000
01-Apr-10	Sell	7,300	\$20.065
01-Apr-10	Sell	5,900	\$20.086
16-Apr-10	Sell	35,600	\$19.846
19-Apr-10	Sell	16,000	\$19.781
04-May-10	Sell	4,900	\$17.880
05-May-10	Sell	6,100	\$17.628
05-May-10	Sell	5,700	\$17.533
05-May-10	Sell	10,600	\$17.780
08-Jul-10	Buy	17,800	\$15.600
08-Jul-10	Buy	27,900	\$15.500
09-Jul-10	Buy	4,700	\$15.825
09-Jul-10	Buy	100	\$15.960
12-Jul-10	Buy	2,500	\$16.038
13-Jul-10	Buy	14,400	\$16.000
13-Jul-10	Buy	5,900	\$16.000
28-Sep-10	Buy	13,200	\$16.852
28-Sep-10	Buy	8,700	\$16.870
01-Oct-10	Buy	9,300	\$17.200
14-Oct-10	Sell	4,900	\$19.279

14-Oct-10	Sell	10,200	\$19.360
21-Oct-10	Sell	1,300	\$20.419
04-Nov-10	Buy	5,000	\$21.378
04-Nov-10	Buy	3,300	\$21.378
05-Nov-10	Buy	8,300	\$21.420
05-Nov-10	Buy	5,900	\$21.280
10-Nov-10	Buy	7,500	\$22.097
10-Nov-10	Buy	1,300	\$22.000
13-Dec-10	Sell	8,400	\$24.140
20-Jan-11	Sell	4,200	\$21.602
20-Jan-11	Sell	2,900	\$21.602
21-Jan-11	Sell	3,100	\$21.750
21-Jan-11	Sell	200	\$21.623
03-Feb-11	Sell	7,000	\$22.800
08-Feb-11	Sell	2,500	\$24.490
08-Feb-11	Sell	5,400	\$24.485
08-Feb-11	Sell	800	\$24.500
18-Feb-11	Sell	6,900	\$22.493
18-Feb-11	Sell	3,200	\$22.493
15-Mar-11	Buy	10,500	\$21.273
15-Mar-11	Buy	2,900	\$21.228
15-Mar-11	Buy	1,200	\$21.750
15-Mar-11	Buy	6,500	\$21.786
18-Mar-11	Buy	3,300	\$23.196
18-Mar-11	Buy	5,700	\$23.150
30-Mar-11	Sell	9,500	\$24.990
31-Mar-11	Sell	2,300	\$25.790
31-Mar-11	Sell	3,600	\$25.790
07-Apr-11	Sell	300	\$24.790
07-Apr-11	Sell	100	\$24.760
11-Apr-11	Sell	2,200	\$24.083
12-Apr-11	Sell	4,000	\$23.658
14-Apr-11	Sell	8,900	\$24.000
14-Apr-11	Sell	8,500	\$24.300

11-May-11	Sell	1,100	\$21.821
13-May-11	Buy	9,400	\$19.550
13-May-11	Buy	4,800	\$19.550
13-May-11	Buy	4,100	\$19.550
13-May-11	Buy	12,200	\$19.499
16-May-11	Buy	8,000	\$19.750
18-May-11	Sell	5,300	\$20.820
18-May-11	Sell	3,800	\$20.820
25-May-11	Buy	12,800	\$19.160
25-May-11	Buy	4,000	\$19.123
25-May-11	Buy	4,600	\$19.140
27-May-11	Buy	4,600	\$17.800
27-May-11	Buy	2,300	\$17.800
30-May-11	Buy	2,300	\$18.810
30-May-11	Buy	1,500	\$18.769
30-May-11	Buy	2,800	\$18.730
02-Jun-11	Sell	300	\$13.813
03-Jun-11	Sell	8,900	\$5.007
03-Jun-11	Sell	17,700	\$5.375
03-Jun-11	Sell	22,200	\$5.321
03-Jun-11	Sell	48,700	\$5.319
03-Jun-11	Sell	21,700	\$5.701
03-Jun-11	Sell	8,800	\$6.024
03-Jun-11	Sell	400	\$5.230

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST,

PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC, and BANC OF AMERICA SECURITIES LLC

Defendants

Proceeding under the Class Proceedings Act, 1992

**AFFIDAVIT OF STEPHEN GOWAN CHANDLER
(sworn February 29, 2012)**

I, STEPHEN GOWAN CHANDLER, of the city of Hong Kong, in the country of the People's Republic of China, MAKE OATH AND SAY:

1. I am a consultant to Key Business Connections Ltd. ("KBC") a company incorporated in Hong Kong, in the People's Republic of China ("PRC").

- 2 -

2. I have knowledge of the matters to which I hereinafter depose. Where that knowledge is based on information obtained from others, I have so indicated and believe that information to be true.
3. I swear this affidavit in support of the plaintiffs' motion seeking an order granting leave to the plaintiffs to pursue the causes of action under Part 23.1 of the Ontario *Securities Act*, RSO 1990, c S 5. I swear this affidavit for no improper purpose.

I. KBC'S BACKGROUND AND MY QUALIFICATIONS

4. I am a permanent resident of Hong Kong, where I act as a consultant to KBC.
5. KBC was incorporated in Hong Kong on June 12, 2007, for the purpose of providing a broad spectrum of investigative services. Such services include, among other things, due diligence, background investigations, litigation support, management of intellectual property, and grey market investigations, all primarily in the PRC. Since 2007, KBC has provided litigation support for hedge funds, law firms, and banks in Hong Kong and elsewhere. KBC works with a number of contractors. For matters in the PRC, KBC works with Intellect Consultancy Ltd. ("Intellect Consultancy"), a company incorporated in Hong Kong. Intellect Consultancy conducts research and investigations in the PRC, and has offices and staff in Shenzhen and Shanghai.
6. I hold a Doctorate degree in Education from Bristol University and a Masters in Training from Leicester University, both of which are in the United Kingdom ("UK"). I have obtained professional qualifications and experience, together with formal awards, in the area of criminal investigations during more than thirty-five years of employment with the Northumbria Police in the United Kingdom and the Hong Kong Police in China. I am a Fellow of the Chartered Management Institute (UK) and a member of the Asian Crisis and Security Group. I have been qualified as an expert in the areas of counterfeit security script by courts in Malaysia, Portugal (Macau), and Hong Kong.
7. With respect to my professional police qualifications, I have obtained or completed the

following:

- a. A Certificate in Police Studies from Framwellgate College, Durham UK;
 - b. The UK Police Force professional promotion examination for the rank of Sergeant;
 - c. Police Senior Professional examinations for promotions to the ranks of Inspector, Chief Inspector, and Superintendent in the Special Administrative Region ("SAR") of Hong Kong;
 - d. Detective Training in the UK and Hong Kong SAR;
 - e. The Inspectors Command Course and the Senior Police Command Course in the Hong Kong SAR;
 - f. The Senior Police Command Course in Scotland, UK;
 - g. Advanced Hostage Negotiator and incident management training delivered by the UK, United States (Joint Services Training) and Hong Kong; and
 - h. Counterfeit and forgery techniques and investigation studies with the US Secret Service and security printers/paper makers both in the United States and Great Britain
8. I spent the first seven years of my police career in the UK, followed by 28 years with the Royal Hong Kong Police (now referred to as the Hong Kong SAR Police). I specialised in criminal investigations and worked with a number of law enforcement bodies outside of Hong Kong and China, while undertaking commercial crime investigations involving Chinese companies and nationals. In 1995, I was awarded the Colonial Police Medal by Her Majesty the Queen of England. In 2004 I was awarded the Chief Executive of Hong Kong's Commendation.
9. I have extensive experience investigating commercial crime. I worked in the Commercial Crime Bureau of the Hong Kong Police for five years in the ranks of inspector, senior inspector, and chief inspector. I undertook several complex investigations into commercial fraud and received a number of commendations for my work from the Hong Kong Police, Hong Kong Judiciary, United States Secret Service, and the Hong Kong and Shanghai Banking Corporation.
10. Upon promotion to Superintendent of Police in 1985 I was attached to the Internal Investigation Branch. Upon promotion to Senior Superintendent of Police in 1991, I was

- made head of the Joint Services Anti-Smuggling Task Force, which focused upon eradicating cross-border smuggling and tax evasion in Hong Kong and Mainland China. During this period I worked very closely with Mainland Chinese government officials for over two years.
11. I was promoted to Chief Superintendent of Police in 1996 and took up the position as head of the Complaints and Internal Affairs Bureau of the Hong Kong Police Force. In this position, I undertook due diligence investigations into individuals who were being considered for sensitive posts or promotion to senior ranks within the Hong Kong Police. I also assisted other government departments in their due diligence enquires. As part of my duties, I conducted and managed a number of complex and sensitive internal investigations into criminality and misconduct alleged against police officers. I left this post upon my promotion to the Assistant Commissioner of Police in December 2000.
 12. I retired from the Hong Kong Police in 2005 to take up an appointment on the board of management of the Hong Kong Jockey Club as the Executive Director Security and Corporate Legal Services. The Hong Kong Jockey Club is a not for profit charitable organisation with over US\$15 billion in turnover in the gaming and leisure market including horse racing, sports betting, hotel/restaurants, golf courses, equestrian centres, and retail outlets in Hong Kong and China. This was a key position within the organization with responsibility for the maintenance of the ethics, integrity and for corporate governance. During this period I personally conducted or managed due diligence investigations of vendors, suppliers, new employees, as well as potential business partners. I also conducted internal investigations to assist the Audit Department in their support of good corporate governance. I left the Hong Kong Jockey Club in December 2010.
 13. Since December 2010, I have worked as a consultant, conducting due diligence research and investigations in Asia. During this period I have undertaken work on a number of due diligence investigation matters for the Casino Regulatory Authority of the Singapore Government.
 14. I currently provide consultancy services to KBC.

II. MY RETAINER IN THIS MATTER

15. On or about July 2, 2011, KBC was retained by Siskinds LLP and Koskie Minsky LLP to provide investigative services in support of a proposed class proceeding in which the primary defendant was Sino-Forest Corporation (“Sino-Forest”).
16. I was retained in this matter on January 24, 2012. I was tasked by Siskinds LLP and Koskie Minsky LLP to conduct an inquiry into the specific matters addressed below.

III. MATERIALS REVIEWED

17. During the course of my investigation, I have reviewed the following documentary material:
 - a. Muddy Waters Research report on Sino-Forest, dated June 2, 2011 (“Muddy Waters Report”);
 - b. The statement of claim in this action;
 - c. The First Interim Report of the Independent Committee to the Board of Directors of Sino-Forest Corporation (“First Report”), the Second Interim Report of the Independent Committee of the Board of Directors of Sino-Forest Corporation (“Second Report”), and Final Report of the Independent Committee of the Board of Directors of Sino-Forest Corporation (“Final Report”) and all schedules and attachments thereto;
 - d. The following *Globe and Mail* articles relating to Sino-Forest:
 - i. “Sino-Forest On Track With Operations And First Quarter Reporting; Not Aware Of Any Reason For Share Price Decline”, Dated: Wednesday, May 25, 2011
 - ii. “Pöyry Releases Sino-Forest's China Forest Asset 2010 Valuation Reports” Dated: Friday, May 27, 2011
 - iii. “Sino-Forest Signs Long-Term Master Agreements To Acquire 266,000 Hectares Of Plantation Forests In Shaanxi And Yunnan Provinces” Dated: Monday, May 30, 2011
 - iv. “Sino-Forest Releases Supporting Evidence Against Allegations From Short Seller” Dated: Monday, June 06, 2011

- v. "Key partner casts doubt on Sino-Forest claim" Dated: June. 20, 2011
- vi. "On the trail of the truth behind Sino-Forest" Dated: September 2, 2011
- vii. "Sino-Forest Responds To Request To Commence Action Against Certain Insiders And Others" Dated: Friday, October 14, 2011
- viii. "Sino-Forest Announces Resignation Of Director" Dated: Friday, November 04, 2011
- ix. "Sino-Forest Announces The Resignation Of Allen Chan As Chairman And Chief Executive Officer And His Appointment As Founding Chairman Emeritus" Dated: Sunday, August 28, 2011
- x. "The empire Sino Forest built and the farmers who paid the price" Dated: November. 10, 2011
- xi. "Sino-Forest Announces Findings Of The Independent Committee" Dated: Tuesday, November 15, 2011
- xii. "Sino-Forest executives linked to key timber supplier" Dated: December. 12, 2011
- xiii. "Sino-Forest Releases Final Report Of The Independent Committee" Dated: Tuesday, January 31, 2012
- xiv. "Why Sino-Forest's web is so hard to untangle" Dated: February 1, 2012

- e. Various Sino-Forest filings with the Ontario Securities Commission, as set out below;
- f. Various media and Internet material relating to Sino-Forest, both in English and Chinese;
- g. Statutory filings by Sino-Forest subsidiaries, associates, suppliers and customers in Hong Kong and China; and
- h. Subscription databases in Hong Kong and China.

18. Statutory information on companies incorporated in Hong Kong and China can be downloaded from government and commercial databases via the Internet. Corporate statutory documents are available at the offices of the Registrar of Companies in Hong Kong, as well as on the Internet via a website known as ICRIS, which is operated by the Registrar of Companies.

19. The Administration of Industry and Commerce ("AIC") in China is a government office that retains detailed records of companies in China. Through KBC's agents in China, we have ordered the entire AIC records for certain subsidiaries, associates, joint ventures, customers and suppliers of Sino-Forest. These documents are written in Chinese, and have been translated to English for my review. I verily believe that the translation of the files, documents, and records which I have obtained and reviewed are true and accurate translations of the original documents.
20. The AIC files identified in this affidavit are voluminous. Accordingly, I attached only the relevant excerpts from those records and the translations. Copies of the complete AIC files have been retained and are available for examination on request.
21. The translation of the vast majority of the exhibits in this affidavit have been prepared by Wong Kam Yee of Intellect Consultancy. Since 1981, Ms. Wong has provided translation services to regulatory agencies in Hong Kong and China, law firms and multi-nationals seeking to enforce their commercial rights or make criminal complaints. She has translated investigation reports, supporting documents (including extracts from AIC files) and letters of complaint. Ms. Wong has translated thousands of documents over that period of time which have been accepted and exhibited to legal actions in the Courts of Hong Kong.
22. In limited circumstances we also used Diners Professional Translations Services Ltd ("Diners") to provide translations. Diners is a professional translation service incorporated in Hong Kong. Diners provides professional translation services to law firms and other institutions, and specialises in technical translations of legal, contractual, and sophisticated commercial documents. Diners provided translations of certain of the Leizhou EJV documents which are footnoted below. The remainder of the exhibits referred to in this affidavit were, in all cases translated by Madam Wong Kam Yee. The person at Diners that was responsible for the translation of documents attached to this affidavit was Mr. Lam Shing-Ming. Mr. Lam has a Masters of Arts in translation from the Chinese University of Hong Kong and is a member of the Chartered Institute of Linguists.

23. Attached and marked as Exhibits “SSS” and “TTT” are copies of the Chinese AIC documents and their translations, along with a notarized declaration from Wong Kam Yee and Lam Shing-Ming the individuals who translated those documents. Where I refer to specific AIC documents in this affidavit, those documents have been extracted from Exhibits “SSS” and Exhibit “TTT”.
24. Persons resident in Hong Kong and China are issued an identity card with a unique number. It is possible to have both a Hong Kong identity card and a PRC identity card. For example, Allen Chan Tak Yuen (“Allan Chan”) who is also known by the pinyin translation of his name, Chen Deyuan, has an identity card issued to him by the Hong Kong government: ID #: E459151(1). When analyzing corporate filings both in Hong Kong and China, I have relied on these unique identifiers as evidence that specific named individuals are directors and shareholders of relevant companies.

IV. FINDINGS

25. Based on our review, and as set out in more detail below, we found:
- a. Allen Chan and New Ross Investments Ltd. (“New Ross”) the company of which he was the principal shareholder and director, were sued by a PRC state-owned company for failing to properly invest monies invested with New Ross and for passing bad cheques.
 - b. It appears that Zhanjiang Leizhou Eucalyptus Resources Development Co. Ltd., a company that purported to provide sales for Sino-Forest, was a shell and never did any business from the issuance of its business licence and the commencement of the joint venture.
 - c. Despite claims in Sino-Forest’s public disclosure that it had invested in Shanghai Jin Xiang Timber Ltd. (“SJXT”), it appears that neither Sino-Forest nor any of its subsidiaries had any such investment.
 - d. With respect to Homix Limited:

- i. Sino-Forest disclosed that one of its subsidiaries acquired Homix Limited (“Homix”). However, it failed to disclose that one of Sino’s vice presidents, Chen Hua, was a major shareholder of a Homix subsidiary at the time of the acquisition.
 - ii. The patents that belong to Homix and its subsidiaries do not correspond with the description of those patents in Sino-Forest’s disclosure documents.
- e. Contrary to the statements made in the Final Report of the Independent Committee of Sino-Forest, maps are in fact allowed and have been widely used in Mainland China for at least the last three years.
 - f. Chen Jun, a member of Sino-Forest’s management, was still recorded as a fifty-percent shareholder of Sonic Jita Engineering Company Limited (“Sonic Jita”) at the time that Muddy Waters released its report on Sino-Forest on June 2, 2011.

(a) Allen Chan and New Ross Investments Ltd.

26. On December 19, 1990, Allen Chan and the company of which he was the principal shareholder and director, New Ross, were sued by the China Foreign Trade Leasing Corporation and Sumlease Investment Ltd for the sum of US\$799,979.92. A copy of this writ, High Court Writ 8671 of 1990, which was filed with the Supreme Court Registry in Hong Kong, is attached and marked as **Exhibit “A”**.
27. New Ross was incorporated in Hong Kong on September 1, 1988. Allen Chan was a director along with a corporate nominee named Ramillies Limited. On November 29, 1988, Allen Chan was issued 499,998 shares at HK\$10 per share out of 500,000 shares. Attached and marked as **Exhibit “B”** are a copy of the certificate of incorporation and copies of statutory corporate filings by New Ross with the Registrar of Companies for the period September 1, 1988 to February 28, 1997, together with a notice from the Registrar of Companies advising that New Ross was struck off the Register of Companies for failing to make annual corporate returns and to pay the fines levied by the government.

28. China Trade Foreign Leasing Corporation was a Chinese government organization. Sunlease Investment Ltd was a company incorporated in Hong Kong whose majority shareholder was the China Foreign Trade Leasing Corporation. The writ alleged that Allen Chan and New Ross were loaned US\$647,474.75 for the purpose of buying the issued shares of "Tai Yuen Shipyard Limited and in no circumstances shall the same be used for any other Purpose".
29. The writ alleges that Allen Chan admitted he had not used the money advanced for the purpose of the purchase of the shares of Tai Yuen Shipyard as required by the agreement. It also alleges that Mr. Chan did not provide development plans, financial reports, and profit and loss accounts prepared by qualified accountants and reports on business management.
30. The writ alleges that, once this conduct came to the plaintiffs' attention, Allen Chan requested an extension of time and modification of the restriction on the use of the funds. The parties agreed to the extension and modification of the restrictions as part of a second agreement. The writ further alleges that, in the second agreement, Allen Chan was advanced US\$683,551 for the purposes of repaying the first agreement.
31. The writ alleges that Allen Chan gave the plaintiff two post-dated cheques for HK\$300,000 and HK\$700,000 and that they were dishonoured on presentation on the due dates. This was *prima facie* an offence against section 18(1) of the Theft Ordinance, Laws of Hong Kong if the cheques were handed over in Hong Kong and there was no intention of repaying the funds on the due dates.
32. The files in relation to this action have been archived by the Supreme Court and there is no public access to that material. However, as there is no recorded judgment, it is likely the plaintiffs either did not pursue the action or the parties came to a settlement.
33. It should be noted that Allen Chan or his representatives failed to file the required statutory returns for New Ross with the Hong Kong Government and on February 28, 1997, New Ross was struck off the Register of Companies.

(b) The alleged sales through Leizhou EJV

34. The statement of claim alleges that, initially, Sino-Forest's business was conducted primarily through an equity joint venture ("EJV") with the Leizhou Forestry Bureau, Zhanjiang Leizhou Eucalyptus Resources Development Co. Ltd. ("Leizhou"). The statement of claim further alleges that Leizhou did not generate the sales that Sino claimed or its sales were overstated.
35. Our review of the AIC records and other materials as set out below supports this conclusion. In particular, it would appear that Leizhou EJV was a shell and never did any business from the issuance of its business licence and the commencement of the joint venture.

AIC Filings for Leizhou

36. The Leizhou EJV filings with the AIC consisted of 240 pages in Chinese. I asked Wong Kam Yee to review those 240 pages and I instructed her to identify those pages that disclose information in relation to the incorporation, legal representatives, shareholders, directors, financial status or material changes of the Leizhou EJV.
37. Attached and marked as **Exhibit "C"** to **Exhibit "J"** are copies of the Chinese-language pages so identified, along with the English translations made by Ms Wong. Documents marked at **Exhibit "K"** to **Exhibit "S"** are from the same AIC file but were translated by Diners.
38. The following is a summary of corporate information from the AIC Leizhou EJV file, including details of directors and shareholders:

Company Name	Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. 湛江雷州桉树资源发展有限公司
Business License No.	Qi Du Yue Zhan Zong Zi No.000571
Company Type	Solely owned Hong Kong company
Legal Representative	Chan Tak Yuen 陈德源
Registered Capital	USD1.4 million

Paid-up Capital	USD12.6 million
Registered Address	No.33 Middle Renmin Avenue, Zhanjiang City 湛江市人民大道中 33 号
Date of Incorporation	1994--1-29
Company Telephone	3215649/3334788
Business Line	Forestry business; wood processing; manufacturing and selling wood products and forest chemical products.
Company Status	Cancelled

The AIC file is not clear as to how the registered capital is less than the paid up capital however there is a possibility that there was at some stage a reduction in the paid up capital.

Shareholders are reflected as follows:

Shareholders	Contracted Contribution		Actual Paid-up	
	Amount	Percentage of contracted Investment	Amount	Percentage of contracted investment
Leizhou Forestry Bureau 雷州林业局	USD11.75 million	47%	USD11,640,000	46.56%
Sino-Wood Partners Limited 嘉汉木业集团有限公司	USD13.25 million	53%	USD1,000,000	0.04% Note: The capital verification report indicates 0.04%. We believe the accountant made an error with their decimal point and the figure should read 4%.

39. I have also reviewed the statutory annual returns of Sino Wood Partners Limited (“Sino Wood”) with the Hong Kong Registrar of Companies for the years 1996 through to 2000, copies of which are attached hereto and marked as **Exhibit “T”**. They indicate that the directors of Sino Wood for the period 1996 through 2000 include Allen Chan Tak Yuen, Chan Wai Ling and Poon Kai Kit. The returns indicate that Sino-Wood’s shareholders were Allen Chan (1 share) and Sino-Forest Corporation (9,999 shares).

Sino-Forest’s extensive references to Leizhou in its public disclosure

40. I have read through the disclosure documents of Sino-Forest and reproduce below a number of statements made by Sino-Forest regarding its interest in the Leizhou EJV.

41. Sino-Forest's predecessor, Mt. Kearsage Minerals Inc., described the Leizhou EJV at page 34 of its information circular dated February 11, 1994:

Leizhou Joint Venture

Zhanjiang Leizhou Eucalypt Resources Development Company Limited (the "Leizhou Joint Venture") is owned 53% by Sino-Wood and 47% by State owned Leizhou Forestry Bureau (the "Bureau"). The Bureau is a district forestry bureau of the forestry bureau of Guangdong Province and is located in the southern-most part of Guangdong Province,

Eucalypt is an important hardwood resource for the production of paper and board products. The PRC is second to Brazil in terms of land under plantation for eucalypt trees. Due to the climate requirements, most of the PRC's eucalypt plantation is located in southern PRC, which is on a latitude equivalent to Cuba.

Established in 1954, the Bureau operates a 53,000 hectares eucalypt tree plantation, wood chip processing facilities and manufactures related products. The Bureau engages in extensive research and development in the propagation and growing of eucalypt trees. This work has resulted in the opinion of the Bureau in achieving a high yield of tree propagation (15-25 cubic meters per hectare per annum) and a short growth cycle (Five to six years).

Under the Joint Venture Documents, as amended, the following assets, having an agreed value of US\$2.49 million, are to be transferred to the Leizhou Joint Venture by the Bureau as the first instalment of its capital contribution:

- about 3,500 hectares (or 190,345 cubic meters) of eucalypt plantation; and
- wood chip processing facilities with an annual capacity of 100,000 tonnes.

Additional capital contributions up to the Bureau's full obligation under the joint venture contract of US\$4.7 million will be made within two years from the date of the business licence and by injection of additional plantation and processing facilities.

Sino-Wood has agreed to make a total capital contribution of US\$5.3 million to the Leizhou Joint Venture, of which the first instalment of US\$1.0 million is to be made on or before April 28, 1994 and the balance before January 28, 1996.

42. Page 7 of the information circular dated May 15, 1995 provides:

Through Sino-Wood the Corporation owns interests varying between 53% and 55% in six Chinese foreign equity joint ventures ("the Joint Ventures") in Guangdong and Jiangxi Provinces in the People's Republic of China. Pursuant

to joint venture agreements ("the Joint Venture Agreements") relating to the Joint Ventures, Sino-Wood agreed to contribute to the Joint Ventures a total of US\$22,240,000 of which US\$3,895,000 was made in March 1994 and the balance of US\$18,345,000 must be made before the end of January, 1996.

The Board at Directors believes that the Corporation should raise additional equity funding of approximately US\$10,000,000 (approximately C\$13,700,000) in order to contribute to the financing of the obligations of Sino-Wood under the Joint Venture Agreements and to provide additional working capital for the Corporation's expansion of its forestry plantation business in South China in the current year

43. Page 2 of Sino-Forest's financial statements for the year ended December 31, 1996 provides:

Wood chip production in the Leizhou EJV in 1995 accounted for approximately 60.6% of total production. In 1996, wood chip production in the Leizhou EJV accounted for approximately 35.8% of total production. As we continue to ramp up the phase-in of our CJV plantations over the next few years, the Leizhou EJV's production of wood chips will be less and less significant to the total production level. In 1996, the Leizhou EJV produced 212,500 BDMT of wood chips compared to 204,200 in 1995.

44. On Page 5 of Sino-Forest's Annual Report for the year ended December 31, 1996 it was claimed that 20,000 hectares of forest had already been phased in through the Leizhou EJV, and on page 8, it was reported that:

Sales in the Leizhou EJV remained relatively constant over 1995. Sales were \$23 million in 1996 consisting of approximately 212,500 BDMT of wood chip shipments compared to 204,200 BDMT in 1995.

45. At Page 10 of Sino-Forest's Annual Report and Financial Statements for the year ended December 31, 1996, the following statements were made:

The Leizhou EJV

Under the Leizhou EJV joint venture agreement, the Company's wholly-owned subsidiary, Sino-Wood Partners, Limited ["Sino-Wood"] is committed to provide \$5,300,000 in capital to acquire its 53% equity interest in the Leizhou EJV. An initial capital contribution of \$1,000,000 was made in 1994 with the balance due January 1996. During 1996, Sino-Wood's EJV partner, the Leizhou Forestry Bureau ["LFB"] agreed to extend payment of the balance of the capital contribution to December 1996. No capital contribution was made in December 1996 as Sino-Wood has agreed with the LFB to settle its capital contribution to the Leizhou EJV concurrent with the settlement of amounts due to the Leizhou EJV by the LFB.

46. Page 2 of the Sino-Forest prospectus dated January 28, 1997 states:

"Leizhou EJV" means the EJV subsidiary operating the eucalyptus tree plantation Zhanjiang Leizhou Eucalypt Resources Development Company Ltd. in Guangdong Province.

47. On the same page, "EJV" is defined as an Equity Joint Venture established under EJV law, while page 10 charts the 53% holding of the Leizhou EJV as being through Sino Forest Partners Ltd, a wholly owned subsidiary of Sino-Forest.

48. At page 8 of the Sino-Forest 1997 prospectus, the following statements are made:

Timber from the Leizhou EH/ Plantation

The Leizhou EJV operates 20,000 hectares of eucalyptus tree plantation. The eucalyptus tree plantation of the Leizhou EJV is located on the Zhanjiang Leizhou peninsula in Guangdong Province. This plantation supports crops of eucalyptus trees which in management's experience have a cycle (from planting to harvesting) of approximately five years and which are specifically genetically engineered for the soil and semi-tropical climate conditions of southern China. In 1994 and 1995, there were approximately 156,300 BDMT and 204,200 BDMT, respectively, of eucalyptus wood chips produced by the Leizhou EJV. In 1996, the Company expects to maintain its production volume from the Leizhou EJV plantation at approximately 200,000 BDMT.

49. On page 19 of the Sino-Forest 1997 prospectus, it states:

BUSINESS STRATEGY

Based on the success of its original eucalyptus plantation investment in the Leizhou EJV in 1994, the Company focused its efforts on expanding rapidly

in the management and operation of, and investment in, tree plantations in the PRC and the production of wood chips, while at the same time reducing its involvement in the forestry and board chemical businesses

50. On page 22 of the Sino-Forest 1997 prospectus, it states:

BUSINESS OPERATIONS

Wood chips produced by the Leizhou EJV are sold in the export market by the Company's joint venture partner under an arrangement that was established in 1994. This arrangement is expected to terminate by the end of 1996.

The \$12,177,000 due from the Leizhou EJV joint venture partner as at September 30, 1996 represents cash collected from the sale of wood chips by the Leizhou EJV joint venture partner on behalf of the Leizhou EJV. As originally agreed by the Company, the cash is being retained by the Leizhou EJV joint venture partner to fund the ongoing plantation costs of the Leizhou EJV. At the end of 1995, the Company commenced discussions with the Leizhou EJV joint venture partner for the repayment of some or all of the amount due by early 1997. The Leizhou EJV joint venture partner has incurred planting and maintenance costs on behalf of the Leizhou EJV which could be applied against part of the amount due to the Company. In addition, the balance could be used to offset the required remaining capital contribution of U.S.\$4,300,000 owing to the Leizhou EJV by the Company, or be repaid to the Company.

Total export shipments (including those from the Leizhou EJV) estimated for 1996 account for approximately 60% of the total estimated wood chip shipments of the Company. Export shipments for the nine months ended September 30, 1996 represent 66.7% of total shipments. Of the 259,574 BDMT in total export sales of wood chips by the Leizhou EJV and the Guangxi CJV for the nine months ended September 30, 1996, approximately 60% were to Japan which is the world's largest importer of wood chips.

51. On page 23 of the Sino-Forest 1997 prospectus, it states:

BUSINESS OPERATIONS

Chipping Facilities

The Company's Leizhou EJV operates a three-line chipping plant with an annual capacity of approximately 250,000 tonnes of wood chips. The plant is located approximately 50 km from the Leizhou EJV plantation and approximately 80 km from the Zhanjiang port. Zhanjiang port is one of the ports that the Company uses to export its wood chips to Japan, South Korea and Taiwan. All of the Company's eucalyptus trees harvested in the Leizhou

EJV are chipped in this facility. The wood chips produced in this facility are generally stored in the plant for no more than one week before being transported by trucks to the Zhanjiang port for export.

52. On page 24 of the Sino-Forest 1997 prospectus, it states:

Fibre Supply and Process

The Company currently produces its wood chips from two sources of supply: (1) standing timber purchased from the local forestry bureaus and (2) timber grown on the Leizhou EJV's eucalyptus plantations.

The Company currently manages and operates 20,000 hectares of tree plantation lands in the Leizhou EJV. The Company has phased-in approximately 30,000 hectares (including the 20,000 hectares from the Leizhou EJV, or approximately 5% of the lands currently under contract.

53. On page 28 of the 1997 prospectus, it is stated that:

Research and Development

Research and development is carried out at the research facilities of the Leizhou EJV and by independent laboratories and research centres.

54. Subsequent to the date of the 1997 prospectus, Sino-Forest reported changes in the relationship with the Leizhou EJV.

55. In the 3rd quarter 1997 report to shareholders it was stated that:

As at September 30, 1997, the amount due to Leizhou EJV from the Leizhou Forestry Bureau amounted to \$16,755,000, of which the Company's equity position in the Leizhou EJV represents \$8,880,000. The Leizhou EJV receivable was satisfied in November 1997 through a payment to the Company of timber holdings of a value approximately \$8,880,000.

56. At page 10 of Sino-Forest's Annual Report for the year ended December 31, 1997, the following information was set out:

In 1997, wood chip shipments totalled 1,160,560 BDMT compared to 592,800 BDMT shipped in 1996, an increase of approximately 96%. Of the total wood chips shipped in 1997, 311,300 BDMT were exported to Japan, South Korea and Taiwan and 849,260 BDMT were sold in the domestic PRC market. For

the year ended December 31, 1997, the Company acted as principal on 184,400 BDMT and as an agent on 931,160 BDMT. Wood chip shipments from Leizhou EJV in 1997 were 45,000 BDMT compared to the 212,500 BDMT shipped in 1996. The decrease was due to the decision to restructure Leizhou EJV, which was completed in the fourth quarter of 1997 as explained below. As a result of this decision, wood chip orders which could have been shipped by the Leizhou EJV were filled by the Heyuan CJV and the Guangxi CJV partner which together reported a 193% increase in shipments from 380,300 BDMT in 1996 to 1,115,560 BDMT in 1997. Export shipments have decreased approximately 10% from 346,400 BDMT in 1996 to 311,300 BDMT in 1997 as a result of the continuing weak economy in Japan and the economic downturn in Asia. Demand for wood chips in China remains strong and was the reason for the significant increase in shipments from 246,400 BDMT in 1996 to 849,260 BDMT in 1997, an increase of 245%.

57. Page 11 of that Annual Report deals with a change in the relationship with the Leizhou EJV. This change was said to have occurred with the agreement of the Leizhou Forestry Bureau:

LEIZHOU EJV

As part of the Company's strategy to operate and manage its plantation business under the preferred CJV structure, the Company entered into an agreement with the Leizhou Forestry Bureau ("LFB"), its partner in the Leizhou EJV, to cease operations and distribute the net assets of the Leizhou EJV according to their respective equity interests. The Company's share of the net assets of the Leizhou EJV, as at the effective date of the partners' withdrawal of their equity interests, October 1, 1997, amounted to \$12.4 million. As part of the agreement with the LFB, the LFB agreed to exchange the Company's interest in the net assets of the Leizhou EJV for 730,440 cubic meters of standing timber owned by the LFB. The standing timber is to be provided by the LFB to the Company over a three-year period as required by the Company. The Company is responsible for harvesting and transportation costs. The remaining capital contribution of \$4.3 million, which was due to the Leizhou EJV, was also settled as a result of the agreement with the LFB. The Company is in discussions with a potential new partner in the Leizhou region to establish a new CJV on a similar basis to its existing CJVs.

Findings

58. In addition to reviewing the AIC file and Sino-Forest's disclosure documents, I reviewed a letter from the Leizhou Forestry Bureau dated February 27, 1998 regarding the Leizhou joint venture. The statements in Sino-Forest's disclosure documents are inconsistent with that letter. In particular, the letter states that the capital contribution of the Leizhou EJV was

not paid up by Sino-Forest. Moreover, despite Sino-Forest's claim of an amicable parting with the Leizhou Forestry Bureau, the Bureau complained about Sino-Forest to the Zhanjiang Municipal Foreign Economic Relations & Trade Commission. The Bureau's letter dated February 27, 1998 is attached and marked as **Exhibit "D"**.

59. The letter states that Leizhou EJV was a shell and never did any business from the issuance of its business licence and the commencement of the joint venture.
60. I have also identified financial statements for the financial year 1996 in the AIC files of the Leizhou AIC, copies of which are attached and marked as **Exhibit "Q"**. There are no entries for "Return on Investment", "Profit for the year" or "Undistributed profit".
61. Furthermore, in a letter dated June 25, 1998, the Zhangjiang Sino-Forest Technology Center informed the Zhanjiang Administration for Industry and Commerce that "Leizhou Forestry Bureau had failed to contribute forestry land, factory facilities and investment as agreed in the joint venture thus affecting the normal operations of the joint venture". A copy of the letter is attached and marked as **Exhibit "E"**.

(c) Sino-Forest's alleged investment in Shanghai Jin Xiang Timber Ltd. ("SJXT")

62. The statement of claim alleges that Sino-Forest had claimed in its public disclosure that it had acquired a 20% equity interest in "Shanghai Jin Xiang Timber Ltd." ("SJXT"). It further alleged that Sino never invested in a company called "Shanghai Jin Xiang Timber Ltd."
63. We have examined the AIC records and other documents, as set out below, to determine if there was any evidence that Sino-Forest had an equity interest in SJXT. It appears that neither Sino-Forest nor any of its subsidiaries held shares of SJXT.

Sino-Forest's extensive references to SJXT in its disclosure

64. I have read through the disclosure documents of Sino-Forest and reproduce below a number of statements made by Sino-Forest regarding its interest in SJXT.

65. On page 11 of Sino-Forest's 1997 Annual Report, under the heading "Wood-Based Panel and Contract Supply," it was stated that:

To establish strategic partnerships with key local wood product suppliers and to build a strong distribution network for the wood-based product and contract supply businesses, the Company has acquired a 20% equity interest in Shanghai Jin Xiang Timber Ltd. ("SJXT"), an EJV that was formed in 1997 by the Ministry of Forestry in China. The operation of SJXT is to organize and manage the first and only official market for timber and log trading in eastern China. The investment in SJXT will provide the Company good accessibility to a large base of potential customers and companies in the timber and log businesses in eastern China. The total investment of SJXT is estimated to be \$9,662,000 (RMB80 million) of which the Company will be required to contribute approximately \$1,932,000 for 20% of the equity interest. As at December 31, 1997, the Company has made capital contributions to SJXT in the amount of \$1,037,000.

66. At page 27 of Sino-Forest's Annual Information Form, dated May 20, 1998, under "Sales and Marketing", it was stated that:

The Company will initially focus on the Greater Shanghai Region and take advantage of Shanghai Timber's sales network in the region. Currently, the Company is in negotiation with several customers to secure between U.S. \$40 and U.S. \$50 million of contract supply business. To establish strategic partnerships with key local wood product suppliers and to build a strong distribution for the wood-based product and contract supply businesses, the Company has acquired a 20% equity interest in Shanghai Jin Xiang Timber Ltd. ("SJXT"), an EJV that was formed in 1997 by the Ministry of Forestry in China. The operation of SJXT is to organize and manage the first and only official market for timber and log trading in Eastern China. The investment in SJXT is expected to provide the Company with good accessibility to a large base of potential customers and companies in the timber and log businesses in Eastern China.

67. On page 5 of Sino-Forest's Annual Report for the year ended December 31, 1998, under the heading "Lumber and Wood Products Trading – a Promising Opportunity," it was stated that:

Sino-Forest's 20% equity interest in Shanghai Jin Xiang Timber Ltd. ("SJXT" or the Shanghai Timber Market) represents a very significant development for our lumber and wood products trading business. The market is prospering and continues to look very promising. Phase I, consisting of 100 shops, is

completed. Phases II and III are expected to be completed by the year 2000. This expansion would triple the size of the Shanghai Timber Market.

The Shanghai Timber Market is important to Sino-Forest as a generator of significant new revenue. In addition to supplying various forest products to the market from our own operations, our direct participation in SJXT increases our activities in sourcing a wide range of other wood products both from inside China and internationally. The Shanghai Timber Market is also very beneficial to the development of the forest products industry in China because it is the first forest products national sub-market in the eastern region of the country.

In October 1998, we announced an Agency Agreement with SJXT, under which Sino-Forest will provide 130,000 m³ of various wood products to SJXT over an 18 month period. Based on current market prices, we expect this contract to generate significant revenue for Sino-Forest amounting to approximately \$40 million. The market also greatly facilitates Sino-Forest's networking activities, enabling us to build new industry relationships and add to our market intelligence, all of which increasingly leverage our ability to act as principal in our dealings.

68. On page 5 of Sino-Forest's Annual Report for the year ended December 31, 1999, under the heading "Lumber and Engineered Wood Products Trading," it was stated

The lumber and engineered wood products trading business diversifies Sino-Forest's revenue base; provides a high return; and further expands our position in the huge and rapidly growing Asian market for engineered wood products. The Shanghai Timber Market provides us with a market for our wood products as well as being a source of a wide range of wood products from both Chinese and international markets. The market also facilitates networking opportunities for Sino-Forest and enables us to build new and beneficial industry relationships.

69. On pages 12 and 13 of that same Annual Report, in the section titled "Review of Opportunities," it is stated that:

There are also promising growth opportunities as Sino-Forest's investment in Shanghai Jin Xiang Timber Ltd. (SJXT or the Shanghai Timber Market), develops. The Company also continues to explore opportunities to establish and reinforce ties with other international forestry companies and to bring our e-commerce technology into operation. Sino-Forest's investment in the Shanghai Timber Market — the first national forest products submarket in eastern China — has provided a strong foundation for the Company's lumber

and wood products trading business. To date, the timber market has been a significant source of new revenue for Sino-Forest, both as a way to market our products and a way to source a wide range of other wood products from inside China and internationally. Sino-Forest's lumber and wood products trading business generated revenue of \$37.2 million for the Company in 1999. This represents an increase of 219 per cent over the \$11.7 million in revenues generated in 1998 and an increase of 1,591 per cent over the \$2.2 million in revenues generated in 1994.

70. On pages 18-19 of that same Annual Report, in the section titled "Review of Operating Results," it is stated that:

Sales from lumber and wood products trading increased 264% to \$34.2 million compared to \$9.4 million in 1998. The increase in lumber and wood products trading is attributable largely to the increase in new business generated from our investment in Shanghai Jin Xiang Timber Ltd. (SJXT) and a larger sales force in 1999.

71. On page 20 of that same Annual Report, under the heading "Investment in SJXT," it is stated that:

The Company held a 34.4% equity interest in SJXT, an equity joint venture (EJV) that was formed by the Ministry of Forestry in China. The purpose of the investment is to establish strategic partnerships with key local wood products suppliers and to build a strong distribution network for the lumber and wood products trading and the wood-based panel businesses. The total capital investment of SJXT is \$1,509,000 [Chinese renminbi 12.5 million] of which the Company's required capital contribution is \$519,000. As at December 31, 1999, the Company's required capital contribution of \$519,000 was fully made. The operation of SJXT is to organize and manage the first and only national submarket for timber and log trading in eastern China. The investment in SJXT will provide the Company with accessibility to a large base of potential customers and companies in the timber and log businesses in eastern China. The investment in SJXT has contributed to the significant growth of the lumber and wood products trading business, which has recorded an increase in sales of 219% from \$11.7 million in 1998 to \$37.2 million in 1999.

72. In Sino-Forest's Annual Report for the year ended December 31, 2000, on p. 18 under the heading "Investment in SJXT," the following was stated

The Company has a 34.4% equity interest in Shanghai Jin Xiang Timber Ltd. ("SJXT"), an equity joint venture ("EJV") that was formed by the Ministry of Forestry in China. The purpose of the investment is to establish strategic partnerships with key local wood product suppliers and to build a strong distribution network for the lumber and wood products trading and wood-based panel businesses. The total capital investment of SJXT was \$1,509,000 [Chinese renminbi 12.5 million] of which the Company's required capital contribution was \$519,000. As at December 31, 2000, the Company's required capital contribution of \$519,000 was fully made. The operation of SJXT is to organize and manage the first and only national sub-market for timber and log trading in eastern China. The investment in SJXT will provide the Company good accessibility to a large base of potential customers and companies in the timber and log businesses in eastern China.

73. Sino-Forest's 1997 Annual Report indicates that Sino-Forest would acquire a 20% interest in SJXT through an estimated capital contribution of US\$1,932,000 (comprising approximately 20% of the total estimated capitalization of US\$9,662,000 of SJXT). Sino-Forest disclosed that it had made an investment of US\$1,037,000 towards its required contribution. However, the 1999 Annual Report refers to a 34.4% equity interest in SJXT. Further, in contrast to the 1997 report, the 1999 Annual Report indicates that the total capital investment of SJXT was US\$1,509,000, of which the capital contribution of Sino-Forest was US\$519,000.. We have examined all the AIC records for SJXT and Sino-Forest disclosures and can find no explanation for how this has changed.

74. Finally, Sino-Forest's disclosure documents issued after its 2000 Annual Report removed all mention of SJXT. The only exception was a reference in Sino-Forest's 2001 Annual Report, which stated, at page 9, that:

One market for Sino-Forest products is the Shanghai Timber Market in eastern China. The Market consists of suppliers offering wood and wood products for the wholesale domestic market.

AIC Filings relating to SJXT/SJXTM

75. I am informed by Yu How Wun, an agent of Intellect Consultancy, and I believe that he conducted a search for the AIC file in the name of "Shanghai Jin Xiang Timber Ltd.", but that he found no company by this name.

76. However, further AIC searches by Yu Ho Wun ascertained that a company by the name of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. 上海金翔木材批发市场经营管理有限公司 ("SJXTM") was incorporated on July 9, 1997 and that an individual by the name of Pan Jiajie 潘家杰 (holding Chinese identity # 441623194001061314) was a director. The name Pan Jiajie is the Pinyin or simplified Chinese character name for Poon Kai Kit, who was the president and a director of Sino-Forest. He holds Chinese identity # 441623194001061314 and Hong Kong identity # H328031(6).

77. The AIC file for SJXTM consists of 311 pages in Chinese. I asked Wong Kam Yee to review those pages and I instructed her to identify those pages that disclosed information in relation to the incorporation, legal representatives, shareholders, directors, material changes and financial information of SJXTM up to the year 2005. Attached and marked as Exhibit "U" to Exhibit "EE" are copies of the Chinese versions of those pages and of the English translations

78. According to the AIC records, SJXTM was incorporated on July 9, 1997. The registered address for the company is at No.2755, Fengxiang Road, Nanxiang Town, Jiading District Shanghai 嘉定区南翔镇丰翔路 2755 号. The business of the company is reflected to be "Providing market management services for the dealers of timber and decoration materials."

79. From incorporation until the mid-point of 2005, the following were the shareholders of SJXT holding their shares in the proportions as set out:

Shareholders	Subscription	Percentage
Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司	Renminbi 0.5 million	17 (rounded)

Shanghai Changxiang Industrial Co., Ltd. 上海昌翔实业有限公司	Renminbi 2.5 million	83 (rounded)
Total	Renminbi 3 million	100%

80. The recorded directors of SJXTM are as follows:

Name	Document No.	Position
Cai Xuelin 蔡学麟	320204500812001	Chairman
Zhang Jinde 张锦德	310222195204130814	Director
Qu Rongguo 瞿荣国	310222195512230817	Supervisor
Zhang Yulin 张玉林	310222195706110418	Director
Ma Cong 马聪	320106690914243	Director
Poon Kai Kit 潘家杰 @ Pan Jiejie	441623194001061314	Director

81. Consequently, for the period up until mid 2005, SJXTM had a paid up capital of three million renminbi which would have roughly equated to US\$375,000. Shanghai Jinsen Material Trade Co., Ltd., held 17% of the shares and Shanghai Changxiang Industrial Co., Ltd., held 83% of the shares. Exhibit "U" which is a document from the files of the AIC for SJXTM describes SJXTM as a joint venture invested by a collective and a State owned enterprise. In subsequent investigations of the shareholding and structure of both Shanghai Jinsen and Shanghai Changxiang, Shanghai Jinsen is a collective whilst in looking at the the shareholders of Shanghai Changxing, the two companies which hold shares in Shanghai Changxiang are also collectives and not state owned companies. Neither Sino-Forest nor any of its subsidiaries are identified as shareholders.

82. I have also reviewed the financial statements for SJXTM filed with the AIC for the years 2000 and 2002, copies of which are attached and marked as Exhibits "EE".

83. For the financial year ending 31st December 2000, SJXTM had a balance sheet which reflected assets of RMB 47,413,236 and liabilities of RMB 34,673,473. The box for business revenue was not filled in; however profit was RMB 350,348. For the financial year ending 31st December 2002, SJXTM had a balance sheet which reflected assets of RMB

40,349,657 and liabilities of 27,783,161. Business revenue was RMB 66,392,044 on which profit was RMB 12,391.

84. On August 6, 2005, SJXTM's shareholders, Shanghai Jinsen Material Trade Co., Ltd and Shanghai Changxiang Industrial Co., Ltd., agreed to terminate their joint venture. A copy of the Agreement to Terminate Joint Venture Business is attached and marked as **Exhibit "X"**.
85. The agreement states that Shanghai Jinsen Material Trade Co Ltd. decided to terminate its involvement on January 15 2000, but that the termination procedures had not been completed. On completion, Shanghai Jinsen Material Trade Co., Ltd withdrew its capital of RMB 500,000.
86. Subsequently, on August 11, 2005, Shanghai Changxiang Industrial Co. Ltd.¹ withdrew RMB 540,000, thus reducing the capital of SJXTM to RMB 1,960,000. Copies of the capital verification report and a report of the People's Government of Nanxiang Town are attached and marked **Exhibits "Z" and "Y"**.
87. On August 25, 2005, the following changes to SJXTM were approved:

We have received your request on Jinxiang Timber Wholesale Market's restructuring and capital increase. Upon review, we agree that Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场 changes from a collective ownership to a limited company (Joint Venture by domestic companies) and increases its registered capital to RMB8.46 million, including RMB1.96 from Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd. 上海南翔工业开发区实业有限公司 and RMB6.50 million from Shanghai Jincai Industrial Co., Ltd. 上海金材实业有限公司. Its business scope covers market management service for suppliers of timbers, plywood and decorative materials in Jinxiang Timber Market. We hope that your company would get changes registered in time.

A document issued by the People's Government of Jiading District Nanxiang Town is attached and marked as **Exhibit "CC"**.

¹ known by its new name, Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd.

88. Subsequent to these changes the following people became directors of SJXTM: Zhang Jinde 张锦德, Poon Kai Kit 潘家杰, Zhang Yulin 张玉林, Ma Cong 马聪, Cai Xuelin 蔡学麟. Attached and marked as **Exhibit “DD”** are a resolution of the company and certificates of appointment as directors.

AIC Filings relating to SJXTM’s shareholders

AIC Filings relating to Shanghai Jinsen (SJXTM’s shareholder until 2005)

89. Shanghai Jinsen Material Trade Co., Ltd (“Shanghai Jinsen”) is one of the two shareholders of SJXTM. The filing with the AIC consisted of 37 pages in Chinese. I asked Wong Kam Yee to review those 37 pages and instructed her to identify the pages which disclosed information in relation to the incorporation, legal representatives, shareholders, directors, material changes and financial status of Shanghai Jinsen. Attached and marked as **Exhibit “FF”** to **Exhibit “JJ”** are those Chinese-language pages, along with the English translations.
90. According to the AIC records, the Shanghai Jinsen business licence was revoked on February 4, 2005. Prior to that date, it was a collective-owned company and no shareholders or directors are listed. None of the individuals listed as management and staff appear to relate to Sino-Forest or its subsidiaries and associates. A copy of the collective staff list is attached and marked as **Exhibit “GG”**.
91. Further, on February 4, 1993, a firm of accountants under the name of Huihua CPA firm listed on the capital verification report, carried out a capital verification. It showed that the capital subscription of Shanghai Jinsen was solely from its own funds. There was no suggestion of external investment and no changes have been filed over the period from 1997 to 2000, when Sino-Forest alleged it had a capital interest in Shanghai Jin Xiang Timber Limited. A copy of the capital verification report is attached and marked as **Exhibit “HH”**.

Company Name	Shanghai Jinsen Material Trade Co., Ltd 上海金森物资贸易公司
Registration No.	3101151005437
Registered Address	No. 1208, Pudong Avenue 浦东大道 1208 号
Legal Representative	Ji Zonglin 纪宗林

Registered Capital	RMB1 million
Date Established	--
Registering Authority	Shanghai AIC Pudong New District Branch
Business Scope	Wood and related products, metal materials, chemical materials, building materials, construction hardware, auto parts, hardware
Business model	Wholesale, retail, and purchase & sale agency
Status	Revoked
Date of revoking	February 4, 2005

AIC Filings relating to Shanghai Changxiang

92. Shanghai Changxiang Industrial Co., Ltd. 上海昌翔实业有限公司 (“Shanghai Changxiang”) is the second shareholder of SJXTM. The filings with the AIC consisted of 84 pages in Chinese. I asked Wong Kam Yee to review those 84 pages and instructed her to identify the pages which disclosed information in relation to the incorporation, legal representatives, shareholders, directors, material changes and/or financial status of Shanghai Changxiang. Attached and marked as Exhibit “KK to Exhibit “QQ” are those Chinese-language pages and the English translations. I note that Shanghai Changxiang has changed its name to Shanghai Nanxiang Industrial Development Zone Industrial Co Ltd.

93. Details relating to this company compiled from the AIC file are as follows:

Company Name	Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd 上海南翔工业开发区实业有限公司
Registration No.	310114001805623
Registered Address	Room 104, Building No. 4, Qianjiaqiao, Shejia Village, Nanxiang Town, Jiading District, Shanghai 嘉定区南翔镇沈家村钱家桥4幢104室
Legal Representative	Xu Long 徐龙
Registered Capital	RMB12 million
Date Established	November 19, 1996
Period of Operation	From 1996-11-19 to 2026-11-18
Company Type	Limited Company
Registering Authority	Shanghai AIC Jiading Branch
Business Scope	Sales of hardware, building materials, decoration materials, steel, machinery and electronic products, garments, daily necessities, automobile accessories, plastic products; business consulting

Status	Active
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94. The share holdings of Shanghai Changxiang are as follows:

Name	Shanghai Nanxiang Economic Development Co., Ltd 上海南翔经济发展总公司
Subscription (RMB)	10,000,000
Percentage	83.3%

Name	Jiading Nanxiang Industrial Co., Ltd 嘉定南翔工业公司
Subscription (RMB)	2,000,000
Percentage	16.7%

95. The directors of Shanghai Changxiang are listed as follows:

Name	Position
Zhang Qingzhong 章庆忠	Director
Xu Long 徐龙	Director
Zhang Jinde 张锦德	Executive Director
Li Yuxing 李玉兴	Supervisor

96. From an examination of the AIC file, there is no identifiable capital involvement by Sino-Forest, its subsidiaries or associates in Shanghai Changxiang. I have obtained the two AIC files for those companies which are shareholders of Shanghai Changxiang namely Shanghai Nanxiang Economic Development Co., Ltd and Jiading Nanxiang Industrial Co., Ltd. I instructed Wong Kam Yee to examine these filings. She advises me, and I believe, that there is no apparent Sino-Forest capital involvement in these two companies as they are both collectives and have not filed details of any shareholders or directors. They have filed details of their Legal Representatives and none of them are names which have been associated as far as has been determined, with Sino-Forest. Consequently, it is unclear how Sino-Forest could hold its stated shareholding over the 1997 to 2000 period in SJXTM.

AIC Filings relating to Shanghai Jincui (SJXTM's shareholder from 2005)

97. Shanghai Jincai Industrial Co., Ltd 海金材实业有限公司 (“Shanghai Jincai”) is reflected in the AIC files as holding share capital of SJXTM totalling RMB 6,500,000 effective from about August 25, 2005. This is also around the time that Poon Kai Kit became a director of SJXTM. Shanghai Jincai filings with the AIC consisted of 65 pages in Chinese. I asked Wong Kam Yee to review those 65 pages and instructed her to identify the pages that disclose information in relation to the incorporation, legal representatives, shareholders, directors, material changes and/or financial status of Shanghai Changxiang. Attached and marked as Exhibit “RR” to Exhibit “XX”, are those Chinese-language pages, along with the English translations.
98. The AIC records for Shanghai Jincai indicate the company was established on August 22, 2005. It is a limited liability company with an issued registered capital of RMB 15,000,000. Pan Jiajie 潘家杰 (i.e. Kai Kit Poon) is the legal representative. The following is a summary of the AIC records.

As at February 8, 2012

Company Name	Shanghai Jincai Industrial Co., Ltd. 上海金材实业有限公司
Registration No.	310114001483490
Registered Address	No. 8 Fengxiang Road, Nanxiang Industrial Development Zone, Jiading District, Shanghai 上海市嘉定区南翔工业开发区丰翔路 8 号
Legal Representative	Pan Jiajie 潘家杰
Registered Capital	RMB 15,000,000
Date Established	August 22, 2005
Period of Operation	August 22, 2005 to August 21, 2015
Company Type	Limited Liability Company
Registering Authority	Shanghai Jiading AIC
Business Scope	Processing of wooden products; sales of woods, manmade boards, plywood and architecture decoration materials; commercial consultancy; conference service; design and production of computer graphics.
Status	Active

Shareholders

Name	Subscription (RMB)	Percentage
Pan Jiajie 潘家杰	RMB 10,500,000	70%

Cai Xuelin 蔡学麟	RMB 4,500,000	30%
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Key Executives

Name	Position	ID No.
Pan Jiajie 潘家杰	Executive Director	441623194001061314
Cai Xuelin 蔡学麟	Supervisor	32020419500812001X

Name	Pan Jiajie 潘家杰
Nationality	Chinese
Date of Birth	January 6, 1940
Address	No. 3 Gongyuan Road, Yuanshan Township, Lianping County, Guangdong 广东省连平县元善镇公园路3号
ID No.	441623194001061314
Photo	Nil

Changes

27- Nov -2007 – Change of registration number

Before	After
3101142119687	310114001483490

27- Nov -2007 – Change of shareholders

Before	After
Ma Cong 马聪 (ID No.: 320106690914243) RMB 10,500,000 - 70%	Pan Jiajie 潘家杰 (ID No.: 441623194001061314) RMB 10,500,000 - 70%
Cai Xuelin 蔡学麟 (ID No.: 320204500812001) RMB 4,500,000 – 30%	Cai Xuelin 蔡学麟 (ID No.: 32020419500812001X) RMB 4,500,000 – 30%

27- Nov -2007 – Change of directors

Before	After
Ma Cong 马聪 (ID No.: 320106690914243) Executive Director– Legal Representative	Pan Jiajie 潘家杰 (ID No.: 441623194001061314) Executive Director– Legal Representative
Cai Xuelin 蔡学麟 (ID No.: 320204500812001) Supervisor	Cai Xuelin 蔡学麟 (ID No.: 32020419500812001X) Supervisor

99. The first application for a company name was under that of Shanghai Jinjia Industrial Co Ltd. Shanghai Jincal was one of the alternative names. This is the only reference that has

been found in any of the shareholders files where the name "Sino-Forest" has been identified. The application for pre-approval of company name is attached and marked as Exhibit "RR".

100. The two initial investors in Shanghai Jincai, as of July 26 2005, were Ma Cong (RMB 10,500,000) and Cai Xuelin (RMB 4,500,000). It was not until November 13, 2007 that Poon Kai Kit contributed RMB 10,500,000. This corresponded to the withdrawal of an identical amount of capital by Ma Cong. Copies of documents evidencing these events are attached and marked as Exhibits "VV" and Exhibit "XX". In any event, I can find no capital interest in the name of Sino-Forest, its subsidiaries or associates in Shanghai Jincai at any time.

Findings

101. As set out above, Sino-Forest claimed in its various disclosure documents that it initially had a 20% interest in the capital of SJXT, which purportedly increased to 34.4%. However, based on our review of the AIC records there appears to have been no Sino-Forest subsidiary holding shares in SJXTM. Moreover, the paid up capital of SJXTM over the period to the year 2005 does not appear to equate to that which was stated during that period.

(d) The alleged misrepresentations relating to Homix Limited

102. The statement of claim alleges that on January 12, 2010, Sino-Forest issued a press release in which it announced the acquisition by one of its wholly-owned subsidiaries of Homix Limited. The statement of claim alleges that Sino-Forest failed to disclose that Homix was a related party to Sino-Forest, contrary to Canadian generally accepted accounting principles.

103. Our review of the AIC records indicates that one of Sino-Forest's vice presidents was also a major shareholder of a Homix subsidiary at the time of the acquisition by Sino-Forest.

Sino-Forest's references to Homix in its disclosure

104. I have read through the disclosure documents of Sino-Forest and reproduce below a number of statements made by Sino-Forest regarding its interest in Homix.

105. In the Sino-Forest 2009 Annual Report, on page 20, it states:

HOMIX acquisition

In accordance with our strategy to focus on research and development and to improve the end-use of our wood fibre, we acquired HOMIX Ltd. in January 2010 for \$7.1 million. This corporate acquisition is small but strategically important adding valuable intellectual property rights and two engineered-wood processing facilities located in Guangdong and Jiangsu Provinces to our operations. Homix has developed environment-friendly technology, an efficient process using recomposed technology to convert small-diameter plantation logs into building materials and furniture. Since we plan to grow high volumes of eucalypt and other FGHY species, this acquisition will help us achieve our long-term objectives of maximizing the use of our fibre, supplying a variety of downstream customers and enhancing economic rural development.

106. At page 31 of that Annual Report, the following statement was made:

Acquired HOMIX Limited on January 4, 2010, the Company acquired all of the issued and outstanding shares of HOMIX Limited ("HOMIX"), a company engaged in research and development and manufacturing of engineered-wood products in the PRC, for an aggregate consideration of \$7,100,000. The acquisition included HOMIX's facilities and its patents in the PRC.

107. On p. 81 of that Annual Report, it states:

SUBSEQUENT EVENT

On January 4, 2010, the Company acquired all of the issued and outstanding shares of Homix Limited, which is engaged in research & development and in manufacturing engineered-wood products, for aggregate cash consideration of \$7.1 million.

108. On page 5 of Sino-Forest's 3rd quarter 2010 report to shareholders, it stated that:

Acquired Homix Limited

On January 4, 2010, the company acquired all of the issued and outstanding shares of Homix limited (“Homix”), a company engaged in research and development and manufacturing of engineered-wood products in the PRC, for an aggregate consideration of \$7,100,000. The acquisition included homix’s facilities and its patents in the PRC.

Hua Chen’s role at Sino-Forest

109. On page 85 of Sino-Forest’s 2009 Annual Report, the Senior Vice President Administration and Finance for China for Sino Forest is identified as Hua Chen. It states that she joined Sino-Forest in 2002.

110. I have conducted enquiries to identify the Chinese identity card number of Hua Chen, or as she would be known in China, “Chen Hua”. In this context, I have been advised by Wong Kam Yee as a result of name searches that she was a legal representative of a number of companies associated with Sino-Forest in China, including:

- i. Sino-Forest (Suzhou) Trading Co., Ltd;
- ii. Sino-Forest (Guangzhou) Co., Ltd;
- iii. Sino-Forest (China) Investment Co., Ltd;
- iv. Sino-Forest (Yangjiang) Co., Ltd;
- v. Sino-Forest (Heyuan) Co., Ltd;
- vi. Sino Wood (Heyuan) Co., Ltd; and
- vii. Sino-Forest (Anhui) Co., Ltd.

111. From this research, I have determined that Hua Chen has been issued with an identity card by the Chinese government authorities, # 320503196107311027.

Background on Homix Limited and Hua Chen’s role in Homix

112. Homix Limited is registered in the British Virgin Islands, and has two subsidiary companies incorporated in the PRC as follows:

Guangzhou Dacheng Panyu Wood Company Ltd.

广州市番禺大成木业有限公司

Jiangsu Dayang Wood Company Ltd

江苏大阳木业有限公司

113. The AIC records relating to Jiangsu Dayang Wood Co., Ltd. 江苏大阳木业有限公司 (“Jiangsu Dayang”) included a print-out of corporate changes and information relating to the financial status of the company. Wong Kam Yee translated the records showing the historic and current shareholding, legal representative and directorships in that company. Copies of the Chinese print-out with accompanying English translations are attached and marked as Exhibit “YY”.

114. The AIC records show that Jiangsu Dayang was established on August 19, 2003. It is a limited company with registered capital of RMB 80 million. Allen Chan Tak Yuen 陈德源 (i.e. Allen Chan) is the legal representative. Details of the current business registration and the legal representatives, directors and shareholders are as follows:

Company Name	Jiangsu Dayang Wood Co., Ltd. 江苏大阳木业有限公司
Registration No.	321300000010898
Registered Address	No. 322 Fumin Avenue, Economic Development Zone, Suqian City 宿迁经济开发区富民大道322号
Legal Representative	Chan Tak Yuen 陈德源
Registered Capital	RMB 80 million
Date Established	August 19, 2003
Period of Operation	55 years – (2003-08-19 to 2058-08-19)
Company Type	Limited Company (WOFE)
Registering Authority	Jiangsu Suqian AIC
Business Scope	Wood processing and engineering technology consultancy service; research, development, manufacture and sale of artificial boards.
Status	Active

115. Homix Limited is currently the sole shareholder of Jiangsu Dayang. After Sino-Forest acquired Homix, the key executives of Jiangsu Dayang were as follows:

Name	Position	ID No.
Chan Tak Yuen 陈德源	Chairman of the board	E459151(1)
Li Mingchen 李明臣	General Manager	110108197204252319

Chen Hua 陈华	Director	320503196107311027
Zhao Weimao 赵伟茂	Director	110108195711182213
Wu Yongzheng 吴永争	Supervisor	452502197110098238

116. The following represents corporate changes to Jiangsu Dayang from 2003 forward:

Date	Status Change	Before Date	After Date
25-11-2003	Registered Capital	RMB 1 million	RMB 6 million
12-12-2003	Name	Suqian Dayang Wood Co., Ltd.	Jiangsu Dayang Wood Co., Ltd.
5-3-2004	Increase in Registered Capital	RMB 6 million	RMB 10 million
	Increase in Paid-in Capital	RMB 35.9 million	RMB 10 million
	Shareholders	Chen Hua 陈华 (RMB 1.8 million) Huang Qingliu (RMB 3.6 million) Xiong Xueping (RMB 0.6 million)	Chen Hua 陈华 (RMB 3 million) Huang Qingliu (RMB 6 million) Xiong Xueping (RMB 1 million)
21-07-2004	Directors	Chen Hua (Chairman of the board of directors) Xiong Xueping (Director/General Manager) Lin Xiaomei (Supervisor) Huang Qingliu (Director) Xiong Fangwen (Supervisor) Liao Changlu (Chairman of the board of supervisors)	Chen Hua (Chairman of the board of directors) Wang Huisheng (Director/General Manager) Wang Wei (Supervisor) Huang Qingliu (Director) Chen Liyun (Supervisor) Li Qiong (Supervisor)
	Shareholders	Chen Hua (RMB 3 million) Huang Qingliu (RMB 6 million) Xiong Xueping (RMB 1 million)	Chen Hua (RMB 3 million) Huang Qingliu (RMB 6 million) Wang Huisheng (RMB 0.5 million) Huang Zhigang (RMB 0.5 million)
16-11-2004	Legal	Chen Hua	Guo Qingquan

	Representative		
	Directors	Chen Hua (Chairman of the board of directors) Wang Huisheng (Director/General Manager) Wang Wei (Supervisor) Huang Qingliu (Director) Chen Liyun (Supervisor) Li Qiong (Supervisor)	Guo Qingquan (Chairman of the board of directors) Wang Huisheng (Director/General Manager) Huang Zhigang (Director/Deputy General Manager) Gao Meng (Director) Luo Guilian (Director) Wang Wei (Supervisor) Chen Liyun (Supervisor) Li Qiong (Supervisor)
	Shareholders	Chen Hua (RMB 3 million) Huang Qingliu (RMB 6 million) Wang Huisheng (RMB 0.5 million) Huang Zhigang (RMB 0.5 million)	Guo Qingquan (RMB 3 million) Luo Guilian (RMB 3 million) Gao Meng (RMB 3 million) Wang Huisheng (RMB 0.5 million) Huang Zhigang (RMB 0.5 million)
12-04-2006	Address	Economic Development Zone, Suqian City	No. 322 Fumin Avenue, Economic Development Zone, Suqian City
28-01-2008	Shareholders	Guo Qingquan (RMB 3 million) Luo Guilian (RMB 3 million) Gao Meng (RMB 3 million) Wang Huisheng (RMB 0.5 million) Huang Zhigang (RMB 0.5 million)	Guo Qingquan (RMB 3 million) Chen Hua (RMB 3 million) Gao Meng (RMB 3 million) Wang Huisheng (RMB 0.5 million) Huang Zhigang (RMB 0.5 million)
29-06-2010	Registered Capital	RMB 10 million	RMB 80 million
	Paid-in Capital	RMB 10 million	RMB 80 million
	Legal Representative	Huang Zhigang	Chan Tak Yuen
	Directors	Huang Zhigang (Chairman of the board/General Manager)	Chan Tak Yuen (Chairman of the board) Chen Hua/Zhao Weimao

		Liao Chunhe (Director) Cheng Lin (Director) Wang Huisheng (Supervisor)	(Director) Wu Yongzheng (Supervisor) Li Mingchen (General Manager)
	Shareholder	HOMIX LIMITED (RMB 10 million)	HOMIX LIMITED (RMB 80 million)

117. Thus, the AIC records reflect that Chen Hua was a shareholder of Jiangsu Dayang from August 19, 2003 to November 16, 2004 when she divested herself of her shares. On January 28, 2008, she again became a shareholder and there is no record that she has since disposed of her shares.

118. The AIC records further reflect that Chen Hua was a legal representative of Jiangsu Dayang from August 19, 2003 to November 16, 2004, and chairperson of the board of directors of Jiangsu Dayang for the same period.

Findings regarding disclosure of Homix as a related-party

119. As set out above, our investigation reveals that Chen Hua was a shareholder and legal representative of a Homix subsidiary at the time a Sino-Forest subsidiary acquired Homix. However, I have not identified any disclosure in the published material of Sino-Forest that reflects the previous involvement of Chen Hua with Jiangsu Dayang.

120. The Second Report states that the Independent Committee has evidence that Chen Hua did not hold a position in Jiangsu Dayang after January 28, 2008. However, the documents I have reviewed, as indicated above, indicate that Chen Hua continued to be a shareholder of Jiangsu Dayang after this date.

Records of Homix patents

121. An Intellect Consultancy agent, Chiu Kong Sang, has advised me and I believe that he has searched for any patents in the name of Jiangsu Dayang. A copy of the search is attached and marked as Exhibit "ZZ".

122. The PRC State Intellectual Property Office database records revealed that Jiangsu Dayang Wood Co., Ltd 江苏大阳木业有限公司 has two registered patents in the PRC as follows:

Application Date	Patent	Applicant No.	Inventor
2008-08-22	Wood dyeing method and equipment 木材染色的方法及其设备	200810142046.1	Che Binglei 车炳雷; Huang Xianshun 黄衍顺
2008-08-22	Wood dyeing equipment 木材染色的设备	200820146919.1	Che Binglei 车炳雷; Huang Xianshun 黄衍顺

123. As indicated earlier in this affidavit, Sino-Forest's 2009 Annual Report states that "Homix has developed environment-friendly technology, an efficient process using recomposed technology to convert small-diameter plantation logs into building materials and furniture". This description of Homix's patents is different than the patents identified in the chart above, which are described as patents for wood dyeing.

124. We have also reviewed the financial statements filed by Jiangsu Dayang for the 2009 period, immediately prior to the acquisition of Homix by Sino-Forest. Choy Suk Chung who is a Chinese accountant employed by Intellect Consultancy Ltd has examined the accounts and advised me of the following information:

Item	As at Dec. 31, 2009
Current Assets	RMB 17,353,803.26
Total Assets	RMB 45,711,989.57
Current Liabilities	RMB 47,995,288.18
Total Liabilities	RMB 47,995,288.18
Share Capital	RMB 10,000,000.00
Shareholder's Equity	RMB -2,283,298.61
Liabilities and Shareholder's Equity	RMB 45,711,989.57
Revenue	RMB 29,573,000.00
Tax	RMB 1,387,000.00
Net Profit	RMB -6,711,993.24

125. This shows negative shareholders equity and a negative net profit for Jiangsu Dayang in the year immediately preceding the acquisition of Homix Limited.

126. We also review the AIC records for Guangzhou Panyu Dacheng Wood Co., Ltd. (“Panyu Dacheng”). These records consist of 261 pages in Chinese. I asked Wong Kam Yee to review those 261 pages and instructed her to identify those pages that disclose information in relation to the incorporation, legal representatives, shareholders, directors, material changes and/or financial status of Panyu Dacheng. Copies of those Chinese documents with English translations prepared by Madam Wong Kam Yee are attached and marked as Exhibits “AAA” to Exhibit “OOO”.

127. The AIC records show that Panyu Dacheng was established on July 21, 1998. It is a limited company with an issued registered capital of RMB 1 million. Chan Tak Yuen (“Allen Chan”) is the legal representative.

Company Name	Guangzhou Panyu Dacheng Wood Co., Ltd. 广州市番禺大成木业有限公司
Registration No.	440126400000999
Registered Address	Zhi Village, Dashi Street, Panyu District, Guangzhou 广州市番禺区大石街植村
Legal Representative	Chan Tak Yuen 陈德源
Registered Capital	RMB 1 million
Date Established	21-July-1998
Period of Operation	20 years – (21-July-1998 to 21-July-2018)
Company Type	Limited Company (WOFE)
Registering Authority	Guangzhou Panyu AIC
Business Scope	Research, development and manufacture of artificial boards; sale of products manufactured on itself; wood processing and engineering technology consultancy service.
Status	Active

Shareholder

Name	Subscription (RMB)	Percentage %
HOMIX LIMITED 恒大控股有限公司	RMB 1 million	100%

Key Executives

Name	Position
Chan Tak Yuen 陈德源	Chairman of the board
Liao Chunhe 廖春和	Manager

Name	HOMIX LIMITED 恒大控股有限公司
Address	P.O. Box 3321, Drake Chambers, Road Town, Tortola, British Virgin Islands
Registration No.	1445474

Changes

Date	Change	Before Date	After Date
18-12-2000	Name	Panyu City Dacheng Wood Co., Ltd. 番禺市大成本业有限公司	Panyu Dacheng Wood Co., Ltd. 番禺大成本业有限公司
	Address	Zhi Village, Dashi Township, Panyu City 番禺市大石镇植村	Zhi Village, Dashi Township, Panyu District, Guangzhou 广州市番禺区大石镇植村
06-04-2006	Shareholders	Huang Yanshun 黄衍顺 (RMB 0.1 million) Cai Yingxin 蔡迎新 (RMB 0.9 million)	Huang Yanshun 黄衍顺 (RMB 0.1 million) Luo Guilian 罗贵连 (RMB 0.9 million)
25-06-2008	Address	Zhi Village, Dashi Township, Panyu District, Guangzhou 广州市番禺区大石镇植村	Zhi Village, Dashi Street, Panyu District, Guangzhou 广州市番禺区大石街植村
	Business Term	No Limit	1998-07-21 to 2018-07-21
11-11-2008	Shareholders	Huang Yanshun 黄衍顺 (RMB 0.1 million) Luo Guilian 罗贵连 (RMB 0.9 million)	Homix Limited 恒大控股有限公司 (RMB 1 million)
	Legal Representative	Huang Yanshun 黄衍顺	Huang Zhigang 黄志刚
	Directors	Huang Yanshun 黄衍顺 (Executive Director/Manager) Gao Xueling 高雪玲	Huang Zhigang 黄志刚 (Chairman of the board/Manager) Cheng Lin 成林/Liao

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		(Supervisor)	Chunhe 廖春和 (Director) Wang Huisheng 汪惠生 (Supervisor)
	Company Type	Limited	Limited (WFOE)
	Business Scope	Research, development, processing and sale of artificial boards, wood and wooden products; engineering technology consultancy service.	Research, development and manufacture of artificial boards; sale of products manufactured on itself; wood processing and engineering technology consultancy service.
	Registration No.	4401262000027	企独粤穗总字第304265号
30-07-2009	Directors	Huang Zhigang 黄志刚 (Chairman of the board/Manager) Cheng Lin 成林/Liao Chunhe 廖春和 (Director) Wang Huisheng 汪惠生 (Supervisor)	Huang Zhigang 黄志刚 (Chairman of the board/Manager) Chen Binghua 陈炳华 /Liao Chunhe 廖春和 (Director) Qian Kaipeng 钱开鹏 (Supervisor)
	Registration No.	企独粤穗总字第304265号	440126400000999
24-05-2010	Legal Representative	Huang Zhigang 黄志刚	Chan Tak Yuen 陈德源
	Directors	Huang Zhigang 黄志刚 (Chairman of the board/Manager) Chen Binghua 陈炳华 /Liao Chunhe 廖春和 (Director) Qian Kaipeng 钱开鹏 (Supervisor)	Chan Tak Yuen 陈德源 (Chairman of the board) Chen Hua 陈华/Zhao Weimao 赵伟茂 (Director) Wu Yongzheng 吴永争 (Supervisor)
29-09-2010	Manager	Huang Zhigang 黄志刚	Liao Chunhe 廖春和

128. We have also reviewed Panyu Dacheng financial statements for the 2009 period, immediately prior to the acquisition of Homix by Sino-Forest. Choy Suk Chung has examined the accounts and advised me of the following information:

Item	As at Dec. 31, 2009
Current Assets	RMB 14,875,830.19

Non Current Assets	RMB 10,318,615.01
Total Assets	RMB 25,194,445.20
Current Liabilities	RMB 10,979,346.19
Non Current Liabilities	RMB 13,323,155.88
Total Liabilities	RMB 24,302,502.07
Share Capitals	RMB 1,000,000.00
Shareholder's Equities	RMB 891,943.13
Liabilities and Shareholder's Equities	RMB 25,194,445.20
Revenue	RMB 20,612,728.43
Net Profit	RMB 197,755.43

129. I am advised by Chiu Kong Sang of Intellect Consultancy, and I believe, that he conducted a search of the PRC State Intellectual Property Office database records. These reflect that Guangzhou Panyu Dacheng Wood Co., Ltd 广州市番禺大成木业有限公司 has not registered any patent designs in the PRC.

(e) The Possession of Maps in Mainland China by foreigners or foreign commercial organisations

130. The Final Report of the Independent Committee of the Board of Directors of Sino- Forest Corporation, dated January 31, 2012 states:

The Second Interim Report discussed the absence of maps in documentation for BVI timber purchase transactions. In response to these concerns, Management provided information regarding various issues regarding the due diligence conducted prior to entering into a BVI timber purchase contract, including maps which in the case of timber purchases were provided through forestry bureaus.

Management also provided copies of news articles regarding foreigners being subject to criminal sanctions in China for possessing maps and other geographical information that were deemed to be classified as state secrets. The IC has reviewed these responses from Management and was unable to verify all of Management's assertions regarding forestry maps or that forestry mapping information would be regarded as subject to such sanctions but recognizes that this is an area of the law in China where a conservative approach may be prudent.

In mid December 2011, Management provided a document entitled "Detailed Description of Locating Forestry Resources in China" which explains how the locations of BVI standing timber assets are determined. This document has been provided to the Board. It indicates that although certain types of stand maps and these land descriptions are available as part of PRCs, maps are not

readily available for continuing possession by persons trading in standing timber without a lease as is the case of the transactions by SF's BVI model.

Management indicates that such maps usually can be borrowed from forestry bureaus (but not retained) and are used by the survey companies as part of the Company's due diligence. Management believes the ability of a foreign company to retain such maps is unclear and has adopted a cautious approach to this issue. The advice received by the IC from independent forestry experts is that this practice is not inconsistent with the practice of other parties in China who buy and sell standing timber without leasing the underlying land.

131. From my own personal knowledge of working in China as the head of the anti-smuggling task force prior to 1997, and whilst the Assistant Commissioner of Police handling Hong Kong and Mainland China border issues, and more recently in my position as Executive Director of Security and Legal Services with the Hong Kong Jockey Club, I have experience of and exposure to the Mainland Chinese position on the public possession of and use of area maps of China.

132. From my experience, the official position of the Mainland Chinese Government and application within the Provinces has changed considerably from since 2000. Following the directive of Deng Xiao Peng regarding the opening up of China to foreign trade, there are now far fewer restrictions on the possession and use of maps. On my first visit to China in the early 1990's it was difficult to obtain any accurate provincial level maps. However, since that time, China has advanced to the stage where it now produces its own maps for Mainland China manufactured Global Positioning Systems ("GPS"), which are freely available for purchase by the general public. Furthermore, most new high end vehicles produced and sold in China are now equipped with a built-in GPS, utilising accurate maps and latitude and longitude location identification.

133. In addition, visitors to China are widely encouraged to use city maps on hand held GPS. Furthermore, China is covered by 'Google' (internet search engine) satellite photographs and map overlays to which access is not restricted in Mainland China.

134. As the executive director of security and corporate legal services at the Hong Kong Jockey Club, I was involved in the land site selection and acquisition for a new thoroughbred horse

training facility in a rural area of Guangdong Province. This is the southernmost province of China bordering Hong Kong. Detailed land maps including property ownership boundaries and satellite imaging were freely available at the various sites which were examined.

135. The only exception is that possession of a detailed map of a military installation could carry the risk of arrest and enquiry by the Public Security Bureau. However, I believe that this would also be a matter for investigation in countries other than the PRC.

136. Based on my experience, given that Sino-Forest and its subsidiaries are in an industry in which maps would be an integral part of their business, their business is legally recognised in China, and forestry title boundaries would have to be designated by means of maps, I find it implausible that Sino-Forest is unable to secure maps of the areas for which they claim to have legal title.

(f) Sonic Jita

137. At Pages 67 to 70 of the Second Report, under "RELATIONSHIPS", the allegations of Muddy Waters in relation to Yuda Wood and Sonic Jita are discussed extensively.

138. In its investigation, the Independent Committee set out the following information:

(d) Statutory Declarations

The issues of SF's relationship with Yuda Wood were still being examined by the IC Advisors in the middle of August, 2011, at a time when the Company's quarterly report for the period ending June 30, 2011 ("Q2s") were being prepared.

To address certain issues relating to Yuda Wood pending completion of the IC's review, statutory declarations were obtained by the IC and the Audit Committee from the following members of Management at the IC's request:

- Allen Chan;
- Albert Ip; and
- Chen Jun.

The declarations were prepared with assistance from the Company's counsel and

were sworn on August 15, 2011.

In his statutory declaration, Allen Chan declared that:

(i) he did not hold a direct or indirect or beneficial shareholding interest in Yuda Wood, Beijing Sonic Jita or Hong Kong Sonic Jita or their affiliates, and was not involved in their operations and that he did not have other personal arrangements with or entitlements from these entities; and (ii) to his knowledge, no officer, director or employee of SF held a direct or indirect or beneficial shareholding interest in Yuda Wood, Beijing Sonic Jita or Hong Kong Sonic Jita or their affiliates or was involved in their operations, and that to his knowledge, no other officer, director or employee of SF had any other personal arrangements with or entitlements from these entities.

In his statutory declaration, Albert Ip:

(i) denied having ever been an executive of Hong Kong Sonic Jita, held himself out to be a representative of Hong Kong Sonic Jita or entered into a contract in 2005 with Hong Jiang City, Hunan Province, on behalf of Hong Kong Sonic Jita; and

(ii) further declared that Zhan Xiaokun and Chen Jun did not become employees of SF until after resigning as directors from, and selling their shares in, Hong Kong Sonic Jita.

However, searches at Hong Kong's Companies Registry in August 2011 indicated that Chen Jun remained a director and shareholder of Hong Kong Sonic Jita since joining SF in July 2010. In response to this finding, SF counsel arranged for Chen Jun to make a statutory declaration in which he declared that he had been only a nominee shareholder in Hong Kong Sonic Jita, and had submitted a letter to the other shareholder and director of Hong Kong Sonic Jita, Huang Ran, on June 26, 2010, tendering his resignation as director and asking to transfer his shares to Huang Ran. Huang Ran appears, from the documents exhibited to Chen Jun's statutory declaration, to have only filed documents implementing such requests with Hong Kong's Companies Registry and Stamp Duty office one year later, on June 10, 2011. Those documents were dated July 30, 2010, and included minutes of a shareholders' meeting allegedly held in Hong Kong on July 30, 2010, and attended by Chen Jun, at which his resignation as director and sale of his shares was approved. Chen Jun stated in his declaration that he did not attend any such meeting.

139. Searches have been conducted by Chiu Kong Sang of Intellect Consultancy Ltd for documents filed with the High Court Registry in Hong Kong and by Tse Siu Cheung, an

employee of Intellect Consultancy Ltd in relation to any litigation in which Sino-Forest or subsidiaries of Sino-Forest has been involved. Our searches indicate that litigation was commenced in Hong Kong in which Hua Dao Shipping (Far East) Ltd and BM Shipping Group SRL sued Sino-Wood Partners in High Court Action 5439 of 1998. Sonic Jita Engineering Company Limited was identified in the statement of claim as an associated company of Sino-Wood Partners Ltd. A copy of the writ has been obtained from the Court Registry, and is attached and marked as **Exhibit "PPP"**.

140. Searches have been conducted by myself on-line through ICRIS which is the official web site of the Registrar of Companies in Hong Kong. All of the statutory information filed by Sonic Jita Engineering Company Ltd has been downloaded for the period 2006 to the most recent return on 22nd August 2011. Copies of the documents are attached and marked Exhibit "QQQ". I have prepared a schedule of the information which has been filed with the Registrar of Companies as follows:

Company No.	435844
Company Name	Sonic Jita Engineering Ltd. (On the date of incorporation, the company name was Combine (Far East) Ltd. 永合(遠東)有限公司, the company changed to Sino-Fiber Partners Ltd. 嘉安纖維有限公司 on November 30, 1993, Vicondia Ltd. on September 7, 1995 and changed to the current name on August 1, 1997.)
Date of Incorporation	15-July-1993
Corporate Secretary	Panoccean Secretarial Services Ltd. (CR No. 227964) 美信秘書服務有限公司 Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong
	Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong
	The total nominal value is HKD10,000. The authorized share capital is 10,000 shares which were issued, each with a nominal value of

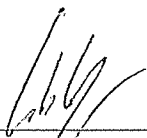
	HKD1.00.
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141. According to the information we obtained from ICRIS, Chen Jun was appointed a director of Sonic Jita on February 2, 2007. The other director was Huang Run and the return was filed with the Registrar of Companies on February 2, 2007, the same date of the appointment. On that same date, Zhan Xiao Kun who was an existing shareholder transferred his 5,000 shares to Chen Jun, as evidenced by an annual return of directors and shareholders which was filed on July 25, 2007 with the Registrar of Companies.

142. Both Huang Run and Chen Jun are reflected as the two directors and shareholders of Sonic Jita until such time as a "Notification of Change of Secretary and Director (Appointment/Cessation)" was filed on June 10, 2011. This is after the date of the Muddy Waters Report in which specific allegations were made about the related party nature of Sonic Jita. The return purported to show that Chen Jun had in fact resigned as a director of Sonic Jita nearly one year earlier on July 30, 2010.

143. An annual return filed on August 22, 2011 purported to show that Chen Jun had transferred his 5,000 shares of Sonic Jita to Huang Run on July 30, 2010, more than one year after the return had been filed. There should be in existence bought and sold notes and instruments of transfer stamped to indicate that stamp duty was made within 2 days of the actual transaction which purported to be on July 30th 2010. The Inland Revenue Department of the Hong Kong Government has set out the rules governing the sale or transfer of stock in Hong Kong. I have attached a copy of such marked as Exhibit "RRR".

SWORN OR ~~AFFIRMED~~ before)
me at the Special Administrative)
Region of Hong Kong, in the)
People's Republic of China, this 29th)
day of February, 2012.)
))
))
))


Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong



Stephan Gowan Chandler

Trustees of the Labourers' Pension Fund of Central and Eastern Canada,
et al. and Sino-Forest Corporation, *et al.*

Plaintiffs

Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**AFFIDAVIT OF STEPHEN GOWAN CHANDLER
(Sworn February 29, 2012)**

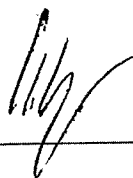
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Tel: 416-595.2149
Fax: 416.204.2903
Lawyers for the Plaintiffs

This is Exhibit "A" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

Handwritten notes and signatures in the top left corner.



19. 90. No. A

1671

IN THE SUPREME COURT OF HONG KONG

HIGH COURT

Between	CHINA FOREIGN TRADE LEASING CORPORATION	1st Plaintiff
	SUMLEASE INVESTMENT LIMITED	2nd Plaintiff
	and	
	NEW ROSS INVESTMENTS LIMITED	1st Defendant
	CHAN TAK YUEN	2nd Defendant

SUPREME COURT OF HONG KONG
REGISTRY
1019 WING LUN STREET
HONG KONG

To the ~~Defendant~~ 1st Defendant NEW ROSS INVESTMENTS LIMITED whose registered office is situate at 1501, Hutchison House, Central, Hong Kong

AND TO THE 2nd Defendant CHAN TAK YUEN of (i) Room 227-9, Park Lane Square, 132-134 Nathan Road, Kowloon, Hong Kong; (ii) Flat C, 8th Floor, Kwong Fai Court, No.1 Fessenden Road, Kowloon, Hong Kong and (iii) Flat No.3, 4th Floor, Block A, Chun Man Court, No.66 Chung Hau Street, Kowloon, Hong Kong.

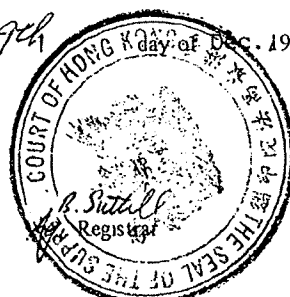
THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the back.

Within (14) days after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Registry of the Supreme Court the accompanying ACKNOWLEDGMENT OF SERVICE stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued from the Registry of the Supreme Court this

17th day of Dec. 19 90



Note:- This Writ may not be served later than 12 calendar months beginning with that date unless renewed by order of the Court.

STATEMENT OF CLAIM

1. At all material times, the 1st Plaintiff was, and still is, a company incorporated under the laws of the People's Republic of China, carried and carries on business at No. 20, Sha Tan Hou Jie, Beijing, People's Republic of China.

2. At all material times, the 2nd Plaintiff was, and still is :-

(i) A company incorporated under the Hong Kong Companies Ordinance with limited liability having a share capital carried and carries on business at Units 703-4, 7th Floor, Hilder Centre, 2 Sung Ping Street, Hunghom, Kowloon.

(ii) The agent of the 1st Plaintiff in Hong Kong.

3. At all material times, the 1st Defendant was a company incorporated under the Hong Kong Companies Ordinance with limited liability having a share capital carried on business at Room 1501, Hutchison House, Hong Kong.

4. At all material times, the 2nd Defendant was one of the directors and the majority shareholder of the 1st Defendant.

5. By an agreement made in Beijing, China and made on 28th November 1988 and made between the 1st Plaintiff and the 1st Defendant and, in consideration of the money to be advanced by the 1st Plaintiff, the 1st Defendant agreed to repay all sums so

advanced with interest upon terms (hereinafter called "the 1st agreement").

6. The following are, inter alia, express conditions of the 1st agreement :-

- (i) That the 1st Plaintiff shall advance the sum of US\$647,474.75 to the 1st Defendant;
- (ii) That the said sum shall be utilised by the 1st Defendant solely for the purpose of the purchase of the issued share of one Tai Yuen Shipyard Limited and in no circumstances shall the same be used for any other purpose;
- (iii) That the principal sum so advanced would carry an interest calculated at LIBOR + 3/8%;
- (iv) That the principal and interest should be repaid at the expiry of a eight months' period as from the date of such advance;
- (v) That the 1st Plaintiff and its authorised agent shall be entitled to scrutinized the use of and to trace the whereabouts of the sum so advanced, in particular, the execution of the 1st Defendant's development plan, business management, financial position, condition of stocks and the like and that the 1st Defendant shall provide the same to the 1st Plaintiff;
- (vi) That, during the currency of the 1st agreement, the 1st Defendant shall provide all information (e.g. development plans, developed items, financial reports, profit and loss accounts prepared by qualified

accountants and reports on business management, etc.)
to and upon request by the 1st Plaintiff;

- (vii) That the 1st Plaintiff shall be entitled to repayment forthwith, upon demand, of the principal and interest due without giving any reasons.

7. On or about 28th November 1990, a sum of US\$647,474.75 was advanced by the 1st Plaintiff to the 1st Defendant receipt of which was duly acknowledged.

8. In the premises aforesaid, subject to the express condition referred to in paragraph 6(vii) above, the said sum of US\$647,474.75 was repayable by the 1st Defendant together with interest on or before 28th July 1989.

9. The 1st Defendant was unable to repay the principal and interest on or before 28th July 1989.

10. Between 28th November 1988 and 28th July 1989 on diver occasions, the 1st Defendant through the 2nd Defendant informed the 1st Plaintiff that the money so advanced by the 1st Plaintiff under the 1st agreement had not been utilized for the purpose of the purchase of the issued shares of Tai Yuen Shipyard Limited and it requested the 1st Plaintiff :-

- (i) To grant an extension of time of repayment of the principal and interest due and payable under the 1st agreement; and
- (ii) To modify the restriction for utilization of the money

so advanced under the 1st agreement.

11. By a second agreement (hereinafter called "the 2nd agreement") made in Beijing, China and made on 28th July 1989 and a supplemental agreement (hereinafter called "the Supplemental Agreement") made on 19th September 1989 between the 1st Plaintiff and the 1st Defendant and, in consideration of, inter alia :-

- (i) The 1st Plaintiff agreeing to extend the time for repayment of the principal and interest so advanced under the 1st agreement; and
- (ii) The 1st Plaintiff and the 1st Defendant agreeing to discharge their respective rights and liabilities under the 1st agreement,

the 1st Plaintiff agreed to advance money to the 1st Defendant and the 1st Defendant agreed to repay the principal and interest thereon upon terms.

12. The following are, inter alia, express conditions of the 2nd agreement and the Supplemental Agreement :-

- (i) That the 1st Plaintiff shall advance the sum of US\$683,551.00 to the 1st Defendant;
- (ii) That the said sum shall be drawn down applied or be deemed to be drawn down and applied on 30th July 1989 by the 1st Defendant to repay the principal and interest so advanced under the 1st agreement, calculated up to 30th July 1989 as the sum of US\$683,551.00;
- (iii) That the principal sum so advanced under the 2nd

agreement would carry an interest at the rate of 9.875% per annum;

- (iv) That the principal and interest shall be repaid at the expiry of a six months' period as from the date of such advance;
- (v) That the 1st Plaintiff and its authorised agent shall be entitled to scrutinised the use of and to trace the whereabouts of the sum so advanced, in particular, the execution of the 1st Defendant's development plan, business management, financial position, condition of stocks and the like and that the 1st Defendant shall provide the same to the 1st Plaintiff;
- (vi) That, during the currency of the 2nd agreement, the 1st Defendant shall provide all information (e.g. development plans, developed items, financial reports, profit and loss accounts by accountants and reports on business management etc.) to and upon request by the 1st Plaintiff;
- (vii) That the 1st Plaintiff shall be entitled to payment forthwith, upon demand, of principal and interest due without giving any reasons.

13. Further, it was orally agreed between the 1st Plaintiff and the 1st Defendant at the time when they entered into the Supplemental Agreement that the sum previously lent to the 1st Defendant under the 1st agreement shall be or shall have been used or continued to be used solely for the purpose of the development for the export of certain itemised goods and in no

circumstances shall the same be used for any other purposes.

14. Pursuant to the 2nd agreement and the Supplemental Agreement, the 1st Defendant drew down or was deemed to have drawn down on 30th July 1989 the sum of US\$683,551.00 as being advanced by the 1st Plaintiff to the 1st Defendant, which sum was pursuant to the Supplemental Agreement applied by the 1st Defendant to pay off its liabilities under the 1st agreement.

15. In the premises aforesaid, subject to the express condition referred to in paragraph 12 (vii) above, the principal sum of US\$683,551.00 with interest at the rate of 9.875% per annum thereon should be repaid by the 1st Defendant to the 1st Plaintiff on 30th January 1990.

16. By a written guarantee of 19th September 1989 and signed by the 2nd Defendant and, in consideration of the 1st Plaintiff, inter alia, refraining from exercising its rights under the express condition referred to in paragraph 12 (vii) above and executing the Supplemental Agreement in favour of the 1st Plaintiff, the 2nd Defendant agreed to pay and satisfy, on demand, all sums remained due and payable by the 1st Defendant to the 1st Plaintiff under or on account of the 2nd agreement (hereinafter called "the said guarantee").

17. The said guarantee provided expressly that the same shall be subject to and enforceable under Hong Kong laws and all disputes arising thereunder shall be adjudicated by the Hong Kong

18. Acting upon the said guarantee, the 1st Plaintiff refrained from, inter alia, exercising its rights under the express condition referred to in paragraph 12 (vii) above and entered into the Supplemental Agreement.

19. The 1st Defendant has, despite repeated demands and requests, failed or refused to pay the 1st Plaintiff the principal sum so advanced and interest aforesaid under or on account of the 2nd agreement, or any part thereof upon the expiry of the six months' period.

20. The principal and interest outstanding and calculated in accordance with the 2nd agreement as at 28th November 1990 amounted to US\$799,979.92, full particulars thereof exceeds 3 folios and are set out in the Schedule hereof.

21. Further, pursuant to the express conditions referred to in paragraphs 12 (v) and 12 (vi) above, between 28th July 1989 and 13th July 1990, the 1st Plaintiff demanded and requested the 1st Defendant to provide all information relating to the utilization of the money so advanced by the 1st Plaintiff to the 1st Defendant, in particular, the development plans, developed items, financial reports, profit and loss accounts prepared by accountants and reports on business management relating to the development of export goods.

22. In breach of its duty, the 1st Defendant has, save and except for a handwritten development plan supplied to the 1st Plaintiff on or about 13th July 1990, failed or refused to provide the information referred to in paragraph 21 above. In particular, the 1st Defendant has failed or refused to provide :-

- (i) Information and documents relating to the development projects of the 1st Defendant financed by the use of the funds deemed to be available to the 1st Defendant under the provisions at paragraph 13 above;
- (ii) The financial reports on such development projects;
- (iii) The profit and loss accounts prepared by a qualified accountant relating to such development projects;
- (iv) Information and documents relating to the utilization, remittance, deposit and transfer showing the whereabouts and/or application of the money so advanced by the 1st Plaintiff.

23. Under the 2nd agreement and the Supplemental Agreement, in particular, the express condition referred to in paragraphs 12 (v) and 12 (vi) above, the 1st Defendant is an accounting party to the information referred to in paragraphs 21 and 22 above and it is obliged to give an account of the matters referred to in paragraphs 21 and 22 above.

24. Further, between 30th January 1990 and up to the date of the Writ of Summons hereof, the 1st Plaintiff demanded the 2nd Defendant to honour his liability under the said guarantee by paying and discharging the sum of the principal and interest

outstanding or on account of the 2nd agreement.

25. Despite repeated demands, the 2nd Defendant has failed or refused to pay the 1st Plaintiff the sum referred to in paragraph 24 above save for a sum of HK\$15,000.00.

26. In purported discharge of part of his liability aforesaid, the 2nd Defendant issued the following cheques drawn upon the Hongkong and Shanghai Banking Corporation in favour of the 2nd Plaintiff, as the agent of the 1st Plaintiff :-

<u>CHEQUE NO.</u>	<u>DUE DATE</u>	<u>AMOUNT</u>
760252	5th June 1990	HK\$300,000.00
760253	5th December 1990	HK\$700,000.00

27. The said cheques were, and each of them was dishonoured upon presentation on their respective due dates.

28. Despite notice of dishonour having been given to him, the 2nd Defendant has failed or refused to redeem the said cheques or any of them.

AND THE 1ST AND 2ND PLAINTIFFS CLAIM :-

(A) By the 1st Plaintiff against the 1st Defendant

(1) Under Paragraphs 19 and 20 above;

The sum of US\$799,979.92;

(2) Under Paragraph 22 above;

An Order that the 1st Defendant doth by its

director, namely the 2nd Defendant, give an account under oath/affirmation setting out full particulars as to the utilization of the money so advanced by the 1st Plaintiff to the 1st Defendant under the 1st and/or 2nd agreements, including but not limiting to :-

- (a) All information and documents relating to the development projects referred to in paragraph 22 (i) above;
- (b) All financial reports on such development projects;
- (c) All profit and loss accounts to be prepared by a qualified accountant relating to all such development projects;
- (d) All information and documents relating to the utilization, remittance, deposit, transfer showing the whereabouts or application of the money so advanced by the 1st Plaintiff.

- (3) Interest;
- (4) Further or other relief as is just;
- (5) Costs.

(B) By the 1st Plaintiff against the 2nd Defendant;

- (1) Under Paragraphs 20, 24 and 25 above;
The sum of US\$799,979.92;
- (2) Interest;
- (3) Costs.

(C)

By the 2nd Plaintiff against the 2nd Defendant;

- (1) Under Paragraphs 26, 27 and 28 above,
 - (a) the sum of HK\$300,000.00;
 - (b) the sum of HK\$700,000.00;
- (2) Interest;
- (3) Costs.

Dated the *19th* day of December 1990.

K.M. Chong

Counsel for the 1st and 2nd Plaintiffs



FOK & JOHNSON

Solicitors for the 1st and 2nd Plaintiffs

Calculation of Principal and Interest under
China trade hire loan No.004

Unit : in US \$

Loan Period : 1/2 year (89.7.28 90.1.28)

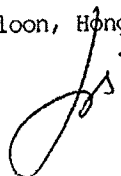
Principal	683,551.00
Handling Charges	10,250.00
Interest $693,801.00 \times 9.875\% \times 184 \div 360$	<u>35,017.68</u>
	728,818.68
Interest on Delayed	
Payment (90.1.28 11.28)	
$728,818.68 \times 11.875\% \times 304 \div 360$	73,084.32
	=====
	801,903.00
Payment received 15,000 US Dollars	<u>1,923.00</u>
Amount Due	799,979.92
	=====

院民事訟

最高法

(Where the Plaintiff's claim is for a debt or liquidated demand only: If, within the time for returning the Acknowledgment of Service, the Defendant pays the amount claimed and \$ 1,105.00 for costs and, if the Plaintiff(s) obtain(s) an order for substituted service, the additional sum of \$ 500.00, further proceedings will be stayed. The money must be paid to the Plaintiff or his solicitor.)

THIS WRIT was issued by Messrs. Fok & Johnson of Rooms 2106-8, Harcourt House, No. 39 Gloucester Road, Hong Kong, Solicitors for the Plaintiffs whose address is Units 703-4, 7th Floor, Hilder Centre, 2 Sung Ping Street, Hung Hom, Kowloon, Hong Kong.



19.90 No. A. 8671

IN THE SUPREME COURT OF HONG KONG

HIGH COURT

Issued the 7th day of Dec., 19 90

WRIT OF SUMMONS

(0.6 r. 1)

CHINA FOREIGN TRADE LEASING CORPORATION 1st Plaintiff
SUMLEASE INVESTMENT LIMITED and 2nd Plaintiff

NEW ROSS INVESTMENTS LIMITED 1st Defendant

CHAN TAK YUEN 2nd Defendant

FOK & JOHNSON
Solicitors,
Rooms 2106-8, Harcourt House,
39 Gloucester Road, Wanchai,
Hong Kong.

This is Exhibit "B" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

No. 225990
編號



CERTIFICATE OF INCORPORATION


公司註冊證書

I hereby certify that
本人茲證明

NEW ROSS INVESTMENTS LIMITED

is this day incorporated in Hong Kong under the Companies Ordinance, and
於本日在香港依據公司條例註冊成爲
that this company is limited.
有限公司。

Given under my hand this **First** day of **September**
簽署於一九八八年九月一日。
One Thousand Nine Hundred and Eighty-eight.


.....
A. S. Almeida
p. Registrar General
(Registrar of Companies)
Hong Kong
香港註冊總署署長兼公司註冊官
(註冊主任 歐英達代行)

FORM X(i)

COMPANIES ORDINANCE
(Chapter 32)

Return of first directors and secretary

Pursuant to section 158(4)



FILED

- 7 DEC 1988

p. Registrar of Companies

To the Registrar of Companies

Company number

225990

No. of continuation sheets attached /

Name of company

New Ross Investments Limited

hereby notifies you in accordance with section 158(4) of the Companies Ordinance that—

(a) The names and particulars of the persons who are to be the first directors of the company are as follows:

For use where director is an individual

Forename (Note 2) Tak Yuen * (德源)

Surname (Note 3) Chan * (陳)

Any Former (Note 4)

Forename(s) or (1) _____ * (_____)

Surname(s) _____ * (_____)

(2) _____ * (_____)

_____ * (_____)

Any Alias(es) (1) _____ (_____)

(2) _____ (_____)

Address (Note 5) 14/F, Block A,

Flat 3, Chun Man Court

Homantin, Kowloon

Nationality British Business Occupation Company Director of any (Note 6) Companies

Particulars of Other Directorship (Note 7) _____ Serial No. A.

Hong Kong Identity Card No. E459151(1)

(if any) (Note 8)

IMPORTANT
The particulars to be given are those referred to in section 158(2)(a) of the Companies Ordinance. Please read the Notes before completing this part of the form *Note 1

094842

Forename (Note 2) _____ * ()
 Surname (Note 3) _____ * ()
 Any Former (Note 4)
 Forename(s) or (1) _____ * ()
 Surname(s) _____ * ()
 (2) _____ * ()
 _____ * ()
 Any Alias(es) (1) _____ ()
 (2) _____ ()
 Address (Note 5) _____

 Nationality _____ Business Occupation _____
 (if any) (Note 6)
 Particulars of Other Directorship (Note 7) _____

 Hong Kong Identity Card No. _____
 (if any) (Note 8)

Forename (Note 2) _____ * ()
 Surname (Note 3) _____ * ()
 Any Former (Note 4)
 Forename(s) or (1) _____ * ()
 Surname(s) _____ * ()
 (2) _____ * ()
 _____ * ()
 Any Alias(es) (1) _____ ()
 (2) _____ ()
 Address (Note 5) _____

 Nationality _____ Business Occupation _____
 (if any) (Note 6)
 Particulars of Other Directorship (Note 7) _____

 Hong Kong Identity Card No. _____
 (if any) (Note 8)

For use where the d

Name _____ Rank _____
 Registered or _____
 Principal Office _____

Name _____
 Registered or _____
 Principal Office _____

Name _____
 Registered or _____
 Principal Office _____

(h) The name and secretary, or

For use where the

Surname _____

Any Former S _____

Address _____

Surname _____

Any Former _____

Address _____

For use where the director is a corporation

Name <u>Ramilies Ltd</u> Registered or <u>1501 Hutchison House, Hong Kong</u> Principal Office _____ _____
Name _____ Registered or _____ Principal Office _____ _____
Name _____ Registered or _____ Principal Office _____ _____

(b) The name and particulars of the person who is, or the persons who are, the first secretary, or joint secretaries, of the company are as follows:


For use where the secretary or joint-secretary is an individual

Surname _____ Forename _____ _____ Any Former Surname or Forename _____ _____ Address _____ _____
Surname _____ Forename _____ _____ Any Former Surname or Forename _____ _____ Address _____ _____

IMPORTANT
The particulars to be given are those referred to in section 158(3) (a) of the Companies Ordinance. Please read the Notes before completing this part of the form

For use where the secretary or joint-secretary is a corporation

Name	Tengis Limited 登捷時有限公司
Registered or	1501 Hutchison House, Hong Kong
Principal Office	
Name	
Registered or	
Principal Office	
FOR AND ON BEHALF OF TENGIS LIMITED	

Signed  (Director) (Secretary)† Date 9th November, 88

†Delete as appropriate

Presentor's name, address and reference (if any)
TENGIS LIMITED
1501 HUTCHISON HOUSE
HONG KONG.

For official use

NOTES

1. In the case of a Chinese director, the Chinese characters for any forename or surname, if they are used by such director, must be included.
2. "Forename" includes a Christian or given name.
3. "Surname" in the case of a person usually known by a title different from his surname, means that title.
4. References to a "former forename or surname" do not include—
 - (i) in the case of a person usually known by a title different from his surname, the name by which he was known previous to the adoption of or succession to the title; or
 - (ii) in the case of any person, a former forename or surname where that forename or surname was changed or disused before the person bearing the name attained the age of 18 years or has been changed or disused for a period of not less than 20 years; or
 - (iii) in the case of a married woman, the name or surname by which she was known previous to the marriage.
5. Usual residential address must be given. "Residential address" does not include an address at a hotel unless the person to whom it relates is stated to have no other permanent address nor does it include a post office box number unless coupled with a residential address.
6. Business occupation (which must be stated with sufficient particularity to enable identification of the duties attaching to that occupation) must be stated, if any. If none, please insert "None".
7. If the director has no business occupation but holds any other directorship or directorships, particulars of that directorship or of some *one* of these directorships must be given.
8. "Identity card" means an identity card issued under the Registration of Persons Ordinance, Cap. 177 of the Laws of Hong Kong.

COMPANIES ORDINANCE
(Chapter 32)

Appointment of first directors

Pursuant to section 158(5)

Company number

225990

Name of company

NEW ROSS INVESTMENTS LIMITED

WE, the undersigned, being all of the subscribers to the Memorandum and Articles of Association of the above named company do hereby appoint as the first directors thereof persons who have attained the age of 21 years and consented to act as such by signing against their names set out below.

Names of Directors

Chan Tak Yuen 陳德源

Ramilles Limited

I hereby confirm that I have attained the age of 21 years

Signatures

[Handwritten Signature]

For and on behalf of
RAMILLES LIMITED

Authorized Signatory
Corporate Director

Received by
Companies Registry

27 DEC 1988

Serial No. 6

094843

Names and signatures of Subscribers

FOR AND ON BEHALF
OF TURQUANDIA LIMITED

[Handwritten Signature]
Director

Date: 9th November, 1988

FOR AND ON BEHALF
OF SWAN NOMINEES LIMITED

[Handwritten Signature]
Director

Date: 9th November, 1988

FORM X(ii)

COMPANIES ORDINANCE
(Chapter 32)

Notice of change of directors or secretary or in their particulars

Pursuant to section 158(4)



P. Registrar of Companies

To the Registrar of Companies

Company number

225990

Name of company

New Ross Investments Limited

hereby notifies you in accordance with section 158(4) of the Companies Ordinance that—

† w.e.f. 10th November, 1988, Chan Tak Yuen replaced Tengis Limited (登地時有限公司) as secretary of the Company

†Specify change and date thereof and if this consists of the appointment of a new director or secretary fill in also the particulars below

Particulars of new director or secretary:

For use where the new director is an individual

Forename (Note 2) _____ * ()

Surname (Note 3) _____ * ()

Any Former (Note 4)
Forename(s) or (1) _____ * ()
Surname(s) _____ * ()
(2) _____ * ()
_____ * ()

Any Alias(es) (1) _____ ()
(2) _____ ()

Address (Note 5) _____

Nationality _____ Business Occupation _____
(if any) (Note 6)

Particulars of Other Directorship (Note 7) _____

Hong Kong Identity Card No. _____
(if any) (Note 8)

*Note 1

Received by
Companies Registry

7 DEC 1988
Serial No. A 094840

58/A/11

Forename (Note 2) _____ * ()

Surname (Note 3) _____ * ()

Any Former (Note 4)
Forename(s) or (1) _____ ()
Surname(s) _____ * ()
(2) _____ * ()

Any Alias(es) (1) _____ ()
(2) _____ ()

Address (Note 5) _____

Nationality _____ Business Occupation _____
(if any) (Note 6)

Particulars of Other Directorship (Note 7) _____

Hong Kong Identity Card No. _____
(if any) (Note 8)

Forename (Note 2) _____ * ()

Surname (Note 3) _____ * ()

Any Former (Note 4)
Forename(s) or (1) _____ * ()
Surname(s) _____ * ()
(2) _____ * ()

Any Alias(es) (1) _____ ()
(2) _____ ()

Address (Note 5) _____

Nationality _____ Business Occupation _____
(if any) (Note 6)

Particulars of Other Directorship (Note 7) _____

Hong Kong Identity Card No. _____
(if any) (Note 8)

For use where the

Name _____
Registered or _____
Principal Office _____

Name _____
Registered or _____
Principal Office _____

Name _____
Registered or _____
Principal Office _____

For use where the

Surname Ch
Any Former Su _____
Address _____

Surname _____
Any Former Su _____
Address _____

For use where the

Name _____
Registered or _____
Principal Office _____

012450

For use where the new director is a corporation

Name _____
Registered or _____
Principal Office _____

Name _____
Registered or _____
Principal Office _____

Name _____
Registered or _____
Principal Office _____

For use where the new secretary or joint-secretary is an individual

Surname <u>Chan</u> <u>陳</u> Forename <u>Tak Yuen</u> <u>德源</u>
Any Former Surname or Forename _____
Address <u>14/E, Block A, Flat 3, Chun Man Court,</u> <u>Homantin, Kowloon</u>
Surname _____ Forename _____
Any Former Surname or Forename _____
Address _____

For use where the new secretary or joint-secretary is a corporation

Name _____
Registered or _____
Principal Office _____

Name _____
Registered or _____
Principal Office _____

For and on behalf of **RAMILLIS LIMITE** Number of continuation sheets attached (Note 9)

Nil

[Signature]
 Authorized Signatory
 Corporate Director

Signed _____ (Director) (Secretary)†

Date 10th November, 88

†Delete as appropriate

Presentor's name, address and reference (if any)
TENGIS LIMITED
1501 HUTCHISON HOUSE
HONG KONG.

For official use

NOTES

1. In the case of a Chinese director, the Chinese characters for any forename or surname, if they are used by such director, must be included.
2. "Forename" includes a Christian or given name.
3. "Surname" in the case of a person usually known by a title different from his surname, means that title.
4. References to a "former forename or surname" do not include—
 - (i) in the case of a person usually known by a title different from his surname, the name by which he was known previous to the adoption of or succession to the title; or
 - (ii) in the case of any person, a former forename or surname where that forename or surname was changed or disused before the person bearing the name attained the age of 18 years or has been changed or disused for a period of not less than 20 years; or
 - (iii) in the case of a married woman, the name or surname by which she was known previous to the marriage.
5. Usual residential address must be given. "Residential address" does not include an address at a hotel unless the person to whom it relates is stated to have no other permanent address nor does it include a post office box number unless coupled with a residential address.
6. Business occupation (which must be stated with sufficient particularity to enable identification of the duties attaching to that occupation) must be stated, if any. If none, please insert "None".
7. If the director has no business occupation but holds any other directorship or directorships, particulars of that directorship or of some *one* of those directorships must be given.
8. "Identity card" means an identity card issued under the Registration of Persons Ordinance, Cap. 177 of the Laws of Hong Kong.
9. If the space overleaf is insufficient the names and particulars must be shown on the prescribed continuation sheet(s).

FORM 1B



COMPANIES ORDINANCE
(Chapter 32)

Return of allotments

Pursuant to section 45

To the Registrar of Companies

FILED

Company number

225990

18 JAN 1989

Name of company p. Registrar of Companies

New Ross Investments Limited

hereby notifies you that the following shares were allotted ~~*between the~~
~~_____ day of _____ 19__ and the _____ day of _____~~
19__ on the 29th day of November, 19 88.

*Delete as appropriate.
Please see Note 1

- 1. †Number of shares allotted payable in cash 499,998 †Note 2
- Nominal amount of each of the shares so allotted \$ 10.00
- Amount paid or due and payable on each of the shares so allotted—
- paid \$ 10.00
- due and payable on allotment \$ ---
- Amount of premium paid or payable on each share \$ ---
- 2. †Number of shares allotted for a consideration other than cash ---
- Nominal amount of each of the shares so allotted \$ ---
- Amount to be treated as paid on each of the shares so allotted \$ ---
- Amount of premium to be treated as paid on each share \$ ---

O1 \$10
CASH \$10
18-01-89 93980
A 3333

The consideration for which the shares have been so allotted is as follows:—

--

3. The names, descriptions and addresses of the allottees of the shares in the company and the numbers and classes of shares allotted to them are as follows:

Note 3

Name and Description	Address	Number of shares allotted		
		Preference	Ordinary	Other kinds
Chan Tak Yuen 陳德源 (Company Director)	14/F, Block A Flat 3, Chun Man Court Homantin, Kowloon	--	<u>499,998</u>	--

For and on behalf of
New Ross Investments Limited

Signed Director
Chan Tak Yuen

Chan Tak Yuen

(Director) (Secretary)*

Date 29th November, 1988

Presenter's name, address and reference
(if any)

TENGIS LIMITED
1501 HUTCHINSON HOUSE
HONG KONG.

For official use

NOTES

- (a) Where a return includes several allotments made on different dates, the dates of only the first and last of such allotments should be entered and the registration of the return should be effected within one month of the first date.
(b) Where a return relates to one allotment only, made on one particular date, that date only should be inserted.
- Where the capital of the company is divided into shares of different classes, the class of shares to which each share comprised in the allotment belongs is to be stated.
- In the case of a Chinese allottee who has signed in Chinese characters any document relating to his allotment, or who has, by adding Chinese characters after his name on any such document or by other means, indicated that he wishes the Chinese characters to be entered on the register of members, his name must be stated both in English and in Chinese characters.

PLEASE SEE FORM IXA
NOTES (1) & (2)

COMPANIES ORDINANCE
(Chapter 32)



FILED

Notice of resignation of director or secretary

Pursuant to the proviso to section 157D(2)

22 MAY 1990

To the Registrar of Companies

p. Registrar of Companies
Company number

225990

Name of company

NEW ROSS INVESTMENTS LIMITED

Particulars of resigning director/secretary

For use where resigning director/secretary is an individual

~~Surname _____
Forename(s) _____
Address _____~~

For use where resigning director/secretary is a corporation

Name Ramilles Limited
Address of Registered or 1501 Hutchison House, Hong Kong
Principal Office _____

hereby notifies you in accordance with the proviso to section 157D(2) of the Companies Ordinance that—

*Complete us appropriate

(a) ~~he/she~~/it has resigned as Corporate director * of the above-named Company ("the Company") with effect from 11th July, 1989.

†Delete as appropriate

(b) ~~he/she~~/it is/is not required by the articles of the Company or by any agreement with the Company to give notice of his/her/its resignation to the Company.

To be completed only where (b) confirms that notice is required

(c) the notice referred to in (b) has/has not been given in accordance with the relevant requirement.
RAMILLES LIMITED

‡Where notice is given by a corporation, state office of party signing

Signed‡ [Signature]
Authorized Signatory
Corporate Director

Date 11th July, 1989

Presentor's name, address and reference (if any)

TENGIS LIMITED
1501 HUTCHISON HOUSE
HONG KONG

Received by
Companies Registry

22 MAY 1990

Serial No.: A 0615202

NOTES

- (1) This Form should only be used where there are reasonable grounds for believing that the Company will not give notification of the resignation in accordance with the provisions of section 157D(2) of the Companies Ordinance.
- (2) The attention of the party completing this Form is drawn to the requirements of section 157D(3) of the Companies Ordinance.

總板片新番: 1990

S.290A

For Information Only

僅供參考

Company No. : 225990

公司編號 :

Company Name : NEW ROSS INVESTMENTS LIMITED

公司名稱 :

Pursuant to Section 290A(2) of the Companies Ordinance, notice has been published on 18-10-1996 under Gazette Notice No. 4715 and at the expiration of three months from the date hereof, unless the Registrar has received all overdue annual returns, the annual registration fee payable on delivery of such annual return under Eighth Schedule of the Companies Ordinance, an additional fee of HK\$500 and a penalty of HK\$5000, the name of this company will be struck off the Register and this company will be dissolved.

依據公司條例第 290A(2) 條，第 4715 號公告已於 18-10-1996 在憲報刊登，而由該日期起計三個月期滿時，倘註冊處處長仍未收到所有逾期未交的周年申報表、公司條例附表 8 所載列在遞交該等周年申報表時須繳付的每年登記費、附加費港幣 500 元，以及罰款港幣 5,000 元，則此公司的名稱將從登記冊刪除，而公司亦予以解散。

01481981



Microjacket : 1990
 縮微片封套 :

S.290A

For Information Only

僅供參考

Company No. : 225990

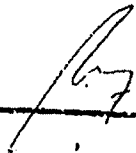
公司編號 :

Company Name : NEW ROSS INVESTMENTS LIMITED

公司名稱 :

Pursuant to Section 290A(3) of the Companies Ordinance, notice has been published on 28-02-1997 under Gazette Notice No. 949 and the name of this company has been struck off the Register. This company is accordingly dissolved as from the date of the publication of the notice.

依據公司條例第 290A(3) 條，第 949 號公告已於 28-02-1997 在憲報刊登，此公司的名稱已從登記冊刪除，而公司亦由該公告刊登當日起予以解散。



03431497



This is Exhibit "C" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

湛江雷州桉树资源发展有限公司董事会成员
及管理机构人员名单

中方成员: 陈识兴 傅冠旭 王尚明
外方成员: 陈德源 潘家傑 陈惠玲 祁述雄
董 事 长: 陈德源
副董事长: 陈识兴
总 经 理: 陈识兴
副总经理:

董事长签字: 陈德源
副董事长签字: 陈识兴

1994年1月28日

List of Board Members and Management executives of
Zhanjiang Leizhou Eucalypt Resources Development Co. Ltd

Members of China Party:

Chen Shixing 陈识兴
Fu Guanxu 傅冠旭
Wang Shangming 王尚明

Members of Foreign Party:

Chan Tak Yuen 陈德源
Poon Kai Kit 潘家杰
Chan Wai Ling 陈惠玲
Qi Shuxiong 祁述雄

Chairman: Chan Tak Yuen 陈德源

Deputy Chairman: Chen Shixing 陈识兴

General Manager: Chen Shixing 陈识兴

Deputy General Manager: -

Signed by Chairman: Chan Tak Yuen 陈德源
Signed by Deputy Chairman: Chen Shixing 陈识兴

January 28, 1994

This is Exhibit "D" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

广东省雷州林业局

雷林函[1998]4号

关于要求撤消 “外经贸湛合资证字[1994]065号批准证书”的函

湛江市对外经济贸易委员会：

雷州林业局（以下简称我方）与香港嘉汉木业集团有限公司（以下简称外方）经过双方协商，经你委1994年1月28日以湛经贸资批字[1994]021号文，批复了双方签订的合同书和章程，同时还核发了外经贸湛合资证字[1994]065号批准证书，批准共同出资建立“湛江市桉树资源发展有限公司”（以下简称合营公司），合营公司的编码号为162622-0012号，并于同年1月29日在湛江市工商行政管理局正式注册登记，领取了[工商企合粤湛第00604号]营业执照，至今已逾四年。现将有关情况简述如下：

一、双方缴付出资情况：

（1）我方缴付出资情况：根据双方签订的并经你委批准的合同和章程的规定，我方以实物折价的出资方式，按照规定的程序，并经双方法人代表签字认可，于1995年6月20日将实物资产折价资金95481503.29元人民币（折11640000.00美元），缴付给合营公司。根据粤西会计师事务所的验资报告，这笔资金占合同规定我方认缴的资本总额1175万美元的99.1%，占投资总额的

46.56%。

(2) 外方缴付出资情况：外方在合营公司组建初期的 1994 年 3 月 16 日缴付了 100 万美元。根据粤西会计师事务所的验资报告，这笔资金仅占外方认缴的资本总额 1325 万美元的 7.55%，占投资总额的 4%。此后，在规定的出资期限内，外方就一直没有继续向合营公司缴付资金了。鉴此，你委于 1996 年 1 月 30 日向外方发出了“限期出资通知书”。外方据此于同年 4 月 10 日致函你委，提出要求将出资期限延至同年的 12 月 20 日。1996 年 5 月 14 日你委复函合营公司董事长陈德源先生，申明“延长出资期限，须征得我方的同意，并对原合同的出资期限条款进行修改，双方签订补充合同，经申报批准后，延长出资期限才能生效”。1996 年 6 月 11 日，我方根据你委 5 月 14 日的函件精神，为相互沟通，积极妥善处理合营公司事宜，我方陈识兴等三名董事，联名致函合营公司董事长陈德源先生，提议于 1996 年 6 月 30 日前在湛江市召开一次董事会，商讨按照国家有关规定处理合营公司事宜。非常遗憾的是，外方既没有按照你委的复函要求与我方进行协商，也没有对我方的提议作出积极的回应，更没有向合营公司缴付资金的举动。到目前为止，至合同规定的出资期限的最后日期（1996 年 1 月 29 日）已逾期两年，至你委发出的限期出资通知的最后日期（1996 年 4 月 30 日）亦已过了一年多，可外方对出资问题却一直避而不谈，更无所动作。

二、合营公司未能进入实质性营运。

根据合同和章程的规定，举办合营公司的最主要宗旨：一是投资建设年产 5 万立方米中密度纤维板生产项目；二是营造 12 万亩基地林，年产 8 万立方米木材，为中纤板生产提供原料。合同和章程同时还规定，建设中密度纤维板生产项目所需的全部资金，

均由外方以现金出资的方式出资；我方则按合同规定的出资比例，以实物折价的出资方式缴付相应数量的出资额。由于外方在初期缴付 100 万美元资金以后，不但再也没有继续缴付资金。而且，还以外方的名义逐步从其缴付的资金中，支取或抽走了人民币达 4141045.02 元（其中抽走了 27 万美元给与合营公司无任何业务关系的花都市百兴木制品厂），这笔资金占其缴付资金的 47.6%。这样一来，尽管我方已基本缴清了认缴资本的数额（还差 0.9%），但是，由于外方缴付的资金有限，而且缴付后又从中抽走了大笔资金，使得合营公司要建设或建立的生产经营项目和要开展的生产经营活动，就因为货币资金不足和外方认缴的绝大部分货币资金不到位而无法实现，合营公司实际上还只是一个空架子，名存实亡了。

另外，合营公司成立以后的内部运作也极不正常，如董事会会议没有按规定按期召开年会，年度财务审计情况和结果也没有年度报告，外方抽走大笔资金也没有经董事会会议讨论等，在此就不一一叙述了。

根据双方缴付出资的情况和合营公司成立以来的实际状况，我方特向你委提出如下申请：

1、按照《中外合资经营企业合营各方出资的若干规定》的有关规定，要求撤消“湛江桉树资源发展有限公司”的批准证书，即外经贸湛合资证字[1994]065号。

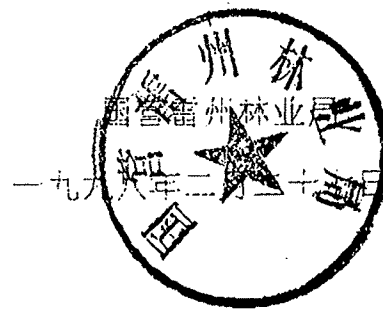
2、责成合营公司向当地工商行政管理机关办理注销“湛江桉树资源发展有限公司”登记手续，缴销营业执照。

3、协调双方处理好有关的遗留问题。

妥否，请复。

(此页无正文)

6



抄送：湛江市工商行政管理局、陈识兴局长等各位领导

Letter Requesting Cancellation of Approval Certificate WJMZHZZZ No.065 [1994]

To: Zhanjiang Municipal Foreign Economic Relations & Trade Commission

Through mutual consultation between Leizhou Forestry Administration (hereinafter referred to as *our side*) and Sino-Wood Partners Limited (hereinafter referred to as the *foreign party*), and, with the approval document ZJMPZ No.021 [1994] issued by your commission on 28th January 1994 for approving the contracts and articles of association entered into by both parties, and, with the approval certificate WJMZHZZZ No.065 [1994] issued by your commission, both parties jointly established Zhanjiang Eucalyptus Resources Development Co. Ltd. (hereinafter referred to as the Joint Venture) whose incorporate number is 162622-0012 and duly registered the same with Zhanjiang Administration for Industry and Commerce and obtained the business license GSQHYZ No.00604 on 29th January in the same year. It has been 4 years since the registration and we set out the situation as follows:

I. Information of the investment of both sides

- A. The investment of our side: according to the contract and articles of association signed by both sides and approved by your commission, our side has paid in RMB95,481,503.29 (equivalent to USD11,640,000.00) to the Joint Venture on 20th June 1995 through an in-kind contribution. The payment was made in accordance with the prescribed procedures and confirmed by signatures of the legal representatives of both parties. According to the Capital Verification Report from Yuexi (粤西) Accounting Firm, this payment accounts for 99.1% of the agreed capital contribution from our side, which is USD11,750,000, and accounts for 46.56% of the total investment.
- B. The investment of the foreign party: the foreign party has paid in USD1,000,000 on 16th March 1994, which was in the starting period of the Joint Venture. According to the Capital Verification Report from Yuexi (粤西) Accounting Firm, this payment only accounts for 7.55% of the agreed capital contribution from the foreign party totaling USD13,250,000, and accounts for 4% of the total investment. Then, in the prescribed investment period, the foreign party did not further pay capital into the Joint Venture. In view of this, your commission sent a "Notice on Time for Capital Contribution" to the foreign party on 30th January 1996. In accordance with the notice, the foreign party then on 10th April sent a letter to your commission, requesting for postponing the deadline for capital contribution to 20th December the same year. On 14th May 1996, your

commission replied to Allen Chan (陈德源), the Chairman of the Joint Venture, stating that "postponement of the deadline for capital contribution is subject to the consent of our side and requires amendment of the term on the capital contribution time in the original contract, and both parties shall sign a bilateral supplementary contract; after the application has been approved, the postponed deadline will become effective." Based on the spirit of the letter dated 14th May from your commission and for the purpose of achieving mutual communication and dealing with the issues of the Joint Venture actively and appropriately, on 11th June 1996, Chan Shixing (陈识兴) and two other Directors from our side sent a joint letter to Allen Chan (陈德源), the Chairman of the Joint Venture, to propose a meeting of the board to be convened before 30th June 1996 in Zhanjiang, in order to discuss how to deal with the issues of the Joint Venture in accordance with the relevant State provisions. Unfortunately, the foreign party neither had discussion with our side pursuant to your commission's letter, nor replied to the proposal of our side, and furthermore failed to make payment to the Joint Venture. Now, it has been two years beyond the deadline for capital contribution (29th January 1996), and more than one year beyond the date prescribed by the Notice on Time for Capital Contribution issued by your commission (30th April 1996). However, the foreign party has been evading the discussion of the capital contribution issue, and moreover has taken no further action.

II. The Joint Venture is not capable of attaining substantial operation

According to the contract and articles of association, the main purposes of setting up the Joint Venture are, on the one hand, to invest and construct a project producing 50,000 cubic meter Medium Density Fiberboard (MDF) a year; and on the other hand, to create a forest base of 120,000 mu, with which to produce 80,000 cubic meter of timber as raw material for the production of medium density fiberboard. The contract and articles of association also prescribed that the whole funding required for the MDF board project should be paid by the foreign party in cash; our side should pay in-kind the proportion of the fund prescribed by the contract. After contributing capital of USD1,000,000 in the early stage, the foreign party not only failed to make subsequent capital contributions, but also in their own name successively withdrew a total amount of RMB4,141,045.02, from the funds they contributed, of which USD270,000 was paid to Huadu Baixing Wood Products Factory (花都市百兴木制品厂), which has no business

relationship with the Joint Venture. This amount of money equals 47.6% of [the foreign party's] paid in capital. Although our side has almost paid off the agreed capital contribution (only short 0.9% of the total committed), due to the limited contribution from the foreign party and the fact that they withdrew a huge amount of money from those funds originally contributed by them, it is impossible for the Joint Venture to construct or set up production projects and to commence production operation while the funds have been insufficient and the foreign party did not pay in the majority of the subscribed capital. In fact, the Joint Venture therefore is merely a shell, existing in name only.

Additionally, after the establishment of the Joint Venture, its internal operations have been extremely abnormal, for example, annual board meetings have not been held as scheduled; annual reports on the status and the results of the annual financial audit are missing; the withdrawal of the huge amount of funds by the foreign party was not discussed in the board meetings, etc. It is hard to list all here.

In light of the present state of contributions by both sides and the status of the Joint Venture from its establishment till now, our side now applies to your commission for:

1. The cancellation of the approval certificate for "Zhanjiang Eucalyptus Resources Development Co. Ltd.", i.e. WJMZHZZZ No. 065[1994], based on the relevant provisions of Certain Regulations on the Subscription of Capital by the Parties to Sino-Foreign Joint Equity Enterprises,
2. Direct the Joint Venture to complete the deregistration procedures for "Zhanjiang Eucalyptus Resources Development Co. Ltd." at the local Administration for Industry and Commerce, and for the return of its business license.
3. Coordination with both parties to resolve the relevant remaining issues.

Please let us have your reply on whether the above is in order.

The Seal of the Leizhou Forestry Bureau
1998, February 27

This is Exhibit "E" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong



报 告

18

湛江市之商局：

“湛江雷州桉树资源发展有限公司”因
 以下原因，推迟了一九九七——一九九八年
 的年检工作。

(一) 由于于一九九六——一九九七年筹
 建五十万吨纸浆厂，林世了和肖林世所寻求
 终止中外合资公司，桉树资源定于由国家控
 制。本公司服从国家大局，只得等待，观望。

(二) 外方也推资 100 万美金，中方合资
 伙伴——雷州林业局未能按合资合同划
 拨林地和工厂财产，推资（人民币 100 万大）
 影响了合资公司的正常运作。



湛江嘉汉林业科技中心

地址：广东省湛江市赤坎百园路23号龙珠大厦908室

TEL: (0759)3215649 FAX: (0759)3210177 邮编: 521033

在湛江市外经委的大力协调下，最近¹⁹6月；
中方合作伙伴——雷州林业局、自愿退出合
资公司（见附件）允许嘉汉林业集团公司寻找
新的合资伙伴。

为此，为了保留合资公司的“建制”，下一步
由“合资公司”开展工作，特此示：

湛江市工商局、局领导批准本公司“补
办”一九九七——一九九八年的年检手续。

以上报告

湛江雷州林业科技中心有限公司



一九九八年六月廿五日

Letterhead:

Zhanjiang Sino-Forest Technology Center 湛江嘉汉林业科技中心
Add: Room 908, Longzhu Building, No.28, Baiyuan Road, Chikan, Zhanjiang City,
Guangdong Province
广东省湛江市赤坎百园路 28 号龙珠大厦 908 室
Tel: 0759-3215649 Fax: 0759-3210477 P.C.: 524033

Report

To Zhanjiang Administration for Industry and Commerce:

Due to the following reasons, Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. has delayed the annual inspection for 1997-1998:

- (1) Mainly due to the preparation to build a pulp mill with the capacity of 500,000 tons in 1996-1997, the local forestry bureau and the provincial forestry department had requested the termination of the Sino-foreign joint venture. Eucalypt Resources were then taken control of by the government. Our company complied with the government policy and could only wait for the development of the situation.
- (2) After the foreign party had paid in USD 1 million of capital, the Chinese party – Leizhou Forestry Bureau - failed to contribute forestry land, factory facilities and investment (RMB 1 million), as agreed in the joint venture agreement, thus affected the normal operation of the joint venture.

Upon the coordination made by Zhanjiang Foreign Economic and Trade Commission, recently (June), the Chinese party – Leizhou Forestry Bureau withdrew from the joint venture voluntarily (see Attachment), and allowed Sino-Wood Partners Limited to seek new business partners.

In order to keep the establishment of the joint venture for the setting up of a new joint venture in the future, we hereby request Zhanjiang Administration for Industry and Commerce and its top officials to approve our late submission of the 1997-1998 annual return for inspection.

This report is hereby submitted.

(Stamp) Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd
湛江雷州桉树资源发展有限公司

June 25, 1998

中文	湛江雷州木材资源发展有限公司		11
英文名称	ZHANTIANG LEIZHOU EUCALYPT RESOURCES DEVELOPMENT CO. LTD		
企业地址	湛江市海滨五路159号		
企业类型	外资企业	经营年限	30年
投资总额	2500万美元		
注册资本	1000万美元		
投资者名称(中、英文)	香港 香港嘉汉木业集团有限公司 SING-FOOD PARTNERS, LIMITED	注册地	1000万美元
经营范围	营林、木材加工、木制品、林产化工产品生产与销售。		



中华人民共和国台港澳侨投资企业

批准证书

CERTIFICATE OF APPROVAL

FOR ESTABLISHMENT OF ENTERPRISES WITH INVESTMENT OF TAIWAN, HONGKONG, MACAO AND OVERSEAS CHINESE IN THE PEOPLE'S REPUBLIC OF CHINA

批准号 外经贸 粤港外资证 字 1999 号
 进出口企业代码 4400617803081
 批准日期 一九九九年五月八日
 发证日期 一九九九年五月八日



Certificate of Approval for Establishment of Enterprises - 1999

Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the People's Republic of China Approval No.: 外经贸粤港 外资证字 (1999) 083 号 Enterprise Code: 4400617803081 Approval Date: January 28, 1994 Issuing Date: May 6, 1999 Stamp (People's Government of Guangdong Province)	Name of Enterprise	Chinese	湛江雷州桉树资源发展有限公司		
		English	Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd		
	Address		No.159, Haibin No.5 Road, Zhanjiang 湛江市海滨五路 159 号		
	Type of Business		Foreign-invested enterprise	Duration of Operation	30 years
	Total Investment		USD 25 million		
	Registered Capital		USD 10 million		
	Name of Investors		Place of Registration	Contribution	
	Sino-Wood Partners, Limited 香港嘉汉木业集团有限公司		Hong Kong	USD 10 million	
	Business Scope		Planting forests, processing timber, producing and marketing wood products, forestry chemical products.		

This is Exhibit "F" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



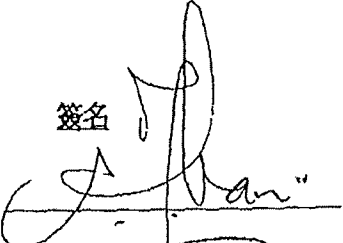
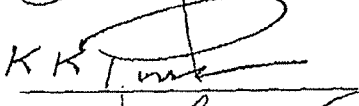

A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

董事會聘任決議書

經湛江雷州桉樹資源發展有限公司董事會全體成員研究，同意聘任潘家傑先生為該公司的總經理及陳惠玲小姐為該公司的副總經理。

全體董事會成員：

職務	姓名	簽名
董事長	陳德源	
董事	潘家傑	
董事	陳惠玲	

公司蓋章：

一九九九年七月五日

Board Resolution on Appointments

After discussion by all the board members of Zhanjiang Leizhou Eucalypt Resources Development Co. Ltd, it was agreed that Mr. Poon Kai Kit 潘家杰 be appointed as the General Manager and Ms. Chan Wai Ling 陈惠玲 be appointed as the Deputy General Manager of the company.

All members of Board of Directors:

Position	Name	Signature
Chairman	Chan Tak Yuen 陈德源	Chan Tak Yuen
Director	Poon Kai Kit 潘家杰	Poon Kai Kit
Director	Chan Wai Ling 陈惠玲	Chan Wai Ling

Company Stamp:

July 5, 1999

This is Exhibit "G" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



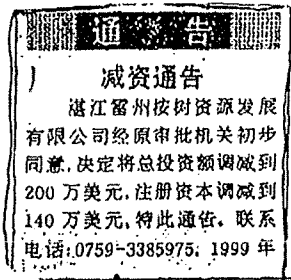
A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

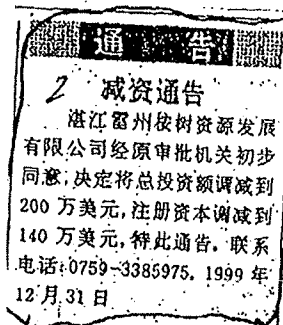
湛江市工商局：

由于我公司经营规模缩小，所以向市外经委提出减资问题。一九九九年十二月二十八日市外经委批复“湛外经贸资批字[1999]88号”文，初步同意我公司减资申请。我公司已在省级《南方日报》上刊登减资公告三次（一九九九年十二月三十日第一次，2000年元月十日第二次，2000年元月二十日第三次）。我公司在一九九九年十月由合资公司转为独资公司时，已经全面清理了债权、债务，所以刊登减资公告三个月未发生过债权、债务问题。根据上述情况，恳请市工商局批准。

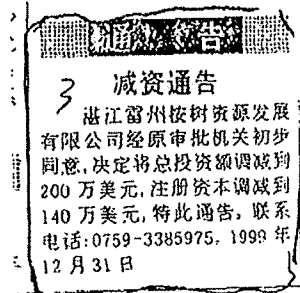
专此报告。



南方日报 99年12月
31日 B3版



湛江雷州桉树资源发展有限公司
南方日报
2000年1月10日
B3版



南方日报 2000年
1月21日 B3版

To Zhanjiang Administration for Industry and Commerce:

We hereby apply for capital reduction to the Municipal Foreign Economic and Trade Commission as we have decided to scale down the business. In the official reply “湛外经贸资批字【1999】88号” dated December 28, 1999, the Municipal Foreign Economic and Trade Commission preliminarily agreed upon our application for capital reduction. We have published the announcement of capital reduction in the provincial-level Nanfang Daily three times (first time on December 31, 1999, second time on January 10, 2000, third time on January 20, 2000). When our company changed from a joint-venture to a sole proprietorship company in October 1999, we had cleared up all the debts and creditor’s rights. Therefore, there had been no disputes concerning the debts and creditor’s rights of our company within the three months since the announcement of capital reduction. Based on the above condition, we cordially request that Zhanjiang Administration for Industry and Commerce approve the capital reduction of our company.

It is hereby reported.

Announcement of Capital Reduction [Three copies displayed]

Upon the preliminary agreement of the approval authority, Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd 湛江雷州桉树资源发展有限公司 has decided to reduce the total investment to USD 2 million and the registered capital to USD 1.4 million. It is hereby announced.

Contact number: 0759-3385975

December 31, 1999

[This announcement was published on Nanfang Daily on December 31, 1999–Page B3, January 10, 2000– Page B3 and January 20, 2000 – Page B3 respectively.]

(Stamp) Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd
湛江雷州桉树资源发展有限公司

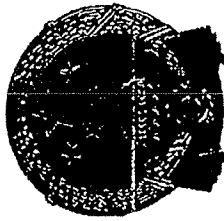
This is Exhibit "H" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

企业名称	中文	湛江雷州桉树资源发展有限公司		
名称	英文	ZHANJIANG LEIZHOU EUCALYPT RESOURCES DEVELOPMENT CO. LTD		
企业地址	湛江市海滨五路159号			
企业类型	类型	外资企业	经营年限	30年
投资总额	200万美元			
注册资本	140万美元			
投资者名称(中、英文)	注册地	出资额		
香港汉木业集团有限公司 SINO-WOOD PARTNERS, LIMITED	香港	140万美元		
经营范围	营林、木材加工、木制品、林产化工产品生产与销售。			



中华人民共和国台港澳侨投资企业

批准证书

CERTIFICATE OF APPROVAL

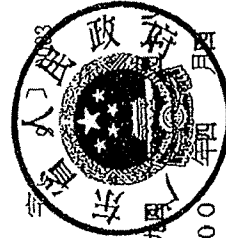
FOR ESTABLISHMENT OF ENTERPRISES WITH INVESTMENT OF TAIWAN, HONGKONG, MACAO AND OVERSEAS CHINESE IN THE PEOPLE'S REPUBLIC OF CHINA

批准号 外经粤外资证字 一九九一年四月 号

进出口企业代码 4400617803081

批准日期 一九九一年四月 日

发证日期 二〇〇〇 年四月 日



Certificate of Approval for Establishment of Enterprises - 2000

Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the People's Republic of China Approval No.: 外经贸粤港 外资证字(9)083号 Enterprise Code: 4400617803081 Approval Date: January 28, 1994 Issuing Date: April 4, 2000 Stamp (People's Government of Guangdong Province)	Name of Enterprise	Chinese	湛江雷州桉树资源发展有限公司		
		English	Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd		
	Address		No.159, Haibin No.5 Road, Zhanjiang 江市海滨五路 159 号		
	Type of Business		Foreign-invested enterprise	Duration of Operation	30 years
	Total Investment		USD 2 million		
	Registered Capital		USD 1.4 million		
	Name of Investors		Place of Registration	Contribution	
	Sino-Wood Partners, Limited 香港嘉汉木业集团有限公司		Hong Kong	USD 1.4 million	
	Business Scope		Planting forests, processing timber, producing and marketing wood products, forestry chemical products.		

This is Exhibit "I" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

企业法人营业执照

编号: N° 0189171

说明

1. 《企业法人营业执照》是企业取得企业法人资格和合法经营的凭证。
2. 《企业法人营业执照》分正本和副本，正本和副本具有同等法律效力。营业执照正本应放在企业法人住所或经营场所，企业法人可根据业务需要，向登记机关申请领取若干副本。
3. 营业执照不得伪造、涂改、出租、出借、转让，除登记机关外，其他任何单位和个人均不得扣留、收缴和吊销。
4. 企业应在核准登记的经营范围內从事经营活动。
5. 企业法人登记注册事项发生变化时，应向原登记机关申请变更登记。
6. 每年一月一日起至四月三十日，登记机关对企业法人进行年度检验。
7. 企业注销登记时，应交回营业执照正、副本，营业执照被登记机关吊销后即自行失效。

(副本)

注册号 企独粤湛总副字第000571号

名称 湛江雷州梭树资源发展有限公司

住所 湛江市人民大道中33号

法定代表人 陈德源

注册资本 140万美元(实收资本:0元)

企业类型 独资经营(港资)

经营范围 营林、木材加工、木制品、林产化工产品生产与销售。

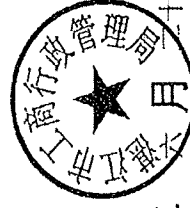
企业法人年检情况

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分支机构

经营期限 自一九九四年一月二十九日至二〇〇四年一月二十八日
 成立日期 一九九四年一月二十九日

登记机关



二〇〇一年一月二十九日


Business License of Enterprise Legal Person (Copy)

Registration No.	企独粤港总副字第 000571 号
Name	Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd 湛江雷州桉树资源发展有限公司
Address	No.33, Renmin Avenue (M), Zhanjiang City 湛江市人民大道中 33 号
Legal Representative	Chan Tak Yuen 陈德源
Registered Capital	USD 1.4 million (paid-in capital: 0)
Business Type	Sole proprietorship (Hong Kong invested)
Business Scope	Forest plantation, processing timber, production and marketing wood products, forestry chemical products
Duration of Operation	January 29, 1994 to January 28, 2024
Date of Establishment	January 29, 1994
Annual Inspection Status	Annual inspection was conducted on June 29, 2001

Registration Organization: (Stamp) Zhanjiang Administration for
Industry and Commerce

Date: June 29, 2001

This is Exhibit "J" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
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Wanchai, Hong Kong

湛江市对外贸易经济合作局文件

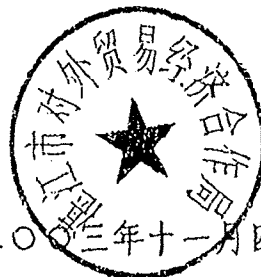
湛外经资管〔2003〕92号

关于湛江雷州桉树资源发展有限公司 提前终止的批复

湛江雷州桉树资源发展有限公司：

你公司的申请及董事会决议收悉。根据你公司的实际情况以及我国有关法规，同意你公司提前终止。请按有关规定公告，依法开展清算工作，并到有关部门办理注销手续。

此复



二〇〇三年十一月四日

抄报：省外经贸厅

抄送：市工商局、国税局、地税局、湛江海关、出入境检验检疫局、外汇管理局、财政局、本局加工科

港外经资管[2003] No.92

**Approval on Early Termination of
Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd**

To: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd:

We have received the application and resolution of the Board of Directors of your company. According to the actual situation and relevant laws and regulations of China, we agree upon the early termination of your company. Please make the announcement according to relevant rules and carry out the liquidation process accordingly, and conduct the revoke procedures at the relevant departments.

Stamp (Zhanjiang Foreign Trade and Economic Cooperative Bureau)
November 4, 2003

Report to: Foreign Economic and Trade Department of Guangdong Province
cc: Municipal Administration for Industry & Commerce, State Taxation Bureau, Zhanjiang Customs, Import and Export Inspection and Quarantine Bureau, Foreign Exchange Management Bureau, Financial Bureau, Procedure Department of Zhanjiang Foreign Trade and Economic Cooperative Bureau

This is Exhibit "K" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



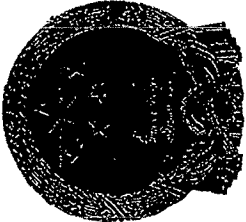
A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

副本

N: 0117909

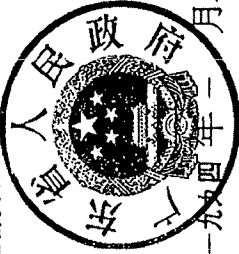
企业名称	中文	湛江雷州桉树资源发展有限公司		
	英文	ZHANJIANG LEIZHOU EUCALYPT RESOURCES DEVELOPMENT CO. LTD.		
企业地址	湛江市赤坎区康顺路31号康顺大厦			
企业类型	中外合资经营企业			
经营年限	30年			
投资者名称 (中、英文) 和注册地 (国家或地区)	甲方: 国营雷州林业局 中国 乙方: 香港嘉汉木业集团有限公司 香港 SINO-WOOD PARTNERS, LIMITED			
投资总额	2500 万美元	注册资本	1000 万美元	
投资者 出资额	甲方: 出资 470.00 万美元 出资比例 47.00% 乙方: 出资 530.00 万美元 出资比例 53.00%			
经营范围	营林、木材加工、木制品、林产化工产品生产与销售。产品50% 外销。			



中华人民共和国外商投资企业

批准证书

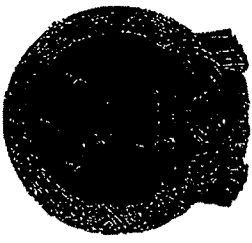
外经贸 湛合资证字[19 94] 065 号



一九九四年二月二十八日

6

A

	Company name	Chinese	湛江雷州桉树资源发展有限公司
		English	Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.
	Company address		Kangshun Building, 31 Kangshun Road, Chikan District, Zhanjiang City
	Type of company		Chinese-foreign joint venture
	Duration of operation		30 years
	Names of investors (in both Chinese and English) and registered addresses (country or region)		Party A: State-Owned Leizhou Forestry Bureau China Party B: Sino-Wood Partners, Limited, Hong Kong
	Total investment		US\$25 million Registered capital US\$10 million
	Contribution made by the investors		Party A: contributed US\$4.7 million with a capital contribution ratio of 47.00% Party B: contributed US\$5.3 million with a capital contribution ratio of 53.00%
	Business scope		Silviculture, wood processing, production and sale of woodwork and forest chemical products; 50% of the products are for export.

Certificate of Approval for

Establishment of Foreign-Funded Enterprises in the

People's Republic of China

Wai Jing Mao Zhan He Zi Zheng Zi [1994] No. 065

[chopped: People's Government of Guangdong Province]

28 January 1994

This is Exhibit "L" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
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Wanchai, Hong Kong

合资经营湛江雷州桉树资源发展有限公司 章 程

第一章 总 则

第一条：根据《中华人民共和国中外合资经营企业法》，中国广东国营雷州林业局（以下简称甲方）与香港嘉汉木业集团有限公司（以下简称乙方）于一九九三年十二月八日在中国湛江市签订的建立合资经营湛江雷州桉树资源发展有限公司（以下简称合营公司）合同，按照合同的内容制定本公司章程。

第二条：合营公司名称：湛江雷州桉树资源发展有限公司

合营公司法定地址：湛江市赤坎区康顺路31号康顺大厦

第三条：甲乙双方的名称、法定地址为：

甲方：国营雷州林业局

地址：广东省遂溪县城月镇

乙方：香港嘉汉木业集团有限公司

地址：香港湾仔港湾路30号新鸿基中心2408室

第四条：合营公司的组织形式为有限责任公司

第五条：合营公司为中国法人，受中国法律管辖和保护，其一切活动必须遵守中国的法律、法令、法规和有关条例规定。

第二章 宗旨、经营范围

第六条：合营公司宗旨为：

<1>、采用先进而适用的生产技术和科学的管理方法，充分和合理地开发桉树资源和其他林木资源，首期兴建大型中密度纤维板生产项目（以下简称MDF）；在创造经济效益的同时，利用甲方现有的先进的营林技术和合营公

司的资金优势，使林业资源得到有计划的改造更新，逐步扩大用材基地林建设，大幅度提高林木生长量；注意保护自然环境，在企业发展的同时，与自然保持协调、平衡、混然一体。

18
<2>、合营公司企业强化企管效能，以整体品质管理及ISO-9000为企管模式，努力提高产品质量和企业形象，并在质量和价格等方面具有国际市场竞争力，出口创汇，提高经济效益，使双方都获得利益。

<3>、合营公司视用材林基地为绿色车间，力求不断发展、创新、勇于实践，在不断发展生产的同时，注重科研工作，建成集科研、营林和林产加工一体化的合资企业。

第七条：合营公司经营范围为：营林、木材加工、木制品、林产化工产品生产与经营。

第八条：合营公司生产规模为：年产5万立方米MDF，营造12万亩基地林，年产MDF用材8万M³。

随着生产经营的发展，生产规模可逐渐增加，产品向多种类、系列化方向发展。

第九条：合营公司的产品50%外销，50%内销。

第三章 投资总额和注册资本

第十条：合营公司的首期投资总额为2500万美元。

合营公司注册资本为1000万美元。

第十条：合营公司注册资本为1000万美元。

出资比例为：甲方认缴注册资本470万美元，占注册资本总额的47%，乙方认缴注册资本530万美元，占注册资本总额的53%。注册资本以外的资金仍由甲乙双方按各自出资比例投入。

第十一条：出资方式：甲乙双方包括注册资本在内的出资方式为：

甲方以5.3万亩林地使用权，作价462万美元，和其地上的林木资源，作价301万美元、林产工业总厂的资产估价128万美元及工厂生产和建设用

地152291 m²使用权作价273万美元四部分资产的总值和100万元人民币现金折11万美元, 合共1175万美元作为资金投入。乙方以现金出资1325万美元。19

甲乙双方的出资(或作为出资的实物), 在合营公司营业执照签发之日起, 二十四个月内投入完毕, 其中第一期在头三个月内投入15%以上。

第十二条: 双方出资额:

(1)、甲方: 首期按出资比例以实物资产价值共1175万美元(以认可会计师事务所的核定数为准)作资金投入转入合营公司中。在乙方投入建设MDF项目不足部分资金的同时, 甲方同期按出资比例以部分林地使用权及其地上的林木资源作价投入。

(2)、乙方: 首期按出资比例投入现金1325万美元, 主要用于MDF项目建设。建设MDF项目所需的资金, 除乙方首期投入的1325万美元外, 不足部分仍由乙方按项目建设需要以现金分期投入; 甲方按出资比例同期以林地使用权及其地上的林木资源作价投入。

第十三条: 出资时间:

双方首期的出资(或作为出资的实物)在合营公司营业执照签发及认可会计师事务所签发之甲方投资的资产核算报告之日起一个月内, 乙方投入现金100万美元, 甲方同时投入人民币100万元, 作为合营公司营运及筹建MDF项目之用。MDF项目建设的其余资金按MDF项目可行性研究报告的资金投入计划分期投入。

第十四条: 甲乙双方应按合同规定的期限缴清各自出资额(或作为出资的实物)。

第十五条: 甲乙双方缴付出出资额后, 合营公司聘请在中国注册的会计师事务所验资, 出具验资报告后, 由合营公司据以发给出资证明书。出资证明书主要内容是: 合营公司名称、成立日期、合资者名称及出资额、出资日期、发给出资证明书日期等。

第十六条: 合营期内, 合营公司不得减少注册资本数额

第十七条: 任何一方转让其出资额, 不论全部或部分都须经另一方同意, 一方转让时, 另一方有优先购买权。

合营公司注册资本的增加、转让，应由董事会一致通过后，并报原审批机构批准，向原登记机构办理变更登记手续。

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第四章 董 事 会

第十八条：合营公司设董事会，董事会是合营公司的最高权力机构。

第十九条：董事会决定合营公司的一切重大事宜，其职权主要如下：

决定和批准总经理的重要报告（如生产规划、年度营业报告、资金、借款等）；

批准年度财务报告、收支预算、年度利润分配方案；

制定公司的重要规章制度；

决定聘用总经理、总工程师、总会计师、审计师等高级职员；

负责合营公司终止和期满时的清算工作；

其他应由董事会决定的重大事宜。

第二十条：董事会由七名董事组成，其中甲方委派三名，乙方委派四名，董事任期为3年，经委派可以连任。

第二十一条：董事会设董事长一名，由乙方委派，副董事长一名，由甲方委派。

第二十二条：甲、乙方在委派和更换董事人选时，应书面通知董事会。

第二十三条：董事会会议每年召开一次。经三分之一以上的董事提议，可以召开董事会临时会议。

第二十四条：董事会会议原则上在合营公司所在地举行。

第二十五条：董事会会议由董事长召集并主持，董事长缺席时由副董事长召集并主持。

第二十六条：董事长应在董事会开会前不少于两个星期以书面通知各董事，写明会议内容、时间和地点。

出席董事会会议的法定人数必须为全体董事的三分之二以上，否则，其通过的决议无效。

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第二十七条：董事因故不能出席董事会会议时，可以书面委托代理人出席董事会。如届时未出席也未委托他人出席，则作为弃权。

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第二十八条：出席董事会会议，须作详细的书面记录，并由全体出席会议的董事签字；代理人出席时由代理人签字。记录文字使用中文，该记录由公司存档。

第三十条：下列事项须经出席董事会会议的董事一致通过方可作出决议。

- 1. 合营公司章程的修改；
- 2. 合营公司的终止、解散；
- 3. 合营公司注册资本的增加、转让；
- 4. 合营公司重大的经济活动如建设新项目，与其他经济组织的合并等。

第三十一条：其他事项采取过半数通过作出决议。

第五章 经营管理机构

第三十二条：合营公司设经营管理机构，下设若干管理部门。

第三十三条：合营公司设总经理一人，由甲方推荐，副总经理二人，由双方推荐。正副总经理由董事会聘请。

第三十四条：总经理直接对董事会负责，执行董事会的各项决议，组织领导合营公司的日常生产、技术和经营管理工作。副总经理协助总经理工作，当总经理不在时，代理行使总经理的职责。

第三十五条：总经理、副总经理的任期为3年。经董事会聘请，可以连任。

第三十六条：董事长或副董事长、董事经董事会聘请，可兼任合营公司总经理、副总经理及其他高级职员。

第三十七条：总经理、副总经理不得兼任其他经济组织的总经理或副总经理，不得参与其他经济组织对本合营公司的商业竞争行为。

第三十八条：合营公司设总工程师、总会计师和审计师各一名，由董事

会聘请。

第三十九条：总工程师、总会计师、审计师由总经理领导。

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第四十条：总经理、副总经理、总工程师、总会计师、审计师和其他高级职员请求辞职时，应提前向董事会提出书面报告。

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以上人员如有营私舞弊或严重失职行为的，经董事会决议，可随时解聘。如触犯刑律的，要依法追究刑事责任。

第六章 财务会计

第四十一条：合营公司的财务会计按照中华人民共和国财政部制定的有关财务会计制度规定办理。

第四十二条：合营公司会计年度采用日历年制，自一月一日起至十二月三十一日止为一个会计年度。

第四十三条：合营公司的一切凭证、帐簿、报表、用中文书写。

第四十四条：合营公司采用人民币为记帐本位币。人民币同其他货币折算，按中华人民共和国国家外汇管理局公布的汇价计算。

第四十五条：合营公司在中国银行或其他银行开立人民币及外币帐户。

第四十六条：合营公司采用国际通用的权责发生制和借贷记帐法记帐。

第四十七条：合营公司财务会计帐册上应记载如下内容：

1. 合营公司所有的现金收入、支出数量；
2. 合营公司所有的物资出售及购入情况；
3. 合营公司注册资本及负债情况；
4. 合营公司注册资本的缴纳时间、增加及转让情况。

第四十八条：合营公司财务部门应在每一个会计年度头二月编制上一个会计年度的资产负债表和损益计算书，经审计师审核签字后，提交董事会会议通过。

第四十九条：合营公司各方有权自费聘请审计师查阅合营公司帐簿，查

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第七章 利润分配

第五十条：合营公司按照《中华人民共和国外商投资企业和外国企业所得税法》的规定，由董事会决定其固定资产的折旧年限。

第五十一条：合营公司的一切外汇事宜，按照《中华人民共和国外汇管理暂行条例》和有关规定办理。

第五十二条：合营公司从缴纳所得税后利润中提取储备基金、企业发展基金和职工奖励及福利基金。提取的比例由董事会根据当年的经营情况确定。

第五十三条：合营公司依法缴纳所得税和提取各项基金后的利润，按照甲方占47%，乙方占53%的比例进行分配。

第五十四条合营公司每年分配利润一次。于次年头二个月内公布上一会计年度利润分配方案及各应分的利润额。

第八章 职工

第五十六条：合营公司职工的招收、招聘、辞退、辞职、工资、福利、劳动保护、劳动纪律等事宜，按照《中华人民共和国中外合资经营劳动管理规定》及其实施办法办理。

第五十七条：合营公司所需要的职工，优先在甲方在职人员中公开招聘，或由当地劳动部门推荐或经劳动部门同意后，由合营公司公开招聘，择优录用。

第五十八条：合营公司招收的员工，一律实行合同制，由合营公司与员工签订劳动合同。

第五十九条：合营公司有权对违反合营公司的规章制度和劳动纪律的职

工，给予警告、记过、降薪的处分，情节严重的，可予以开除。对开除处分的职工须报甲方或当地劳动部门备案。

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第六十条：职工的工资待遇，参照中国有关规定，根据合营公司具体情况，由董事会确定，并在劳动合同中具体规定。

合营公司随着生产的发展，职工业务能力和技术水平的提高，逐年增加职工的工资。

第六十一条：职工的福利、奖金、劳动保护，安全生产和保险等事宜，合营公司将分别在各项制度中加以规定，确保职工在正常条件下从事各项生产和工作。

第九章 工会组织

第六十二条：合营公司职工有权按照《中华人民共和国工会法》的规定，建立工会组织，开展工会活动。

第六十三条：合营公司每月按合营公司职工实际工资总额的百分之二拨交工会经费。合营公司工会按照中华全国总工会制定的《工会经费管理办法》使用工会经费。

第十章 期限、终止、清算

第六十四条：合营期限为30年。自营业执照签发之日起计算。

第六十五条：甲、乙方如一致同意延长合同期限，经董事会会议作出决议，应在合营期满前六个月向原审批机构提交书面申请，经批准后方能延长，并向原登记机构办理变更登记手续。

第六十六条：甲、乙方如一致认为终止合同符合各方最大利益时，可提前终止合同。

合营公司提前终止，需经董事会召开全体会议作出决定，并报原审批机

构批准。

第六十七条： 发生下情况之一时，甲、乙方任何一方有权依法终止合同。

- 1、合同期限届满，合资一方不同意续办时；
- 2、公司发生严重亏损，无力继续经营；
- 3、合资一方不履行合同规定的义务致使企业无法继续经营；
- 4、因自然灾害、战争等不可抗力遭受严重损失，无法继续经营；
- 5、企业未达到经营目的，同时又无发展前途。

第六十八条： 合营期满或提前终止合同时，董事会应提出清算程序、原则和清算委员会人选，组成清算委员会，对合营公司财产进行清算。原甲方作为出资提供的场地使用权、林地使用权不属清算范围，合营期满或提前终止合同时，无偿归甲方所有。

第六十九条： 清算委员会任务是对合营公司的财产、债权、债务进行全面清查，编制资产负债表和财产目录，制定清算方案，提请董事会通过执行。

第七十条： 清算期间，清算委员会代表公司起诉或应诉。

第七十一条： 清算费用和清算委员成员的酬劳从合营公司现存财产中先支出。

第七十二条： 清算委员会对合营公司的债务全部清偿后，其剩余的财产按甲乙双方在注册资本中的实际出资比例进行分配。

第七十三条： 清算结束后，合营公司应向审批机构提出报告，并向原登记机构办理注销登记手续，缴回营业执照，同时对外公布。

第七十四条： 合营公司结业后，其各种帐册，由甲方保存。

第十一章 规章制度

第七十五条： 合营公司董事会制定的规章制度有：

- 1、经营管理制度，包括所属各个管理部门的职权与工作程序；
- 2、职工守则；

- 3、职工考勤、升级与奖惩制度；
- 4、职工福利制度；
- 5、财务制度；
- 6、公司解散时的清算程序；
- 7、其他必要的规章制度。

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第十二章 附 则

第七十三条： 本章程的修改，必须经董事会会议一致通过决议，并报原审批机构批准。

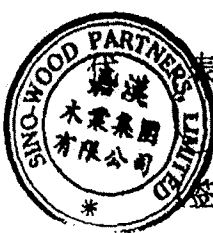
第七十四条： 本章程用中文书写。

第七十五条： 本章程须经中华人民共和国对外经济贸易部(或其委托的审批机构)批准才能生效。修改时同。

第七十六条： 本章程于一九九三年十二月八日由甲、乙双方的授权代表在中国广东省湛江市签字。

甲 方：
代 表：


(签字、盖章)

乙 方：
代 表：


(签字、盖章)

Articles of Association
of
Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.,
an Equity Joint Venture

Chapter 1 General Provisions

Article 1: These Articles of Association are formulated pursuant to *Law of the People's Republic of China on Chinese-Foreign Joint Ventures* and Contract for the Establishment of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. ("the Company"), an Equity Joint Venture, entered into by Guangdong State-Owned Leizhou Forestry Bureau ("Party A") and Sino-Wood Partners, Limited ("Party B") on 8 December 1993 in Zhanjiang, China.

Article 2: Name of the Joint Venture Company: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

Legal address of the Joint Venture Company: Kangshun Building, 31 Kangshun Road, Chikan District, Zhanjiang

Article 3: Names and legal addresses of Party A and Party B:

Party A: State-Owned Leizhou Forestry Bureau

Address: Chengyue Town, Suixi County, Guangdong Province

Party B: Sino-Wood Partners, Limited

Address: Room 2408, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong

Article 4: The Joint Venture Company is a limited-liability company.

Article 5: The Joint Venture Company is a PRC legal person which shall be governed and protected by PRC laws and all its activities shall comply with the PRC laws, statutes and relevant regulations.

Chapter 2 Objective and Scope of Business

Article 6: The objectives of the Joint Venture Company are:

(1). Establishing large-scale medium density fibreboard production project (MDF) in the first phase by fully and reasonably developing eucalypts and other trees with advanced and applicable production technology and scientific management; while creating economic benefits, trying to upgrade forest resources in a planned manner, gradually expand construction of forests in timber base and substantially improve the growth of forest trees with Party A's existing advanced silviculture technology and the Joint Venture Company's capital strength; paying attention to environmental protection and ensuring that the Joint Venture Company is developing in harmony with nature.

(2). Strengthening the management effectiveness of the Joint Venture Company, taking total quality management (TQM) and ISO-9000 as the Joint Venture Company's management model, striving to improve product quality and corporate image, becoming competitive in the international market in terms of quality and price, earning foreign exchange and increasing profitability, so as to benefit both Parties.

(3). The Joint Venture Company regards the timber base as a green workshop, seeks constant development and innovation, is bold in practice, attaches equal importance to production and scientific research, and integrates scientific research, silviculture and forest products processing.

Article 7: Business scope of the Joint Venture Company: Silviculture, wood processing, production and sale of woodwork and forest chemical products.

Article 8: Production scale of the Joint Venture Company: Annual output of 50,000 m³ MDF and 80,000 m³ MDF timber, and 120,000 mu forest base.

Following the development of the Joint Venture Company, it may gradually expand the production scale and diversify and launch different series of products.

Article 9: The products of the Joint Venture Company are sold in equal proportion on domestic and overseas markets.

Chapter 3 Total Investment and Registered Capital

Article 10: The initial total investment of the Joint Venture Company is US\$25 million.

The registered capital of the Joint Venture Company is US\$10 million.

Article 10: The registered capital of the Joint Venture Company is US\$10 million.

The ratio of capital contribution is: Party A shall contribute US\$4.7 million, accounting for 47% of the total registered capital; Party B shall contribute US\$5.3 million, accounting for 53% of the total registered capital. Funds other than the registered capital shall be invested by Party A and Party B in proportion to their respective contributions.

Article 11: Form of capital contribution: Forms of capital contribution including registered capital contribution made by Party A and Party B are:

Party A shall contribute a total of US\$11.75 million, consisting of the total value of the right to use 53,000 mu woodland valued at US\$4.62 million, the forest resources on the said land valued at US\$3.01 million, assets of the forest product industry factory valued at US\$1.28 million and the right to use the 152,291 m² land for factory production and construction valued at US\$2.73 million as well as RMB1 million cash (US\$110,000). Party B shall contribute US\$13.25 million in cash.

Party A and Party B shall complete their capital contributions (or contribution in kind) within 24 months after issuance of the business licence, with more than 15% to be paid up in the first three months for the first phase.

Article 12: Respective contributions made by the Parties:

(1). Party A shall invest a total of US\$11.75 million (the amount shall be subject to verification by an authorised accounting firm) in kind in the Joint Venture Company in the first phase in accordance with its ratio of capital contribution. As Party B makes up the funds for MDF project, Party A shall invest part of its right to use the woodland and the forest resources on it, which are valued as agreed, in accordance with its ratio of capital contribution.

(2). Party B shall invest US\$13.25 million in cash in the MDF project in

accordance with its ratio of capital contribution in the first phase. In regard to the funds needed for MDF project, besides the US\$13.25 million invested by Party B in the first phase, the insufficiencies shall be made up by Party B with cash by instalments based on actual needs. Party A shall invest its right to use woodland and the forest resources on it, which are valued as agreed, in accordance with its ratio of capital contribution in the same phase.

Article 13: Schedule of capital contribution

As for the capital contribution (or contribution in kind) in the first phase, Party B shall invest US\$1.00 million in cash and Party A shall invest RMB1.00 million for the operation of the Joint Venture Company and MDF project planning within one month from the date of issuance of the business licence of the Joint Venture Company and issuance of the asset accounting report on Party A's investment by an authorised accounting firm. The remaining funds needed for MDF project shall be invested by instalments in accordance with the investment plan based on the feasibility study report of MDF project.

Article 14: Parties A and B shall pay up their respective capital contribution (or contribution in kind) in full according to the time limit specified in the Contract.

Article 15: After Parties A and B have paid up their capital contribution in full, the Joint Venture Company shall retain a certified public accountant registered in China to verify the capital and issue a capital verification report, based on which the Joint Venture Company shall issue a capital contribution certificate, whose main contents include: Name of the Joint Venture Company, date of establishment, names of investors and their amount of capital contribution, date of capital contribution, and date of issuance of capital contribution certificate, etc.

Article 16: During the term of the joint venture, the Joint Venture Company shall not reduce the amount of its registered capital.

Article 17: If a party transfers its capital contribution, whether in part of in whole, it shall be subject to the consent of the other party. When a party makes such a transfer, the other party shall have the pre-emptive right of purchase.

Increase or transfer of registered capital of the Joint Venture Company shall be subject to the unanimous adoption of the Board of Directors and approval by the

original examination and approval authority, and the Joint Venture Company shall process the formalities of registration of change with the original registration authority.

Chapter 4 Board of Directors

Article 18: The Joint Venture Company shall have a Board of Directors which shall be the highest authority of the Joint Venture Company.

Article 19: The Board of Directors makes decisions on all major issues of the Joint Venture Company, and its duties and functions are as follows:

- decide on and approve important reports submitted by the general manager (such as production planning, annual business report, capital, borrowings, etc.);
- approve the annual financial report, income and expense budget, and annual profit distribution scheme;
- formulate important regulations and systems of the Company;
- decide the appointment of senior officers such as general manager, chief engineer, chief accountant, auditor, etc.
- take charge of the liquidation work of the Joint Venture Company upon its termination and expiration;
- other important matters which shall be decided by the Board of Directors.

Article 20: The Board of Directors shall be composed of seven directors. Three of the directors shall be appointed by Party A and four of the directors by Party B. The term of office of the directors shall be 3 years and is renewable upon re-appointment.

Article 21: The Board of Directors shall have a chairman appointed by Party B and a vice-chairman appointed by Party A.

Article 22: When appointing or replacing candidates of directors, Party A and Party B shall inform the Board of Directors in writing.

Article 23: Meetings of the Board of Directors shall be held once a year. Upon

the proposal of more than one-third of the directors, interim meetings may be convened.

Article 24: In principle, meetings of the Board of Directors shall be held in the domicile of the Joint Venture Company.

Article 25: Meetings of the Board of Directors shall be called and presided over by the chairman. During the absence of the chairman, the meetings shall be called and presided over by the vice-chairman.

Article 26: The chairman shall inform all the directors in writing of the agenda, time, and venue of the board meeting at least 2 weeks prior to the meeting.

A quorum of the board meeting shall be constituted when over two-thirds of all the directors are present at the meeting. Otherwise, the resolutions passed shall be null and void.

Article 27: Should a director be unable to attend a Board meeting for any reason, he may authorize in writing a proxy to attend the meeting. If a director does not attend a Board meeting and fails to appoint a proxy to attend on his behalf, he shall be deemed to have forfeited his rights.

Article 28: Detailed minutes shall be recorded in writing for Board meetings and shall be signed by all the attending directors; and if the meeting is attended by a proxy, the minutes shall be signed by the proxy. The minutes shall be recorded in Chinese and shall be kept by the Company.

Article 30: Resolutions on the following issues shall only be made subject to the unanimous adoption by the directors attending a Board Meeting:

1. Amendments to the Articles of Association of the Joint Venture Company;
2. Termination and dissolution of the Joint Venture Company;
3. Increase and transfer of the registered capital of the Joint Venture Company;
4. Important economic activities of the Joint Venture Company such as constructing a new project and merger with other economic entities.

Article 31 Resolutions on other matters may be adopted by simple majority.

Chapter 5 Business Management Organisation

Article 32: The Joint Venture Company shall set up a business management organisation which has several management departments thereunder.

Article 33: The Joint Venture Company shall have a general manager who is nominated by Party A and two deputy general managers who are nominated by both Parties. Both the general manager and two deputy general managers shall be appointed by the Board of Directors.

Article 34: The general manager shall be accountable to the Board of Directors directly and execute the various resolutions of the Board of Directors, organise and lead the day-to-day production, technical and operation management work of the Joint Venture Company. The deputy general managers shall assist the general manager in his duties. During the absence of the general manager, the deputy general managers shall exercise the general manager's duties on his behalf.

Article 35: The term of office of the general manager and deputy general managers shall be 3 years and is renewable upon re-appointment.

Article 36: Upon appointment by the Board of Directors, the chairman and vice-chairman of the board may concurrently serve as the general manager, deputy general managers, and other senior officers of the Joint Venture Company.

Article 37: The general manager and deputy general managers shall not serve concurrently as general manager or deputy general manager of other economic entities and shall not participate in other economic entities' acts of commercial competition against the Joint Venture Company.

Article 38: The Joint Venture Company shall have a chief engineer, chief accountant, and auditor, who shall be appointed by the Board of Directors.

Article 39: The chief engineer, chief accountant, and auditor shall be under the leadership of the general manager.

Article 40: When the general manager, deputy general managers, chief engineer, chief accountant, auditor, and other senior officers tender resignations, a written report shall be submitted to the Board of Directors in advance.

Where any of the aforesaid individuals conducts graft or commits serious dereliction of duty, they may be dismissed at any time upon resolution of the Board of Directors. In case of violation of the criminal law, they shall be investigated for criminal responsibility according to law.

Chapter 6 Finance and Accounting

Article 41: The Joint Venture Company's financial and accounting system shall be handled in accordance with the provisions of the relevant financial and accounting system formulated by the Ministry of Finance of the People's Republic of China.

Article 42: The accounting year of the Company shall follow the Gregorian calendar year system, i.e. an accounting year starts from 1 January and ends on 31 December.

Article 43: All vouchers, accounting books and statements of the Joint Venture Company shall be written in Chinese.

Article 44: The Joint Venture Company shall use Renminbi as the currency for accounting entries. Conversion between Renminbi and other currencies shall be based on the exchange rate announced by State Administration of Foreign Exchange of the People's Republic of China.

Article 45: The Joint Venture Company shall open a Renminbi account and foreign currency account with the Bank of China or any other bank.

Article 46: The Joint Venture Company shall adopt the internationally and generally accepted accrual basis and debit/credit bookkeeping method.

Article 47: The financial and accounting books of the Joint Venture Company shall record the following contents:

1. All cash revenues and expenses of the Joint Venture Company;
2. All material purchases and sales of the Joint Venture Company;
3. The Joint Venture Company's registered capital and liabilities;
4. The date of contribution, increase and transfer of the registered capital of the Joint Venture Company;

Article 48: The Finance Department of the Joint Venture Company shall

prepare the balance sheet and income statement of the preceding accounting year during the first two months of every accounting year, which shall be submitted to the Board of Directors for approval in the board meeting.

Article 49: Both parties to the Joint Venture Company shall have the right to, at their own expense, hire auditors to inspect the accounting books of the Joint Venture Company. The Joint Venture Company shall provide convenience at the time of inspection.

Chapter 7 Profit Distribution

Article 50: The Joint Venture Company shall comply with the provisions of the *Profit Tax Law of the People's Republic of China for Foreign-Funded Enterprises and Foreign Enterprises* and let the Board of Directors decide the depreciation term of its fixed assets.

Article 51: The handling of all foreign exchange matters of the Joint Venture Company shall be handled in accordance with the *Foreign Exchange Control Regulations of the People's Republic of China* and its relevant stipulations.

Article 52: The Joint Venture Company shall withdraw from the after-tax profits to provide funding for the reserve fund, enterprise development fund, staff bonus and welfare fund. The withdrawal ratio shall be determined by the Board of Directors according to the business conditions of the prevailing year.

Article 53: After the Joint Venture Company has paid the profit tax according to law and withdrawn the various funds, the remaining profit shall be distributed according to the ratio of: 47% for Party A and 53% for Party B.

Article 54: The Joint Venture Company shall distribute profits once a year. It shall announce the profit distribution scheme for the previous accounting year and the profit amount distributable to the Parties within the first two months of the following year.

Chapter 8 Employees

Article 56: Recruitment, employment, dismissal, resignation, wages, welfares, labour protection, labour discipline, etc. of the employees of the Joint Venture Company shall comply with the *Labour Management Provisions for Chinese-Foreign Equity Joint Ventures of the People's Republic of China* and its implementation measures.

Article 57: Employees required for the Joint Venture Company may be recruited openly first among the existing staff members of Party A. Alternatively, the same may be recommended by the local labour department or, subject to the consent of the labour department, recruited openly by the Joint Venture Company by selecting the best and qualified candidates.

Article 58: Employees recruited by the Joint Venture Company shall all follow the contract system in which the Joint Venture Company shall sign employment contracts with the employees.

Article 59: The Joint Venture Company shall have the right to impose disciplinary actions on employees who have violated the regulations and labour disciplines of the Joint Venture Company, giving them warnings, recording their demerits, and reducing their salaries. Such employees may be dismissed in case of serious offences. Dismissal of employees shall be reported to Party A or the local labour department for record.

Article 60: The wages and remuneration of employees shall be decided by the Board of Directors with reference to the relevant stipulations of the People's Republic of China and in consideration of the relevant conditions of the Joint Venture Company, and shall be specified in the employment contract accordingly.

Following the development of production and operation of the Joint Venture Company and the enhancement of the employees' business abilities and technical level, the Joint Venture Company shall increase the employees' wages on a yearly basis.

Article 61: Issues such as employees' welfare, bonus, labour protection,

occupational safety, and insurance shall be stipulated respectively in the various systems of the Joint Venture Company so as to ensure that the employees are engaged in production and working under normal conditions.

Chapter 9 Trade Union Organization

Article 62: Employees of the Joint Venture Company shall have the right to set up a trade union organization and launch trade union activities as stipulated in the *Laws on Trade Unions of the People's Republic of China*.

Article 63: The Joint Venture Company shall appropriate a monthly amount equivalent to 2% of the actual total wages of the employees for the expenditure for the trade union. The trade union of the Joint Venture Company shall make use of the said funding according to the *Measures for the Administration of Trade Union Expenditures* formulated by the China National Trade Union Federation.

Chapter 10 Term, Termination, and Liquidation

Article 64: The joint venture term shall be 30 years, commencing from the date of issuance of the Business License.

Article 65: If Party A and Party B both agree to extend the term of operation, subject to the decision of the Board of Directors by resolution, the term of the Joint Venture Company may be extended by submitting an application to the original examination and approval authority within six months prior to the expiry of the joint venture term. The extension shall be subject to the said approval and the formalities for the registration of alteration shall be completed with the original examination and approval authority.

Article 66: In the event that Party A and Party B unanimously believe that it is in the best interests of both Parties to terminate this Contract, this Contract may be terminated early.

The early termination of the Joint Venture Company shall be subject to the

decision of all the directors in a meeting of the Board of Directors, and shall be reported to the original examination and approval authority for approval.

Article 67: If any of the following circumstances occurs, either Party A or Party B shall have the right to terminate this Contract pursuant to law:

1. The term of this Contract expires and either of the joint venture parties does not agree to continue the operation;

2. The Company has incurred serious losses and is unable to continue operation;

3. Either party to the joint venture fails to perform the obligations stipulated in this Contract, making it impossible for the enterprise to continue operation;

4. Heavy losses have been suffered as a result of natural calamities, wars or other force majeure, making it impossible to continue operation;

5. The enterprise fails to reach its business objectives and there are no prospects for development.

Article 68: When the term of the joint venture expires or is terminated prematurely, the board of directors shall propose the procedures and principles of liquidation and the candidates of the liquidation committee, and form a liquidation committee to liquidate the property of the Joint Venture Company. The land use right and the right to use the forest land concerned originally contributed by Party A as investment shall be beyond the scope of liquidation, and shall be turned over to Party A without consideration upon expiry or premature termination of the term of the joint venture.

Article 69: The tasks of the liquidation committee are to take comprehensive inventory of all property, claims, and debts of the Joint Venture Company, prepare a balance sheet and a catalogue of property, and formulate a liquidation plan for submission to the board of directors for adoption and implementation.

Article 70: During the liquidation, the liquidation committee shall sue and shall be sued on behalf of the Company.

Article 71: The costs of liquidation and the remuneration of the liquidation committee members shall be paid out of the existing property of the Joint Venture Company.

Article 72: After full settlement of the debts of the Joint Venture Company by the liquidation committee, the remaining property shall be distributed between Party A and Party B in proportion to their respective actual contributions to the registered capital.

Article 73: Upon completion of the liquidation, the Joint Venture Company shall submit a report to the examination and approval authority, go through the procedure for cancellation of registration with the original examination and approval authority, surrender its business license, and also make a public announcement thereof.

Article 74: After closure of the Joint Venture Company, all of its accounting books shall be retained by Party A.

Chapter 11 Rules and Regulations

Article 75: The rules and regulations formulated by the Joint Venture Company include the following:

1. Operation and management system, which includes the duties, power and work procedures of the various management departments thereunder;
2. Rules for the employees;
3. Employees' punctuality, attendance, promotion, incentive and penalty systems;
4. Employees' welfare system;
5. Financial system;
6. Liquidation procedures upon the dissolution of the Company;
7. Other required rules and regulations.

Chapter 12 Supplementary Provisions

Article 73: Amendments to these Articles of Association shall be subject to the unanimous adoption by the Board of Directors by way of resolution and submitted to the original examination and approval authority for approval.

Article 74: These Articles of Association shall be written in the Chinese language.

Article 75: These Articles of Association shall take effect only after approval by the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry). The same approval is required in case of amendments.

Article 76: These Articles of Association were signed by the legal representatives of Party A and Party B on 8 December 1993 in Zhangjiang, Guangdong Province, China.

Party A:

[chopped: State-Owned Leizhou Forestry Bureau China]

Representative: *[signed]*

(Signature, Chop)

Party B:

[chopped: Sino-Wood Partners, Limited]

Representative: *[signed]*

(Signature, Chop)

This is Exhibit "M" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

湛江市对外经济贸易委员会文件

湛外经贸资批字 [1999] 88号

关于初步同意湛江雷州桉树资源发展有限公司 调减投资总额和注册资本的复函

湛江雷州桉树资源发展有限公司：

你公司的申请及董事会决议收悉。鉴于你公司的实际情况，经研究，我委初步同意你公司总投资额由2500万美元减至200万美元，注册资本由1000万美元减至140万美元。请你公司在收到本文之日起10日内通知债权人，并于30日内在省级以上报纸上至少公告3次。之后，再将你公司的公告证明和债务清偿或债务担保情况有关资料提交我委，我委再决定批准或不批准。

特此函复



一九九九年十二月二十八日

抄送：本委外资管理科

Document of Zhanjiang Committee of Foreign Trade and Economic Cooperation

Zhan Wai Jing Mao Zi Pi Zi [1999] No. 88

Reply concerning preliminary approval on reduction of total investment and registered capital of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.:

We have received your application and resolutions of board of directors. Given the actual conditions of your company and after deliberation, we preliminarily allow your company to reduce the total investment from US\$25 million to US\$2.00 million and reduce the registered capital from US\$10 million to US\$1.40 million. After you receive this document, please inform the creditor within 10 days and make public announcements on newspapers above provincial level for at least three times within 30 days. Thereafter, we shall decide whether to approve or not after receiving your company's announcement certificate and relevant data on debt paying or debt assurance.

Best regards

[chopped: Zhanjiang Committee of Foreign
Trade and Economic Cooperation]

28 December 1999

Cc: Foreign Capital Management Department of the Committee

This is Exhibit "N" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

中华人民共和国

企业法人

营业执照

(副本)

注册号：企独粤湛总副字第000571号

今后每年1月1日至4月30日年检
请按时参加，不再另行通知。

该企业经核准登记注册，具有
法人资格，准予开业。

编号：N° 808802

企业名称 (中文) 湛江雷州按树资源发展有限公司
(外文)

住所 湛江市海滨五路159号

企业类型 独资经营 (港资)

经营范围 营林、木材加工、木制品、杯产化工产品生产与销售。

注册资本 140万美元

董事长 陈德源

副董事长

总经理 潘家杰

副总经理 陈惠玲

分支机构

经营期限 自一九九四年一月二十九日至二〇二四年一月二十八日

执照正本有效期限 自二〇〇〇年四月十二日至二〇二四年一月二十八日

中华人民共和国
国家工商行政管理局

局长 王公厚



二〇〇〇年 四月 十一日

本副本有效期至 二〇〇〇年 四月 十一日

Business Licence of

Enterprise Legal Person
of the People's Republic of China

(Copy)

Registration No.: Qi Du Yue Zhan Zong Fu Zi No. 000571

This Business License shall be subject to annual inspection
from 1 January to 30 April each year without further notice.

The enterprise shall have the qualification of a
legal person and be allowed to operate business upon
approval and registration.

No. 808802

(Chinese) 湛江雷州桉树资源发展有限公司
(English) Zhanjiang Leizhou Eucalypt Resources
Development Co., Ltd.

Address
159 Fifth Haidian Road, Zhanjiang
Type of business
Solely funded (with Hong Kong investment)
Business scope
Silviculture, wood processing, production and
sale of woodwork and forest chemical products

Registered capital
US\$1.40 million
Chairman
Chen Deyuan

Vice Chairman
General Manager
Pan Jiajie
**Deputy General
Manager**
Chen Huiling

Branches

Operation term: From 29 January 1994 to 28 January 2024
Validity period of the original business licence: From 12 April 2000 to 28
January 2024

Wang Zhongfu, Director of State Administration for
Industry & Commerce of the People's Republic of China

[chopped: State Administration for Industry &
Commerce of the People's Republic of China]
12 April 2000

This Copy shall be valid until 11 April 2001

This is Exhibit "O" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

雷州資源發展有限公司董事會決議

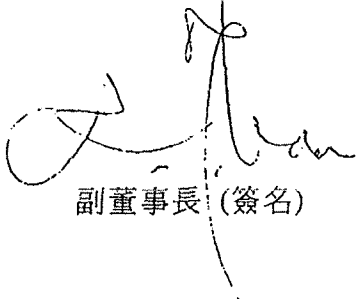
一九九八年六月三日

8

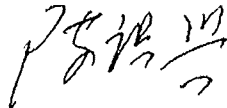
鑑於目前的實際情況，全體董事一致同意，國營雷州林業局退出雷州資源發展有限公司。同時全體董事一致同意下列各項決議：

1. 把雷州林業局原已折價投入“雷州資源發展有限公司”的資產全部退回給雷州林業局。合資公司由香港嘉漢木業有限公司獨資經營或另找合作伙伴。
2. 雷州林業局所欠合資公司的款項，由雷州林業局作出還款計劃還給合資公司。
3. 中方參予合資公司的工作人員，原則上都回原單位工作。
4. 合資公司工作人員的工薪，計算到一九九八年五月底止。
5. 本決議報經原審批機構批准後合資公司的債權、債務及公司開辦以來的一切費用與退出單位雷州林業局無關，由合資公司負責。

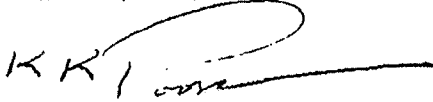
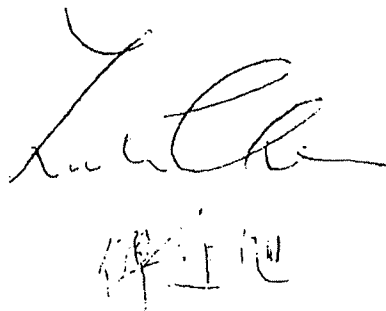
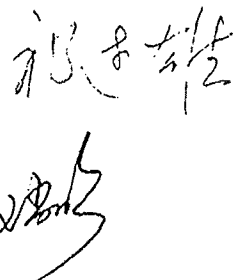
董事長 (簽名)



副董事長 (簽名)



董事 (簽名)

**Resolutions of Board of Directors of
Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.**

3 June 1998

Given the actual current situation, all directors unanimously agree on State-Owned Leizhou Forestry Bureau's withdrawal from Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. Meanwhile, all directors unanimously agree on the following resolutions:

1. Returning to Leizhou Forestry Bureau the assets (converted into an agreed monetary sum) invested in "Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd." by Leizhou Forestry Bureau. The Joint Venture Company may be solely operated by Sino-Wood Partners, Limited or operated with another partner.
2. Leizhou Forestry Bureau shall return the monies it owes the Joint Venture Company to the Joint Venture Company in a planned manner.
3. Workers of the Chinese party who works at the Joint Venture Company shall in principle go back to their original posts.
4. Salaries of workers in the Joint Venture Company shall not be calculated after the end of May 1998.
5. After these resolutions are approved by the original examination and approval authority, the creditor's rights, debts of the Joint Venture Company and all expenses incurred after the company's establishment shall have nothing to do with Leizhou Forestry Bureau (which has withdrawn from the joint venture) and shall be borne by the Joint Venture Company.

Signature of Chairman
[signed]

Signature of Vice-Chairman
[signed]

Signatures of directors
[5 signatures]

This is Exhibit "P" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

粤西会验字[1995]185号

验资报告

湛江雷州桉树资源发展有限公司：

粤西会计师事务所接受贵单位的委托，根据《中华人民共和国合资经营企业法》、《中华人民共和国外商投资企业财务管理规定》等规定，以及湛江市对外经济贸易委员会湛经贸批字[1994]021号文关于合资经营“湛江雷州桉树资源发展有限公司”章程第二章第十、十一条，并按照《注册会计师验资规则(试行)》的规定，检查验证了湛江雷州桉树资源发展有限公司截止至一九九五年十月三十一日止的所有者权益及相关的资产与负债。

经检查验证后确认，湛江雷州桉树资源发展有限公司截止至一九九五年十月三十一日的投入资本额：人民币95,481,503.29元，美金1,000,000.00元，外币汇率(1:8.6993)，折合人民币

8,699,300元。投入资本总额人民币104,180,803.29元，留存收益人民币-8,709,107.28元，因此贵公司所有者权益总额为：人民币玖仟伍佰肆拾柒万壹仟陆佰玖拾陆元零壹分。

根据合资经营“湛江雷州桉树资源发展有限公司合同书”第五章第十、十一条规定：国营雷州林业局（甲方）应投资1175万美元，占投资总额的47%。

嘉汉木业集团有限公司（乙方）应投资1325万美元，占投资总额的53%。

实际投资：

甲方投资95,481,503.29元，折合美金11,640,000元，占投资总额的46.56%。

乙方投入美金1,000,000元，折合人民币8,699,300元，占投资总额的0.04%。

企业所有者与所有者权益有关的资产总额为：人民币95,528,198.10元，负债总额为人民币56,502.09元。有关具体情况，见本报告所附的截至一九九五年十月三十一日《所有者权益和资产、负债验证表》及《所有者权益和资产、负债验证过程表》。

粤西会计师事务所



注册会计师：



地址：湛江市霞山岭南路四号

一九九五年十一月十六日

所有者权益和资产、负债验证表

货币单位:人民币元

粤西会验一表 被查验单位名称: 湛江嘉汉木业股份有限公司 1995年10月31日

项 目	行次	确 认 数	项 目	行次	确 认 数
所有者权益(注册资本)	1		资产	21	
投入资金(资本)	2		流动资产	22	
中方(甲方)	3	95481603.99	货币资金	23	618158.16
外方(乙方)	4	8699300	应收及预付款	24	2746596.68
	5		存货	25	80000
	6		其他流动资产	26	5328206.48
	7		流动资产合计	27	87002945.32
	8		专项资产	28	
	9		长期投资	29	
	10		固定资产	30	10338816.73
	11		在建工程	31	
	12		无形资产及其他资产	32	76497326.05
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权益类基金	14		负 债	34	
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	16		其中: 负债类基金	36	
	17		未分配利润(负债部分)	37	
	18		长期负债	38	
	19			39	
所 有 者 权 益 合 计	20	86782506.01	合 计	40	86782506.01

编制单位: 粤西会计师事务所

注册会计师签字:

陈林章

注册会计师签字:

陈林章

被查验单位签章:

陈林章

所有者权益和资产、负债验证过程表

14

A

1995年10月31日

粤西会验二表

被验证单位名称: 湛江中港物资有限公司

货币单位: 人民币元

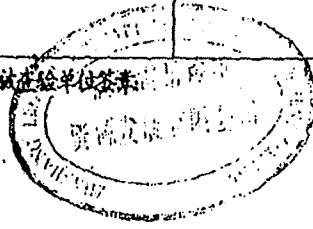
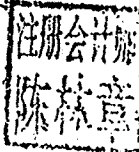
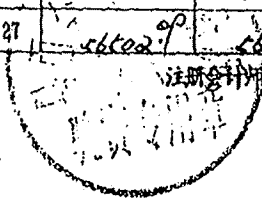
198

项 目	行 次	编 报 数	确 认 数			检验计算和确认过程说明
			金 额	合同规定比例	实际比例	
投入资金(资本)	1					
实收资本——中方(甲方)	2	¥481503. ⁴⁰	¥481503. ⁴⁰	47	46.56	
外方(乙方)	3	8699300 ⁻	8699300 ⁻	53	0.24	
	4					
	5					
合 计	6	104180803. ⁴⁰	104180803. ⁴⁰	100	46.6	
积累基金	7					
权益类基金	8					
储备基金	9					
企业发展基金	10					
未分配利润(权益部分)	11	-8709107. ⁴⁸	-8709107. ⁴⁸			
所有者权益合计	12	¥471696. ⁰¹	¥471696. ⁰¹			
资 产	流 动 资 产	货币资金	13	618158. ¹⁶	618158. ¹⁶	
		应收及预付款	14	2746590. ⁶⁸	2746590. ⁶⁸	
		存 货	15	0. ⁰⁰	0. ⁰⁰	
		其他流动资产	16	5328096. ⁴⁸	5328096. ⁴⁸	
		流动资产合计	17	8702844. ³²	8702844. ³²	
	专 项 资 产	长期投资	18			
		固定资产	19	10338816. ⁷³	10338816. ⁷³	
		在建工程	20			
		无形资产及其他资产	21	76487336. ⁰²	76487336. ⁰²	
		资 产 合 计	22	¥428198. ¹⁰	¥428198. ¹⁰	
负 债	流动负债	23	56502. ⁰⁹	56502. ⁰⁹		
	其中: 负债类基金	24				
	未分配利润	25				
	长期负债	26				
	负 债 合 计	27	56502. ⁰⁹	56502. ⁰⁹		

编制单位: 粤西会计师事务所

注册会计师: 陈林章

被验证单位: 湛江中港物资有限公司



Yuexi Certified Public Accountants

Yue Xi Kuai Yan Zi [1995] No. 185

Capital Verification Report

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

As entrusted by your company, Yuexi Certified Public Accountants has checked and verified owner's equity and relevant assets and liabilities as of 31 October 1995 of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. in accordance with *Law of the People's Republic of China on Chinese-Foreign Joint Ventures*, *Regulations of the People's Republic of China on Financial Management of Enterprises with Foreign Investment*, Document Zhan Jing Mao Pi Zi (1994) No. 021 of Zhanjiang Committee of Foreign Trade and Economic Cooperation concerning Articles 10-11 of Chapter 2 of Articles of Association of "Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.", an Equity Joint Venture, and *Capital Verification Rules for Certified Public Accountants (Trial)*.

After check and verification, it is confirmed that the amount of capital invested by Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. as of 31 October 1995 is: RMB95,481,503.29; US\$1,000,000.00, which is equivalent to RMB8,699,300 (foreign currency exchange rate: 1:8.6993). The total capital invested is RMB104,180,803.29 and the retained earnings is RMB-8,709,107.28. So the total owner's equity of your company is: ninety five million four hundred and seventy one thousand six hundred and ninety six yuan and one cent.

According to the stipulations of Articles 10-11 of Chapter 5 of the

Contract for the Establishment of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd., an Equity Joint Venture, State-Owned Leizhou Forestry Bureau (Party A) shall invest US\$11.75 million, accounting for 47% of the total investment.

Sino-Wood Partners, Limited (Party B) shall invest US\$13.25 million, accounting for 53% of the total investment.

Actual investment:

Party A has invested RMB95,481,503.29, equivalent to US\$11,640,000 and accounting for 46.56% of the total investment.

Party B has invested US\$1,000,000, equivalent to RMB8,699,300 and accounting for 0.04% of the total investment.

Total assets related to owner's equity of the owner of the company are: RMB95,528,198.10; and the total liabilities are RMB56,502.09. For details, please refer to the attached *Verification of Owner's Equity, Assets and Liabilities* and *Verification Process of Owner's Equity, Assets and Liabilities* as of 31 October 1995.

Yuexi Certified Public Accountants	Certified Public Accountant:
[chopped:	[chopped:
Yuexi Certified Public Accountants	Certified Public Accountant
Special Chop for Capital Verification]	Chen Lin]

Address: 4 Lingnan Road, Xiashan
District, Zhanjiang

16 November 1995

Verification Process of Owner's Equity, Assets and Liabilities

31 October 1995

Yue Xi Kuai Yan Table 2 Name of the company inspected: Currency unit:
Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. RMB

Item	Line	Numbers reported	Numbers confirmed			Explanation of calculation and confirmation	
			Amount	Percentage specified in the contract	Actual percentage		
Paid-Up Capital (Capital)	1						
Actual Receipt of Capital: Chinese Party (Party A)	2	95,481,503.29	95,481,503.29	47	46.56		
Foreign Party (Party B)	3	8,699,300.00	8,699,300.00	53	0.04		
	4						
	5						
Total	6	104,180,803.29	104,180,803.29	100	46.6		
Accumulated Fund	7						
Interests-type Fund	8						
Savings Fund	9						
Enterprise Development Fund	10						
Undistributed Profits	11	- 8,709,107.28	- 8,709,107.28				
Total Owners' Equity	12	95,471,696.01	95,471,696.01				
ASSETS	CURRENT ASSETS	Monetary Fund	13	618,158.16	618,158.16		
		Receivables and prepayments	14	2,746,590.68	2,746,590.68		
		Inventory	15	9,000.00	9,000.00		
		Other current assets	16	5,328,296.48	5,328,296.48		
		Total of Current Assets	17	8,702,045.32	8,702,045.32		
	SPECIAL ASSETS	Long-Term Investment	18				
		Fixed Assets	19	10,338,816.73	10,338,816.73		
		Projects under Construction	20				
		Intangible Assets and Other Assets	21	76,487,336.05	76,487,336.05		
		Total Assets	22	95,528,198.10	95,528,198.10		
LIABILITIES	Current Liabilities	23	56,502.09	56,502.09			
	Including: liabilities-type funds	24					
	Undistributed Profits	25					
	Long-Term Liabilities	26					
	Total Liabilities	27	56,502.09	56,502.09			

Prepared by: Yuexi Certified Public Accountants
[chopped:
Yuexi Certified Public Accountants
Special Chop for Capital Verification]

Signature and seal of certified public accountant:
[chopped:
Certified Public Accountant
Chen Lin]

Signature and seal of the company inspected:
[chopped]

Verification of Owner's Equity, Assets and Liabilities

31 October 1995

Yue Xi Kuai Yan Table I

Name of the company inspected:

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

Currency unit: RMB

Item	Line	Numbers confirmed	Item	Line	Numbers confirmed
Owner's equity (registered capital: US\$10 million)	1		Assets	21	
Invested funds (capital)	2		Current Assets	22	
The Chinese party (Party A): State-Owned Leizhou Forestry Bureau	3	95,481,503.29	Monetary Fund	23	618,158.16
The foreign party (Party B): Sino-Wood Partners, Limited	4	8,699,300.00	Receivables and prepayments	24	2,746,590.68
	5		Inventory	25	9,000.00
	6		Other current assets	26	5,328,296.48
	7		Total of Current Assets	27	8,702,945.32
	8		Special assets	28	
	9		Long-Term Investment	29	
	10		Fixed Assets	30	10,338,816.73
	11		Projects under Construction	31	
	12		Intangible Assets and Other Assets	32	76,487,336.05
Accumulated funds	13		Total Assets	33	95,528,198.10
Equity funds	14		Liabilities	34	
Undistributed profits (equity)	15	- 8,709,107.28	Current Liabilities	35	56,502.09
	16		Including: liabilities-type funds	36	
	17		Undistributed Profits(Liabilities Parts)	37	
	18		Long-Term Liabilities	38	
	19			39	
Total of owner's equity	20	71,471,696.01	Total of Liabilities	40	56,502.09

Prepared by: Yuexi Certified Public Accountants Signature and seal of certified public accountant: Signature and seal of the company inspected:

[chopped]

Yuexi Certified Public Accountants

Special Chop for Capital Verification] Certified Public Accountant [chopped]

Chen Lin]

This is Exhibit "Q" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

粤西会计师事务所

审计报告

粤西会审字[1997]第014号

湛江雷州桉树资源发展有限公司：

我们接受委托，审计了贵公司1996年12月31日的资产负债表及该年度的财务状况变动表。这些会计报表由贵公司负责，我们的责任是对这些会计报表发表审计意见。我们的审计是依据《中国注册会计师独立审计准则》进行的。在审计过程中，我们结合贵公司的实际情况，实施了包括抽查会计记录等我们认为必要的审计程序。

经审查，由于龙门林场木片销售收入的所有权问题，双方未明确归属。因此，贵公司转入龙门林场的管理费5,871,331.00元（1994年为1,111,331.00元，1995年1至6月为4,760,000.00元）应冲减。同时，存货中的木片生产成本材料费11,246,177.48元，应转回林木资产户，场地使用费1,739,850.00元，应转回无形资产户。

我们认为，除以上情况有待调整之外，上述会计报表符合《企业会计准则》和《外商投资企业会计制度》的有关规定，在所有重大方面公允地反映了贵公司1996年12月31日的财务状况及1996年度资金变动情况，会计处理方法的选用遵循了一贯性原则。



地址：广东湛江市霞山岭南南路4号

附送贵公司编制的下列会计报表：

- 1、1996年12月31日资产负债表
- 2、1996年度财务状况变动表

中国注册会计师：



一九九七年二月三日

资 产 负 债 表



企业名称: 沈阳神州树胶资源发展有限公司

1996年12月31日

资	行次	年初数	期末数	负债及所有者权益	行次	年初数	期末数
流动资产:		17,684,034.12	19,450,288.78	流动负债:		200,742.69	2,696,114.40
现金	1	1,269.57	2,767.90	短期借款	42		
银行存款	2	619,418.12	360,618.01	应付票据	43		
备用金	3			应付账款	44		
有价证券	4			应付工资	45	38,407.21	60,407.56
应收票据	5			应交税金	46	1,500.00	1,500.00
应收账款	6			应付股利	47		
减: 坏账准备	7			预收货款	48		
预付账款	8			附属企业往来	49		
附属企业往来	9	394,684.00		其他应付款	50	160,775.48	2,634,306.84
其他应收款	10	2,760,804.95	4,323,930.99	预提费用	51		
待摊费用	11			职工奖励及福利基金	52		
存货	12	13,004,027.48	13,004,027.48	一年内到期的长期负债	53		
减: 存货变现损失准备	13			其他流动负债	54		
内部往来	14	903,830.00	1,758,943.80	流动负债合计	55	200,742.69	2,696,114.40
一年内到期的长期投资	15			长期负债:		0.00	0.00
其他流动资产	16			长期借款	56		
流动资产合计	17	17,684,034.12	19,450,288.78	应付公司债	57		
长期投资:		0.00	0.00	应付公司债溢价(折价)	58		
长期投资	18	0.00		一年以上的应付款项	59		
拨付所属资金	19			长期负债合计	60	0.00	0.00
一年以上的应收款项	20			其他负债:			
固定资产:		10,329,622.61	10,306,253.75	筹建期间汇兑收益	61		
固定资产原价	21	10,382,494.79	10,396,424.79	递延投资收益	62		
减: 累计折旧	22	52,872.18	90,171.04	递延税款借项	63		
固定资产净值	23	10,329,622.61	10,306,253.75	其他递延贷项	64		
融资租入固定资产原价	24			待转销汇兑收益	65		
减: 租入资产累计折旧	25			其他负债合计	66	0.00	0.00
融资租入固定资产净值	26	0.00	0.00	负债合计	67	200,742.69	2,696,114.40
固定资产清理	27			所有者权益:			
林木资产:		18,454,766.52	18,454,766.52	资本总额(USD2500万美元)			
林木资产	28	18,454,766.52	18,454,766.52	实收资本(USD100万美元)	68	104,180,803.29	104,180,803.29
无形资产:		56,505,110.00	56,505,110.00	其中: 中方投资	69	95,481,503.29	95,481,503.29
场地使用权	29	56,505,110.00	56,505,110.00	外方投资(USD100万美元)	70	8,699,300.00	8,699,300.00
工业产权及专有技术	30			减: 已归还投资	71		
其他无形资产	31			资本公积	72		
无形资产合计	32	56,505,110.00	56,505,110.00	公司拨入资金	73		
其他资产:		1,408,012.73	2,160,498.64	储备基金	74		
开办费	33	1,288,500.48	2,048,377.53	企业发展基金	75		
筹建期间汇兑损失	34	119,512.25	112,121.11	利润归还投资	76		
递延投资损失	35			本年利润	77		
递延税款借项	36			未分配利润	78		
其他递延支出	37			货币换算差额	79		
待转销汇兑损失	38						
其他递延借项	39						
其他资产合计	40	1,408,012.73	2,160,498.64	所有者权益合计	80	104,180,803.29	104,180,803.29
资产总计	41	104,381,545.98	106,876,917.69	负债及所有者权益总计	81	104,381,545.98	106,876,917.69

附注: 1. 受托加工材料 ; 2. 受托代销商品 ; 3. 代售商品物资 ;
 4. 由企业负责的应收票据贴现 ; 5. 租入固定资产 ; 6. 本年支付的进口环节税金 ;

财务状况变动表

会外报表
单位：人民币

企业名称：浙江富春江实业发展有限公司

1996 年度

流动资金来源和运用		行次	金额	流动资金各项目变动		行次	金额
一、流动资金来源			-	一、流动资产本年增加数			-
1. 本年利润		1		1. 现金		42	1,498.33
减：冲减以前年度费用和损失				2. 银行存款		43	258,799.51
2. 固定资产折旧		2	37,298.86	3. 应收票据		44	
3. 无形资产及其他资产摊销（减其他类摊销）		3		4. 应收账款		45	
4. 固定资产盘亏（减盘盈）		4		5. 应收帐款		46	
5. 处理固定资产损失（减收益）		5		减：坏账准备		47	
6. 长期投资溢价摊销（减折价摊销）		6		6. 预交所得税		48	
7. 应付公司债溢价摊销（减折价摊销）		7		7. 应付账款		49	
8. 摊销固定资产支出		8		9. 其他应收款		50	2,023,555.84
小 计		9	37,298.86	9. 递延费用		51	
2. 其他来源：			-	10. 存货		52	
11. 固定资产清理收入（减清理费用）		10		减：存货跌价准备		53	
12. 收回长期投资		11				54	
13. 投资转出固定资产		12				55	
14. 减少无形资产		13				56	
15. 增加长期借款		14				57	
16. 发行公司债		15				58	
17. 增加其他负债		16				59	
18. 增加储备基金和企业发展基金		17				60	
19. 增加资本		18				61	
20. 增加资本公积		19				62	
21. 弥补亏损		20				63	
小 计		21	0.00			64	
流动资金来源合计		22	37,298.86	流动资产增加净额		65	1,766,254.66
二、流动资金运用			-	二、流动负债本年增加数			-
1. 利润分配：				1. 应付票据		66	
11. 所得税		23		2. 应付票据		67	
12. 职工奖励及福利基金		24		3. 应付账款		68	
13. 储备基金		25		4. 应付工资		69	21,946.35
14. 企业发展基金		26		5. 应付税金		70	
15. 股利		27		6. 应付股利		71	
16. 向股东归还投入投资		28		7. 预收账款		72	
17. 向银行借款		29		8. 其他应付款		73	2,473,431.36
小 计		30	0.00	9. 预提费用		74	
2. 其他运用				10. 职工奖励及福利基金		75	
11. 增加固定资产		31	13,930.00			76	
12. 增加无形资产及其他资产		32	752,485.91			77	
13. 增加长期投资		33				78	
14. 偿还长期借款		34				79	
15. 收回公司债		35				80	
16. 减少其他负债		36				81	
17. 向投资者投资，扣除向银行归还所有者权益		37				82	
18. 减少储备基金和企业发展基金		38				83	
小 计		39	766,415.91			84	
流动资金运用合计		40	766,415.91	流动负债增加净额		85	2,495,371.71
流动资金增加净额		41	-729,117.05	流动资金增加净额		86	-729,117.05

本表对应关系： 9=1-2-3-4-5-6+7+8 21=10+11+12+13+14+15+16+17+18+19+20 22=9+21
 30=23+24+25+26+27+28+29 39=31+32+33+34+35+36+37+38 41=22+40
 65=42+43+44+45+46+47+48+49+50+51+52+53+...+64 85=66+67+...+84 86=65+85 41=86

Yuexi Certified Public Accountants

Audit Report

Yue Xi Kuai Shen Zi (1997) No. 014

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.:

We have upon your appointment audited your balance sheet as at 31 December 1996 and your statement of changes in financial position for the year then ended. You are responsible for the aforesaid financial statements while our responsibility is to provide audit opinions on the said financial statements. Our audit work is conducted in accordance with *China's Independent Auditing Standards*. In the audit process, we implemented the audit procedure we deemed necessary, including spot-check of accounting records, in the light of your actual situation.

Upon investigation, we found that both Parties did not clearly specify the ownership of sales income of wood chips in Longmen Forest Farm. Therefore, the RMB5,871,331.00 (RMB1,111,331.00 in 1994, and RMB4,760,000.00 from January to June 1995) management fee transferred by you to Longmen Forest Farm shall be offset. Meanwhile, the RMB11,246,177.48 material cost for producing wood chips in the item of inventory shall be stated as forest asset, and the RMB1,739,850.00 for the use of site shall be included into the item of intangible asset.

We are of the opinion that, except for the above matters to be adjusted, your accounting statements comply with *Accounting Standards for Business Enterprises* and *Accounting System for Business Enterprises with Foreign Investment*, and in all material aspects give a fair view of your financial position as at 31 December 1996 and your cash flow for the year then ended, and you have been consistent in your selection of accounting methods.

Yuexi Certified Public Accountants
[chopped:
Yuexi Certified Public Accountants]

Chinese CPA:
[chopped:
Certified Public Accountant
Chen Riqing]

Address: 4 Lingnan Road, Xiashan District,
Zhanjiang City, Guagdong

3 February 1997

Accounting statements prepared by your company:

1. Balance sheet as at 31 December 1996
2. Statement of changes in financial position in 19956

Balance Sheet

[chopped]

[chopped: Yuexi Certified Public Accountants]

Name of enterprise:

Kuai Wai Table 01

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. 31 December 1996

Unit: RMB

Assets	Line	Opening balance	Ending balance	Liabilities and owners' equity	Line	Opening balance	Ending balance
Current assets:		17,684,034.12	19,450,288.78	Current liabilities:		200,742.69	2,696,114.40
Cash	1	1,269.57	2,767.90	Short-term loan	42		
Bank deposit	2	619,418.12	360,618.61	Notes payable	43		
Reserve fund	3			Accounts payable	44		
Securities	4			Salaries payable	45	38,467.21	60,407.56
Notes receivable	5			Taxes payable	46	1,500.00	1,500.00
Accounts receivable	6			Dividends payable	47		
Less: provision for bad debts	7			Advance receipts for goods	48		
Advance payments	8			Transactions between subsidiaries	49		
Transactions between subsidiaries	9	394,684.00		Other accounts payable	50	160,775.48	2,634,206.84
Other receivables	10	2,760,804.95	4,323,930.99	Accrued expenses	51		
Expenses to be amortized	11			Staff bonus and welfare	52		
Inventory	12	13,004,027.48	13,004,027.48	Long-term liabilities maturing within one year	53		
Less: Provision for loss on realisation of inventory	13			Other current liabilities	54		
Internal transactions	14	903,830.00	1,758,943.80	Total current liabilities	55	200,742.69	2,696,114.40
Long-term investments maturing within one year	15			Long-term liabilities:		0.00	0.00
Other current assets	16			Long-term loan	56		
Total current assets	17	17,684,034.12	19,450,288.78	Corporate bonds payable	57		
Long-term investments:		0.00	0.00	Corporate bond premium (discount)	58		
Long-term investments	18	0.00		Accounts payable for more than one year	59		
Funds to branches	19			Total long-term liabilities	60	0.00	0.00
Accounts payable for more than one year	20			Other liabilities:			
Fixed assets:		10,329,622.61	10,306,253.75	Exchange gain during start-up period	61		
Original cost of fixed assets	21	10,382,494.79	10,396,424.79	Deferred investment earnings	62		
Less: cumulative depreciation	22	52,872.18	90,171.04	Deferred tax credit	63		
Net value of fixed assets	23	10,329,622.61	10,306,253.75	Other deferred credits	64		
Original cost of fixed assets acquired under finance lease	24			Exchange gains to be written off	65		
Less: Accumulated depreciation of assets leased	25			Total other liabilities	66	0.00	0.00
Net value of fixed assets acquired under finance leases	26	0.00	0.00	Total liabilities	67	200,742.69	2,696,114.40
Disposal of fixed assets	27			Owners' equity:			
Forest assets:		18,454,766.52	18,454,766.52	Total capital (USD25 million)		-	-
Forest assets	28	18,454,766.52	18,454,766.52	Paid-up capital (USD1 million)	68	104,180,803.29	104,180,803.29
Intangible assets:		56,505,110.00	56,505,110.00	Including: Investments of Chinese party	69	95,481,503.29	95,481,503.29
Site use right	29	56,505,110.00	56,505,110.00	Investments of foreign party (USD1 million)	70	8,699,300.00	8,699,300.00
Industrial property rights and patent technologies	30			Less: investment repaid	71		
Other intangible assets	31			Capital reserve	72		
Total intangible assets	32	56,505,110.00	56,505,110.00	Funds from head office	73		
Other assets:		1,408,012.73	2,160,498.64	Reserve fund	74		
Organization cost	33	1,288,500.48	2,048,372.53	Corporate development fund	75		
Exchange loss during start-up period	34	119,512.25	112,121.11	Profit capitalised on return of investment	76		
Deferred investment losses	35			Profit for the current year	77		
Deferred tax debit	36			Undistributed profits	78		
Other deferred expenses	37			Currency translation difference	79		
Exchange losses to be written off	38						
Other deferred debits	39						
Other assets	40	1,408,012.73	2,160,498.64	Total owners' equity	80	104,180,803.29	104,180,803.29
Total assets	41	104,381,545.98	106,876,917.69	Total liabilities and owners' equity	81	104,381,545.98	106,876,917.69

Notes: 1. outsourced processing materials; 2. consigned commodities; 3. commodities held for others;
4. discounts of notes receivable to be undertaken by the enterprise; 5. fixed assets under operating lease; 6. import tax paid this year

Statement of Changes in Financial Position

[chopped]

[chopped: Yuexi Certified Public Accountants]

Name of enterprise:

Kuai Wai [illegible] Table 03

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. 1996

Unit: RMB

Source and use of current fund	Line	Amount	Change of various accounts of current fund	Line	Amount
I. Source of current fund		-	I. Increase of current assets in the year		
1. Profit for the current year	1		1. Cash	42	1,498.33
Add: Expenses and losses not affecting current fund		-	2. Bank deposits	43	-258,799.51
(1) Depreciation of fixed assets	2	37,298.86	3. Securities	44	
(2) Amortisation of intangible assets and other assets (less: amortisation of other liabilities)	3		4. Notes receivable	45	
(3) Less: fixed assets inventory shorts (less: inventory surplus)	4		5. Accounts receivable	46	
(4) Loss from disposal of fixed assets (less: gains)	5		Less: Provision for bad debt	47	
(5) Amortisation of premium on long term investments (less: discount amortisation)	6		6. Income tax prepaid	48	
(6) Discount amortisation of corporate bonds payable (less: discount amortisation)	7		7. Advance payment for goods	49	
(7) Expenditure on donation of fixed assets	8		8. Other receivables	50	2,023,555.84
Subtotal	9	37,298.86	9. Expenses to be amortised	51	
2. Other sources		-	10. Inventories	52	
(1) Revenue from disposal of fixed assets (less: disposal expenses)	10		Less: Provision for loss on change of inventory	53	
(2) Realisation of long-term investments	11			54	
(3) Investment translated into fixed assets	12			55	
(4) Decrease of intangible assets	13			56	
(5) Increase of long-term loans	14			57	
(6) Issue of corporate bonds	15			58	
(7) Increase of other liabilities	16			59	
(8) Increase of reserve fund and corporate development fund	17			60	
(9) Capital increase	18			61	
(10) Increase of capital reserve	19			62	
(11) Loss recovery	20			63	
Subtotal	21	0.00		64	
Total sources of current fund	22	37,298.86	Net increase of current assets	65	1,766,254.66
II. Use of current fund		-	II. Increase of current liability in the year		-
1. Profit distribution			1. Short-term loans	66	
(1) Income taxes	23		2. Notes payable	67	
(2) Staff bonus and welfare	24		3. Accounts payable	68	
(3) Reserve fund	25		4. Salaries payable	69	[illegible]
(4) Corporate development fund	26		5. Taxes payable	70	
(5) Dividend	27		Dividends payable	71	
(6) Profit capitalised on return of investment	28		7. Advance receipts for goods	72	
(7) Capital increase of enterprise [illegible]	29		8. Other payables	73	2,473,431.36
Subtotal	30	0.00	9. Accrued expenses	74	
2. Other uses		-	10. Staff bonus and welfare	75	
(1) Increase of fixed assets	31	13,930.00		76	
(2) Increase of intangible assets and other assets	32	752,485.91		77	
(3) Increase of long-term investment	33			78	
(4) Repayment of long-term loans	34			79	
(5) Recovery of corporate bonds	35			80	
(6) Decrease of other liabilities	36			81	
(7) Repayment of owners' investment (with profit capitalised on return of owners' investments deducted)	37			82	
(8) Decrease of reserve fund and corporate development fund	38			83	
Subtotal	39	766,415.91		84	
Total uses of current fund	40	766,415.91	Net increase of current liabilities	85	[illegible]
Net increase of current fund	41	[illegible]	Net increase of current fund	86	[illegible]

Correspondence relation of this table:

9=1-2-3-4-5-6+7+8 21=10+11+12+13+14+15+16+17+18+19+20 22=9+21
 30=23+24+25+26+27+28+29 39=31+32+33+34+35+36+37+38 41=22+40
 65=42+43+44+45+46+47+48+49+50+51+52+53+54+55+56+57+58+59+60+61+62+63+64+65+66+67+68+69+70+71+72+73+74+75+76+77+78+79+80+81+82+83+84+85+86+87+88+89+90

This is Exhibit "R" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

湛江雷州桉树资源发展有限公司

章 程

第一条 湛江雷州桉树资源发展有限公司原系由雷州林业局和香港嘉汉木业集团有限公司合资经营的企业。经湛江市对外经贸委 1994 年 1 月 28 日湛经贸资批字（1994）021 号文批准成立。由于各种原因，公司成立至今尚未能正常运作。经雷州桉树资源发展有限公司董事会 1998 年 6 月 3 日决议和雷州林业局 1998 年 6 月 10 日雷林函（1998）25 号文，雷州林业局同意退出雷州桉树资源发展有限公司，其在雷州桉树资源发展有限公司中的出资及所有权利和义务，香港嘉汉木业集团有限公司同意全部退回给雷州林业局。雷州林业局退出后，湛江雷州桉树资源发展有限公司改由香港嘉汉木业集团有限公司全资经营，即由中外合资企业改为外资企业，根据《中华人民共和国外资企业法》及其实施细则，特制定本章程。

第二条 外资公司名称为：湛江雷州桉树资源发展有限公司（下称外资公司）。

外资公司的法定地址改为：海滨五路 159 号。

第三条 外资公司的投资者：香港嘉汉木业集团有限公司。

法定地址：香港湾仔港湾道 23 号鹰君中心 1409 室

第四条 外资公司为有限责任公司。

第五条 外资公司为中国法人，受中国法律管辖和保护，其一切活动必须遵守中国法律法令和有关条例规定。

第二章 宗旨、经营范围

第六条 外资公司宗旨为：在中国发展林业、经营林业。

第七条 外资公司的经营范围：营林，木材加工，木制品林

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产化工产品生产销售。

第八条 外资公司生产规模为：营林八千公顷。木材加工，~~每年~~
~~产值~~约二百万美元。

第九条 外资公司的产品，50%在中国境内销售，50%在中国境外销售。

第三章 总投资额及注册资本

第十条 外资公司的总投资额为2500万美元。

第十一条 外资公司的注册资本为1000万美元。

第十二条 外资公司的资金由香港嘉汉木业集团有限公司全资投入。

第十三条 外资公司的资金，在外资公司营业执照变更之日起12个月内投入完毕，其中第一期在头三个月内投入15%以上。

第十四条 经营期限内，外资公司不得减少注册资本。

第十五条 外资公司注册资本的增加，转让须经董事会一致通过，并报原审批机关批准。

第四章 董事会

第十六条 外资公司设董事会，董事会是外资公司的最高权力机构。

第十七条 董事会决定外资公司的一切重大事宜，其职权主要如下：

- 1、决定和批准总经理提出的重要报告（如生产规划、年度营业报告、资金、借款等）；
- 2、批准年度财务报表，收支预算、年度利润分配方案；
- 3、通过外资公司的重要规章制度；
- 4、决定设立分支机构；
- 5、修改公司章程；

6、讨论决定外资公司停产，终（中）止或与另一个经济组织合并；

7、决定聘用总经理、总工程师、总会计师、审计师等高级职员；

8、负责外资公司终止和期满时的清算工作；

9、其它应由董事会决定的重大事宜；

第十八条 董事会由三名董事组成，均由香港嘉汉木业集团有限公司委派，董事任期为四年，经连续委派可以连任。

第十九条 董事会例会每年召开不少于两次。

第二十条 董事会会议由董事长召集并主持，董事长缺席时，由副董事长召集并主持。

第二十一条 董事长应在董事会开会前三十天书面通知各董事写明会议内容、时间和地点。

第二十二条 董事因故不能出席董事会会议，可以书面委托代理人出席董事会，如届时未出席也未委托他人出席，则作为弃权。

第二十三条 出席董事会会议的法定人数为全体董事的三分之二，不够三分之二人数时，其通过的决议无效。

第二十四条 董事会每次会议，须整理书面记录，并由全体出席的董事签字。代理人出席的由代理人签字。记录文字使用中文，书面记录由外资公司存档。

第二十五条 下列事项须经出席董事会会议的董事一致通过方可作出决议：

- 1、外资公司章程的修改；
- 2、外资公司注册资本的增加、转让；
- 3、外资公司中止、解散；
- 4、外资公司与其他经济组织合并。

第二十六条 第二十五条之外的其他事项须经出席董事会会议过半数董事通过方可作出决议。

第五章 经营管理机构

第二十七条 外资公司的经营管理机构下设生产、技术、劳资、行政等部门。

第二十八条 外资公司设总经理一人，副总经理一人，正副总经理由董事会聘请。

第二十九条 总经理直接对董事会负责，执行董事会的各项决定，组织领导外资公司的日常生产，技术和经营管理工作。副总经理协助总经理工作，当总经理不在时，代理行使总经理的职责。

第三十条 外资公司日常工作中重要问题的决定，应由总经理和副总经理联合签署方能生效。需要联合签署的事项，由董事会具体规定。

第三十一条 总经理和副总经理的任期为四年，经董事会聘请可以连任。

第三十二条 外资公司的董事长、副董事长、董事经董事会聘请，可兼任外资公司总经理、副总经理及其他高级职员。

第三十三条 外资公司总经理、副总经理不得兼任其他经济组织的总经理或副总经理，不得参与其他经济组织对本外资公司的商业竞争行为。

第三十四条 外资公司设总工程师、总会计师和审计师各一人，由董事会聘请。

第三十五条 总会计师负责领导外资公司的财务会计工作，组织外资公司开展全面经济核算。

审计师负责外资公司的财务审计工作，审核外资公司财务的收支会计帐目，向总经理并向董事会提出报告。

第三十六条 总经理、副总经理、总工程师、总会计师、审计师和其他高级职员辞职时，应提前向董事会提出报告。

以上人员如有营私舞弊或严重失职行为的，经董事会决议，可随时解聘。如触犯刑律的，要依法追究刑事责任。

第六章 财务会计

第三十七条 外资公司的财务会计按照中华人民共和国财政部制定的有关财务会计制度规定办理。

第三十八条 外资公司会计年度采用日历年制，自一月一日起至十二月三十一日止为一个会计年度。

第三十九条 外资公司的一切凭证、帐簿、报表用中文书写。用外文书写的，应当加注中文。

第四十条 外资公司采用人民币为记帐本位币，人民币同其他货币折算，按实际发生之日中华人民共和国国家外汇管理局公布的汇价计算。

第四十一条 外资公司在中国银行或中国其他银行开立人民币及外币帐户。

第四十二条 外资公司采用国际通用的权责发生制和借贷记帐法记帐。

第四十三条 外资公司财务会计帐册上应记载如下内容：

- 1、外资公司所有的现金收入、支出数量；
- 2、外资公司所有物资出售及购入情况；
- 3、外资公司注册资本及负债情况；
- 4、外资公司注册资本的缴纳时间、增加及转让情况；

第四十四条 外资公司财务部门应在每个会计年度头三个月编制上一个会计年度的资产负债表和损益计算书，经审计师审核签字后，提交董事会会议通过。

第四十五条 外资公司按照《中华人民共和国外商投资企业和外国企业所得税法》及其实施细则的规定，由董事会决定其固定资产的折旧年限。

第四十六条 外资公司的一切外汇事宜按照《中华人民共和国外汇管理条例》和有关规定办理。

第七章 利 润

第四十七条 外资公司从缴纳所得税后的利润中提取储备基金和职工奖励及福利基金。储备基金的提取比例不得低于税后利润的10%，职工奖励及福利基金的提取比例由董事会确定。

第四十八条 外资公司依法缴纳所得税和提取各项基金后的利润，归投资方所得，但经董事会一致同意另有规定除外。

第八章 职 工

第四十九条 外资公司职工的雇用、解聘、辞职、工资福利、劳动保险、劳动保护、劳动纪律等事宜，按照中华人民共和国有关劳动法规办理。

第五十条 外资公司所需要的职工，可以由当地劳动部门推荐或者经劳动部门同意后，由外资公司公开招收，但一律通过考试择优录用。

外资公司在中国境内雇用职工，企业与职工双方应依照中国的法律、法规签订劳动合同。劳动合同中应订明雇用、辞退、报酬、福利、劳动保护、劳动保险等事宜。

第五十一条 外资公司有权对违犯外资公司规章制度和劳动纪律的职工给予警告，记过，降薪的处分，情节严重的，可予以开除。开除处分职工，须报当地劳动部门备案。

第五十二条 职工的工资待遇参照中国有关规定，根据外资公司情况，由董事会确定，并在劳动合同中具体规定。

外资公司随着生产的发展，职工业务能力和技术水平的提高，适当提高职工的工资。

第五十三条 职工的福利、奖金、劳动保护和劳动保险等事宜，外资公司将分别在各项制度中加以规定，确保职工在正常条件下从事生产和工作。

第九章 工会组织

第五十四条 外资公司职工有权按照《中华人民共和国工会法》的规定，建立工会组织，开展工会活动。

第五十五条 外资公司的工会组织是职工利益的代表，它的任务是：依法维护职工的民主权利和物质利益，协助外资公司安排和合理使用福利、奖励基金，组织职工学习政治、业务、科学、技术知识，开展文艺、体育活动，教育职工遵守劳动纪律，努力完成公司各项任务。

第五十六条 外资公司工会代表职工和外资公司签订劳动合同，并监督合同的执行。

第五十七条 外资公司工会负责人有权列席有关讨论公司发展规划，生产经营活动等问题的董事会会议，反映职工的意见和要求。

第五十八条 外资公司工会参加调解职工和外资公司之间发生的争议。

第五十九条 外资公司每月按外资公司职工实际工资总额百分之二拨交工会经费，外资公司工会按照中华全国总工会制定的《工会经费管理办法》使用工会经费。

第十章 期限、终止、清算

第六十条 外资公司经营期限为30年，自原营业执照签发之日起计算。

第六十一条 外资公司经营董事会会议作出决议可在经营期满前六个月向原审批机构申请延长经营期限。

第六十二条 外资公司如认为终止经营符合外资公司最大利益时，可申请提前终止经营。

第六十三条 外资公司提前终止经营，需董事会召开全体会议作出决定，并报送对外贸易经济合作部（或其委托的审批机构）

批准。

第六十四条 外资公司经营期满或提前终止经营时，董事会应提出清算程序，原则和清算委员会人选，组成清算委员会，对外资公司财产进行清算。

第六十五条 清算委员会的任务是对外资公司的财产、债权、债务进行全面清算，编制资产负债表和财产目录，制定清算方案，提请董事会通过后执行。

第六十六条 清算期间，清算委员会代表公司起诉或应诉。

第六十七条 清算费用和清算委员会成员的酬劳应从外资公司现存财产中优先支付。

第六十八条 清算委员会对外资公司的债务全部清偿后，其剩余的财产归投资者所有。

第六十九条 清算结束后，外资公司应向对外贸易经济合作部（或其委托的审批机构）提出报告，并向国家工商行政管理局办理注销登记手续，缴回营业执照，同时对外公告。

第七十条 外资公司结业后，其各种帐册由投资者保存。

第十一章 规章制度

第七十一章 外资公司通过董事会制定的规章制度有：

- 1、经营管理制度，包括所属各个管理部门的职权与工作程序；
- 2、职工守则；
- 3、劳动工资制度；
- 4、职工考勤、升级与奖励制度；
- 5、职工福利制度；
- 6、财务制度；
- 7、公司解散时的清算程序；
- 8、其他必要的规章制度；

第十二章 附 则

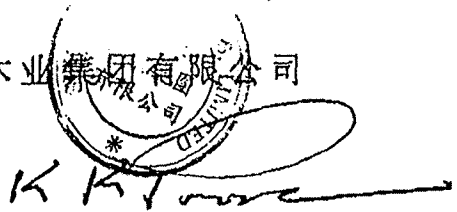
第七十二条 本章程的修改，必须经董事会会议一致通过决议，并报原审批机构批准。

第七十三条 本章程用中文书写。

第七十四条 本章程须经中华人民共和国对外贸易经济合作部（或其委托的审批机构）批准才能生效，修改时同。

香港嘉汉木业集团有限公司

授权代表：



一九九九年四月廿七日

Articles of Association
of
Zhangjiang Leizhou Eucalypt Resources Development Co., Ltd.

Article 1 Jointly funded by Leizhou Forestry Bureau and Sino-Wood Partners, Limited, Zhangjiang Leizhou Eucalypt Resources Development Co., Ltd. was established as an equity joint venture upon approval of Zhanjiang Committee of Foreign Trade and Economic Cooperation in its document Zhan Jing Mao Zi Pi Zi (1994) No. 021 dated 28 January 1994. For various reasons, the Company has not been normally operated till now. According to the resolutions dated 3 June 1998 of the board of directors of Leizhou Eucalypt Resources Development Co., Ltd. and Document Lei Lin Han (1998) No. 25 dated 10 June 1998 of Leizhou Forestry Bureau, Leizhou Forestry Bureau agreed to withdraw from Leizhou Eucalypt Resources Development Co., Ltd., and Sino-Wood Partners, Limited agreed to return to Leizhou Forestry Bureau all its capital contributions and rights and obligations in Leizhou Eucalypt Resources Development Co., Ltd. After the withdrawal of Leizhou Forestry Bureau, Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. was changed from a Chinese-Foreign equity joint venture to a Foreign-Funded Enterprise wholly funded by Sino-Wood Partners, Limited. These Articles of Association are formulated in accordance with *Law of the People's Republic of China on Foreign-Funded Enterprises* and the implementation rules thereof.

Article 2 Name of the Foreign-Funded Enterprise: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. (the Foreign-Funded Enterprise).

Legal address of the Foreign-Funded Enterprise: 159 Fifth Haidian Road.

Article 3 Investor of the Foreign-Funded Enterprise: Sino-Wood Partners, Limited

Legal address: Room 1409, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong

Article 4 The Foreign-Funded Enterprise is a company with limited liabilities.

Article 5 The Foreign-Funded Enterprise is a PRC legal person, which shall be governed and protected by PRC laws and all its activities shall comply with the PRC laws, statutes and relevant regulations.

Chapter 2 Objective and Business Scope

Article 6 Objective of the Foreign-Funded Enterprise: To develop and manage forestry business in China.

Article 7 Business scope of the Foreign-Funded Enterprise: Silviculture, wood processing, production and sale of wood and forest chemical products.

Article 8 Manufacturing scale of the Foreign-Funded Enterprise: Forest of 8,000 hectares, and an annual output of about US\$2 million in terms of wood processing.

Article 9 The products of the Foreign-Funded Enterprise are sold in equal proportion on domestic and overseas markets.

Chapter 3 Total Investment and Registered Capital

Article 10 The total investment of the Foreign-Funded Company shall be US\$25 million.

Article 11 The registered capital of the Foreign-Funded Company shall be US\$10 million.

Article 12 The capital of the Foreign-Funded Company shall be wholly funded by Sino-Wood Partners, Limited, Hong Kong.

Article 13 The capital of the Foreign-Funded Company shall be contributed in full within 12 months from the date of change of the business license of the Foreign-Funded Company, including the phase-one contribution of over 15% within the first 3 months.

Article 14 During the term of operation, the Foreign-Funded Company shall not reduce its registered capital.

Article 15 Increase of the registered capital of the Foreign-Funded Company shall be subject to the unanimous adoption of the Board of Directors and approval by the original examination and approval authority

Chapter 4 Board of Directors

Article 16 The Foreign-Funded Company shall have a Board of Directors which shall be the highest authority of the Foreign-Funded Company.

Article 17 The Board of Directors makes decisions on all major issues of the Foreign-Funded Company, and its duties and functions are as follows:

1. decide on and approve important reports submitted by the general manager (such as production planning, annual business report, capital, borrowings, etc.);
2. approve the annual financial report, income and expense budget, and annual profit distribution scheme;
3. approve important rules and regulations of the Foreign-Funded Company;
4. decide on the establishment of branch office(s);
5. amend the Articles of Association of the Company;
6. discuss and decide on the cessation of production, termination (suspension) of the Foreign-Funded Company or merger with another economic entity;
7. decide the appointment of senior officers such as general manager, chief engineer, chief accountant, auditor, etc.
8. take charge of the liquidation work of the Foreign-Funded Company upon its termination and expiration;
9. other important matters which shall be decided by the Board of Directors.

Article 18 The Board of Directors shall be composed of three directors, all of whom shall be appointed by Sino-Wood Partners, Limited, Hong Kong. The term of office of the directors shall be 4 years and is renewable upon continuing appointment.

Article 19 Regular meetings of the Board of Directors shall be convened at least two times a year.

Article 20 Meetings of the Board of Directors shall be called and presided over by the chairman. During the absence of the chairman, the meetings shall be called and presided over by the vice-chairman.

Article 21 The chairman shall inform all the directors in writing of the agenda, time, and venue of the board meeting at least 30 days prior to the

meeting.

Article 22 Should a director be unable to attend a Board meeting for any reason, he may authorize in writing a proxy to attend the meeting. If a director does not attend a Board meeting and fails to appoint a proxy to attend on his behalf, he shall be deemed to have forfeited his rights.

Article 23 A quorum of the board meeting shall be constituted when two-thirds of all the directors are present at the meeting. When the number of directors present does not reach two-thirds, any resolution passed shall be null and void.

Article 24 Minutes of each Board meeting shall be properly prepared and signed by all the attending directors; and if the meeting is attended by a proxy, the minutes shall be signed by the proxy. The minutes shall be recorded in Chinese and shall be kept by the Foreign-Funded Company.

Article 25 Resolutions on the following issues shall only be made subject to the unanimous adoption by the directors attending a Board Meeting:

1. Amendments to the Articles of Association of the Foreign-Funded Company;
2. Increase and transfer of the registered capital of the Foreign-Funded Company;
3. Termination and dissolution of the Foreign-Funded Company;
4. Merger of the Foreign-Funded Company with another economic entity.

Article 26 Resolutions on any other matters beyond Article 25 shall only be made subject to the adoption by over 50% of the directors attending a Board Meeting:

Chapter 5 Business Management Organisation

Article 27 The Business Management Organisation of the Foreign-Funded Company shall have thereunder various departments such as production, technical, labour relations, and administration.

Article 28 The Foreign-Funded Company shall have a general manager and a deputy general manager. Both the general manager and deputy general manager shall be appointed by the Board of Directors.

Article 29 The general manager shall be accountable to the Board of Directors directly and execute the various decisions of the Board of Directors,

organise and lead the day-to-day production, technical and operation management work of the Foreign-Funded Company. The deputy general manager shall assist the general manager in his duties. During the absence of the general manager, the deputy general manager shall exercise the general manager's duties on his behalf.

Article 30 Decisions on important issues of the Foreign-Funded Company during its day-to-day operations shall be jointly signed by the general manager and deputy general manager before taking effect. Matters which required their joint signatures shall be specified by the Board of Directors.

Article 31 The term of office of the general manager and deputy general managers shall be 4 years and is renewable upon re-appointment by the Board of Directors.

Article 32 The chairman and vice-chairman of the Board of Directors of the Foreign-Funded Company may concurrently serve as the general manager, deputy general manager and other senior officers of the Foreign-Funded Company.

Article 33 The general manager and deputy general manager of the Foreign-Funded Company shall not serve concurrently as general manager or deputy general manager of other economic entities and shall not participate in other economic entities' acts of commercial competition against the Foreign-Funded Company.

Article 34 The Foreign-Funded Company shall have a chief engineer, chief accountant, and auditor, who shall be appointed by the Board of Directors.

Article 35 The chief accountant shall be responsible for leading the financial and accounting tasks of the Foreign-Funded Company and organising the Foreign-Funded Company in launching comprehensive costing control.

The auditor shall take charge of the financial and auditing tasks of the Foreign-Funded Company, audit the income and expenditure accounts relating to the finances of the Foreign-Funded Company, and submit reports to the general manager and to the Board of Directors.

Article 36 When the general manager, deputy general managers, chief engineer, chief accountant, auditor, and other senior officers tender resignations, a report shall be submitted to the Board of Directors in advance.

Where any of the aforesaid individuals conducts graft or commits serious dereliction of duty, they may be dismissed at any time upon resolution

of the Board of Directors. In case of violation of the criminal law, they shall be investigated for criminal responsibility according to law.

Chapter 6 Finance and Accounting

Article 37 The Foreign-Funded Company's financial and accounting system shall be handled in accordance with the provisions of the relevant financial and accounting system formulated by the Ministry of Finance of the People's Republic of China.

Article 38 The accounting year of the Foreign-Funded Company shall follow the Gregorian calendar year system, i.e. an accounting year starts from 1 January and ends on 31 December.

Article 39 All vouchers, accounting books and statements of the Foreign-Funded Company shall be written in Chinese.

Article 40 The Foreign-Funded Company shall use Renminbi as the currency for accounting entries. Conversion between Renminbi and other currencies shall be based on the exchange rate announced by State Administration of Foreign Exchange of the People's Republic of China.

Article 41 The Foreign-Funded Company shall open a Renminbi account and foreign currency account with the Bank of China or any other bank in China.

Article 42 The Foreign-Funded Company shall adopt the internationally and generally accepted accrual basis and debit/credit bookkeeping method.

Article 43 The financial and accounting books of the Foreign-Funded Company shall record the following contents:

1. All cash revenues and expenses of the Foreign-Funded Company;
2. All material purchases and sales of the Foreign-Funded Company;
3. The Foreign-Funded Company's registered capital and liabilities;
4. The date of contribution, increase and transfer of the registered capital of the Foreign-Funded Company;

Article 44 The Finance Department of the Foreign-Funded Company shall prepare the balance sheet and income statement of the preceding accounting year during the first 3 months of every accounting year, which shall be submitted to the Board of Directors for approval in the board meeting.

Article 45 The Foreign-Funded Company shall comply with the

stipulations of the *Profit Tax Law for Foreign-Invested Enterprises and Foreign Enterprises of the People's Republic of China* and its detailed rules for implementation, and the Board of Directors shall determine the depreciation period of its fixed assets.

Article 46 The handling of all foreign exchange matters of the Foreign-Funded Company shall be handled in accordance with the *Foreign Exchange Control Regulations of the People's Republic of China* and its relevant stipulations.

Chapter 7 Profits

Article 47 The Foreign-Funded Company shall withdraw from the after-tax profits to provide funding for the reserve fund, enterprise development fund, staff bonus and welfare fund. The withdrawal ratio of the reserve fund shall not be lower than 10% of the after-tax profits, while the withdrawal ratio of the staff bonus and welfare fund shall be determined by the Board of Directors.

Article 48: After the Foreign-Funded Company has paid the profit tax according to law and withdrawn the various funds, the remaining profit shall belong to the investors unless otherwise unanimously agreed by the Board of Directors.

Chapter 8 Employees

Article 49 Issues such as the recruitment, layoff, resignation, wages, welfare, labour insurance, labour protection, labour discipline of the employees of the Foreign-Funded Company shall be handled in accordance with the relevant labour laws and regulations of the People's Republic of China.

Article 50 Employees required for the Foreign-Funded Company may be recommended by the local labour department or, subject to the consent of the labour department, recruited openly by the Foreign-Funded Company; however, all of them shall be hired by selecting the best candidates through examination.

The Foreign-Funded Company shall hire employees in the territory of China, and the enterprise and employees shall enter into employment contracts pursuant to the laws and regulations of China. The employment contract shall

specify such matters as the employment, resignation, remuneration, benefits, labour protection, and labour insurance.

Article 51 The Foreign-Funded Company shall have the right to impose disciplinary actions on employees who have violated the regulations and labour disciplines of the Foreign-Funded Company, giving them warnings, recording their demerits, and reducing their salaries. Such employees may be dismissed in case of serious offences. Dismissal of employees shall be reported to the local labour department for record.

Article 52 The wages and remuneration of employees shall be decided by the Board of Directors with reference to the relevant stipulations of the People's Republic of China and in consideration of the specific conditions of the Foreign-Funded Company, and shall be specified in the employment contract accordingly.

Following the development of production and operation of the Foreign-Funded Company and the enhancement of the employees' business abilities and technical level, the employees' wages shall be increased appropriately.

Article 53 Issues such as employees' benefits, bonus, labour protection, and labour insurance shall be stipulated respectively in the various systems of the Foreign-Funded Company so as to ensure that the employees are engaged in production and working under normal conditions.

Chapter 9 Trade Union Organization

Article 54 Employees of the Foreign-Funded Company shall have the right to set up a trade union organization and launch trade union activities as stipulated in the *Laws on Trade Unions of the People's Republic of China*.

Article 55 The trade union of the Foreign-Funded Company represents the interests of the employees. Its roles are: to protect the employees' democratic rights and material benefits according to the law; to assist the Foreign-Funded Company in the arrangement and the reasonable use of the welfare and incentive funds; to organise the employees to learn politics, business, science and technical knowledge; to launch artistic and sports activities; and to educate the employees to comply with labour disciplines and to diligently fulfill the various economic tasks of the Foreign-Funded Company.

Article 56 The trade union of the Foreign-Funded Company shall enter into employment contracts with the Foreign-Funded Company on behalf of the employees, and monitor the execution of the employment contracts.

Article 57 The person-in-charge of the trade union of the Foreign-Funded Company shall be entitled to attend relevant meetings concerning relevant issues such as the development plans, production and operation activities of the Company, to reflect the employees' opinions and requests.

Article 58 The trade union of the Foreign-Funded Company shall participate in mediating the disputes between the employees and the Foreign-Funded Company.

Article 59 The Foreign-Funded Company shall appropriate a monthly amount equivalent to 2% of the actual total wages of the employees for the expenditure for the trade union. The trade union of the Foreign-Funded Company shall make use of the said funding according to the *Measures for the Administration of Trade Union Expenditures* formulated by the China National Trade Union Federation.

Chapter 10 Term, Termination, and Liquidation

Article 60 The term of operation of the Foreign-Funded Company shall be 30 years, commencing from the date of issuance of the original Business License.

Article 61 Subject to a resolution of the Board of Directors, the term of the Foreign-Funded Company may be extended by submitting an application to the original examination and approval authority within six months prior to the expiry of the term of operation of the Foreign-Funded Company.

Article 62 In the event that the Foreign-Funded Company believes that it is in the best interests of the Foreign-Funded Company to terminate its operation, it may apply for terminating its operation early.

Article 63 The early termination of the Foreign-Funded Company shall be subject to the decision of all the directors in a meeting of the Board of Directors, and shall be submitted to the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry) for approval.

Article 64 When the term of the Foreign-Funded Company expires or

is terminated prematurely, the board of directors shall propose the procedures and principles of liquidation and the candidates of the liquidation committee, and form a liquidation committee to liquidate the property of the Foreign-Funded Company.

Article 65 The mission of the liquidation committee is to take comprehensive inventory of all property, claims, and debts of the Foreign-Funded Company, prepare a balance sheet and a catalogue of property, and formulate a liquidation plan for submission to the board of directors for adoption and implementation.

Article 66 During the liquidation, the liquidation committee shall sue and shall be sued on behalf of the Company.

Article 67 The costs of liquidation and the remuneration of the liquidation committee members shall be paid out of the existing property of the Foreign-Funded Company.

Article 68 After full settlement of the debts of the Foreign-Funded Company by the liquidation committee, the remaining property shall belong to the investor.

Article 69 Upon completion of the liquidation, the Foreign-Funded Company shall submit a report to the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry) for approval, go through the procedure for cancellation of registration with the State Administration for Industry and Commerce, surrender its business license, and also make a public announcement thereof.

Article 70 After closure of the Foreign-Funded Company, all of its accounting books shall be retained by the investor.

Chapter 11 Rules and Regulations

Article 71 The rules and regulations formulated by the Foreign-Funded Company include the following:

1. Operation and management system, which includes the duties, power and work procedures of the various management departments thereunder;
2. Rules for the employees;
3. Wage system;
4. Employees' punctuality, attendance, promotion, and incentive

systems:

5. Employees' welfare system;
6. Financial system;
7. Liquidation procedures upon the dissolution of the Company;
8. Other required rules and regulations.

Chapter 12 Supplementary Provisions

Article 72 Amendments to these Articles of Association shall be subject to the unanimous adoption by the Board of Directors by way of resolution and submitted to the original examination and approval authority for approval.

Article 73 These Articles of Association shall be written in the Chinese language.

Article 74 These Articles of Association shall take effect only after approval by the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry). The same approval is required in case of amendments.


Sino-Wood Partners, Limited, Hong Kong

**[chopped:Sino-Wood Partners, Limited,
Hong Kong]**

Legal Authorized: *[signed]*

27 April 1999

This is Exhibit "S" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

编号: _____

1

注册号: _____

外商投资企业注销登记申请书 A-302

湛江市 工商行政管理局:

根据《中华人民共和国公司登记管理条例》和《中华人民共和国企业法人登记管理条例》规定, 现向贵局申请注销登记, 请予审核批准。申请人对所填写内容和提交材料承担法律责任。

申请企业名称: 湛江雷州桉树资源发展有限公司

注册号: 企独 粤港总字第 000871 号

法定代表人签字: _____

申请企业盖章:



2003 年 10 月 28 日

广东省工商行政管理局制

2

外商投资企业注销登记 需提交的文件、证件清单

1. 注销登记申请书 原件 1 份;
2. 董事会决议 原件 1 份;
3. 清理债权债务完结的报告或清算组织负责清理债权债务
的文件 原件 1 份;
4. 批文(经营期限未到期的需提交) 原件 1 份;
5. 税务机关的完税证明 原件 1 份;
6. 海关出具的完税证明 原件 1 份。
7. 营业执照正、副本

申报注销经办人的姓名: 祁志兰

申报注销经办人的电话: 3385975

企业注销登记表

(申请人填写)

名称	湛江雷州 ¹⁰⁰⁰ 资源发展有限公司
住所	湛江市人民大道中33号
法定代表人	陈德源
经营期限	自2014年一月廿九日至2014年一月廿八日
注销原因	未有项目经营, 运作
批准注销 部门及文号	
交回证照 印章记录	企业法人营业执照正本 (份; 企业法人营业执照副本 (份; 印章(公章、财务章、合同章等)各 枚
备注	

Ref. No.: _____

Registration No.: _____

**Application for Cancellation of Registration of
Foreign-Funded Enterprises**

A302

Zhanjiang Industry and Commerce Administration Bureau:

In accordance with the *Regulations of the People's Republic of China on Administration of Registration of Companies* and *Regulations of the People's Republic of China on Administration of Registration of Enterprises Legal Person*, the Company hereby applies to your Bureau for cancellation of registration. The applicant shall bear legal liability for the information and materials provided.

Name of enterprise: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

Registration No.: Qi Du Yue Zhan Zong Zi No. 000571

Signature of legal representative: [signed]

Seal of enterprise: [chopped: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.]

28 October 2003

**Necessary Documents and Certificates Submitted for
Cancellation of Registration of Foreign-Funded Enterprises**

- | | |
|---|---------------|
| 1. Application for Cancellation of Registration | One original; |
| 2. Resolution of the board of directors | One original; |
| 3. A report on settlement of creditor's rights and debts or a document from the liquidation organisation in charge of settlement of creditor's rights and debts | One original; |
| 4. Approval documents (those with unexpired business term shall be submitted) | One original; |
| 5. Duty-paid proof from the taxation authority | One original; |
| 6. Duty-paid proof issued by the customs | One original. |
| 7. An original and copy of business licence | |

Person in charge of application for cancellation: *Qi Zhilan*


Telephone of person in charge of application for cancellation: 3385975

Form for Cancellation of Registration of Enterprises

(to be filled out by the applicant)

Name	<i>Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.</i>
Domicile	<i>33 Middle Renmin Road, Zhanjiang City</i>
Legal Representative	<i>Chen Deyuan</i>
Term of Operation	<i>From 29 January 1994 to 28 January 2024</i>
Reason for cancellation of registration	<i>No project progress or operation</i>
Department approving cancellation of registration and document No.	
Records of licences and seals returned	One original of Business License of Enterprise as Legal Person; One copy of Business License of Enterprise as Legal Person; Seals (official seals, financial seals, seals for contract, etc.)
Remarks	

This is Exhibit "T" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public


COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

No. of Company 381246

For official use

FILED
 存案
 05 - 11 - 1996

For Registrar of Companies
 公司注册處處長代行人



THE COMPANIES ORDINANCE
 (Chapter 32)

Annual return of a PRIVATE company having a share capital

Pursuant to sections 107 and 360 of the Companies Ordinance

Annual return of SINO-WOOD PARTNERS, Limited*

for the year 1996 made up to the 24th September 19..96... (being the anniversary of the date of incorporation of the company for that year).

*Delete "Limited" if not applicable.

1. ADDRESS AND BUSINESS NAMES

(a) Address of the registered office of the company

2408 Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

(b) Business Names (other than the name of the company) under which the company carries on business

Nil

2. DATE OF INCORPORATION

24th September 1992

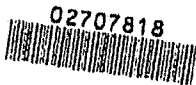
3. DATE OF LAST ANNUAL GENERAL MEETING

24th September 1995

Presented by:

SINO-WOOD PARTNERS, LIMITED

Presenter's reference:



For official use

05/11/1996	GE092216
Sh. Form :	AR
R	
07	\$95.00
CSH	\$95.00

Annual return of company no. 381246 made up to 24th September 1996

4. SUMMARY OF SHARE CAPITAL AND DEBENTURES

(a) Nominal Share Capital			
(1) Nominal share capital \$ 10,000.00	divided into: {		No. of shares
			10,000
	Class	Value of each share	Ordinary HK\$1.00
(b) Issued Share Capital and Debentures			
(2) Number of shares of each class taken up to the date of this return (which number must agree with the total shown in the list as held by existing members)	Number	Class	
	10,000	Ordinary	
(3) Number of shares of each class issued subject to payment wholly in cash	10,000	Ordinary	
(4) Number of shares of each class issued as fully paid up for a consideration other than cash	Nil	Nil	
(5) Number of shares of each class issued as partly paid up for a consideration other than cash and extent to which each such share is so paid up	Amount per share \$ Nil	Number Nil	Class Nil
(6) (a) Number of shares (if any) of each class issued at a premium (whether paid or payable wholly in cash or wholly for a consideration other than cash or any combination thereof) and the amount of such premium	Amount per share \$ Nil	Number Nil	Class Nil
(b) Total amount of premium paid or payable in cash on the issue of the shares specified in (a)			\$ Nil
(c) Total amount of premium paid or payable otherwise than in cash on the issue of the shares specified in (a)			\$ Nil
(7) Number of shares (if any) of each class issued at a discount			Nil
(8) Amount of discount on the issue of shares which has not been written off at the date of this return			\$ Nil
(9) Amount called up on number of shares of each class	Amount per share \$ 1.00	Number 10,000	Class Ordinary
(10) Total amount of calls received (Note 1)			\$ 10,000.00
(11) Total amount (if any) agreed to be considered as paid on number of shares of each class issued as fully paid up for a consideration other than cash	\$ Nil	Number Nil	Class Nil
(12) Total amount (if any) agreed to be considered as paid on number of shares of each class issued as partly paid up for a consideration other than cash	\$ Nil	Nil	Nil
(13) Total amount of calls unpaid			\$ Nil
(14) Total amount of sums (if any) paid by way of commission in respect of any shares or debentures			\$ Nil
(15) Total amount of the sums (if any) allowed by way of discount for any debentures since the date of the last return			\$ Nil
(16) Total number of shares of each class forfeited	Number Nil	Class Nil	
(17) Total amount paid (if any) on shares forfeited			\$ Nil
(18) Total amount of shares for which share warrants to bearer are outstanding			\$ Nil
(19) Total amount of share warrants to bearer issued and surrendered respectively since the date of the last return	Issued		\$ Nil
	Surrendered		\$ Nil
(20) Number of shares comprised in each share warrant to bearer, specifying in the case of warrants of different kinds, particulars of each kind			Nil

5. TOTAL AMOUNT OF INDEBTEDNESS of the company in respect of all mortgages and charges which are required to be registered with the Registrar of Companies under the Companies Ordinance (Note 2) \$ Nil

Annual return of company no. 381246 made up to 24th September 1996

6. LIST OF PAST AND PRESENT MEMBERS (Notes 3 and 4)

Folio in register ledger containing particulars	Names and addresses (including, in the case of a Chinese member, his name in Chinese characters if these are contained in the register of members) and occupations or descriptions	Account of shares			Remarks
		Number of shares or amount of stock held by existing members at date of return (Notes 5 and 6)	Particulars of shares transferred since the date of the last return, or, in the case of the first return, of the incorporation of the company, by (a) persons who are still members, and (b) persons who have ceased to be members (Note 7)		
			Number (Note 6)	Date of registration of transfer	
		(a)	(b)		
	陳德源 Tak Yuen Chan Block 11, 11/F., Flat A, Cherry Mansion, Whampoa Garden, Hong Kong. Consultant	1			
	Sino-Forest Corporation Ste. 2004, Sun Life Ctr W. Twr., 200 King St. W., Tor. Ont., Canada. Corporation	9,999			
		10,000			

7. LIST OF PERSONS WHO CEASED TO HOLD PARTLY-PAID SHARES (Note 8)

Folio in register ledger containing particulars	Names and addresses (including, in the case of a Chinese member, his name in Chinese characters if these are contained in the register of members)	Particulars of shares transferred since the date of the last return or, in the case of the first return, of the incorporation of the company (Note 7)		Amount paid up on each such share	Remarks
		Number (Note 6)	Date of registration of transfer		
	N/A				

Annual return of company no. 381246 made up to 24th September 1996

8. SITUATION OF THE REGISTERS OF MEMBERS AND DEBENTURE HOLDERS, IF KEPT AT AN ADDRESS OTHER THAN THE REGISTERED OFFICE

- (a) Register of members (Note 9) N/A
- (b) Register of debenture holders (Note 10) N/A

9. PARTICULARS OF DIRECTORS OF THE COMPANY AT THE DATE OF THIS RETURN (Note 11)

Name, any alias and nationality (Notes 12 and 13)	Address (Note 14)	Hong Kong identity card number, if any (Note 15)	Number and issuing country of any passport (Note 16)
陳惠玲 Chan Wai Ling Chinese	Block 37, Flat F, 3/F., Laguna City, Cha Kwo Ling Road, Kowloon.	E814778(0)	N/A
陳德源 Chan Tak Yuen Chinese	Flat A, 11/F., Block 11, Cherry Mansion, Whampoa Garden, Kowloon.	E459151(1)	N/A
潘家傑 Poon Kai Kit British	8th Floor, 91 Hennessy Road, Wanchai, Hong Kong.	H328031(6)	N/A

10. PARTICULARS OF THE SECRETARY OF THE COMPANY AT THE DATE OF THIS RETURN

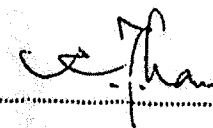
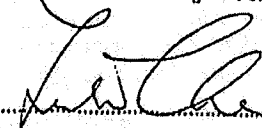
Name, any alias and nationality (Notes 12, 13 and 17)	Address (Notes 17 and 18)	Hong Kong identity card number, if any (Note 15)	Number and issuing country of any passport (Note 16)
陳惠玲 Chan Wai Ling Chinese	Block 37, Flat F, 3/F., Laguna City, Cha Kwo Ling Road, Kowloon.	E814778(0)	N/A

CERTIFICATION

(Delete Certificate B if the number of members of the company does not exceed 50).

A. We certify that the Company has not since the date of the last Annual Return (or, if this is the first Return made, since the date of incorporation of the Company) issued any invitation to the public to subscribe for any shares or debentures of the Company.

~~B. We certify that the excess of the number of members of the Company over 50 consists wholly of persons who under section 29(1)(b) of the Companies Ordinance, are not to be included in the reckoning of 50.~~

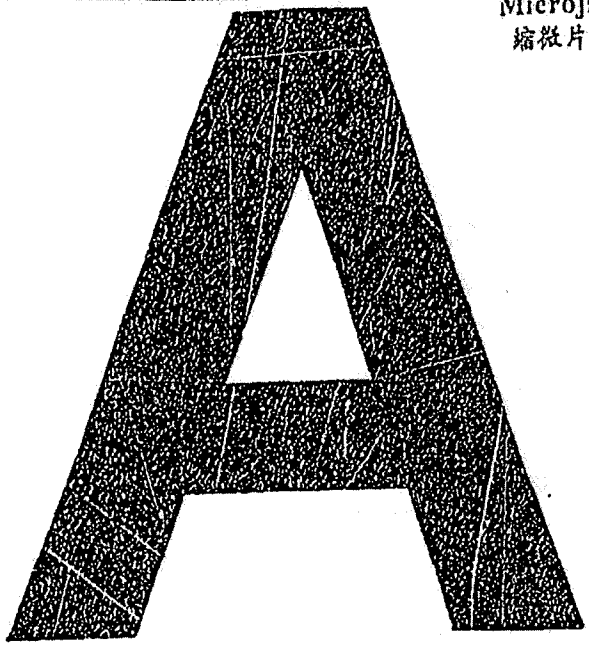
Signed  Director  Secretary

Annual return of a PRIVATE company having a share capital

NOTES

1. Include payments on application and allotment and any sums received on shares forfeited.
2. Include also any mortgages and charges which would have been required to be so registered if created after 1 January 1912.
3. Give list of persons holding shares or stock in the company on the date of the most recent anniversary of the date of incorporation of the company. In the case of a Chinese member, give his name both in English and in Chinese characters if the latter are included in the register of members—section 95 of the Companies Ordinance refers. Show also those persons who have held shares or stock in the company at any time since the date of the last return, or if this is the company's first return, since the date of incorporation.
4. If the names in the list are not arranged in alphabetical order, an index sufficient to enable the name of any person to be easily found must be annexed.
5. The aggregate number of shares held by each member must be stated, and the aggregates must be added up so as to agree with the number of shares stated in the "summary of share capital and debentures" (paragraph 4) to have been taken up.
6. When the shares are of different classes these columns should be subdivided, so that the number of each class held, or transferred, may be shown separately. Where any shares have been converted into stock the amount of stock held by each member must be shown.
7. The date of registration of each transfer should be given as well as the number of shares transferred on each date. The particulars should be placed opposite the name of the transferor and not opposite that of the transferee, but the name of the transferee may be inserted in the "remarks" column immediately opposite the particulars of each transfer.
8. Give list of any persons who have disposed of any partly-paid up shares in the company since the date of the last annual return or, if this is the company's first return, since the date of incorporation. In the case of a Chinese member, give his name both in English and in Chinese characters if the latter are included in the register of members—section 95 of the Companies Ordinance refers.
9. Section 95 of the Companies Ordinance refers.
10. If any such register or part of any such register is kept outside Hong Kong, insert the address in Hong Kong where any duplicate thereof is kept.
11. If the columns give insufficient space the particulars must be continued on a separate sheet. "Director" includes any person who occupies the position of a director by whatsoever name called; and any person in accordance with whose directions or instructions the directors of the company are accustomed to act.
12. Full names, i.e. the present forename and surname, must be given, together with, in the case of a Chinese director or secretary, the Chinese characters therefor if such characters are contained in the register of directors or secretaries, as the case may be—section 158 of the Companies Ordinance refers. "Forename" includes a Christian or given name and "surname" in the case of a person usually known by a title different from his surname means that title.
13. Any former forenames and surname must also be given, together with, in the case of a Chinese director or secretary, the Chinese characters therefor if such characters are contained in the register of directors or secretaries, as the case may be—section 158 of the Companies Ordinance refers. Any alias must also be given.
 "Former forename" and "former surname" do not include—
 - (a) in the case of a person usually known by a title different from his surname, the name by which he was known previous to the adoption of or succession to the title; or
 - (b) in the case of any person, a former forename or surname where that forename or surname was changed or disused before the person bearing the name attained the age of 18 years or has been changed or disused for a period of not less than 20 years; or
 - (c) in the case of a married woman, the name or surname by which she was known previous to the marriage.
14. Usual residential address should be given. "Residential address" does not include an address at a hotel unless the director to whom it relates is stated, for the purposes of section 158 of the Companies Ordinance, to have no other permanent address nor does it include a P.O. Box number unless coupled with a residential address.
15.
 - (a) If the director or secretary has been issued with an identity card in Hong Kong under the provisions of the Registration of Persons Ordinance (Cap. 177), the number of the identity card should be given.
 - (b) If this column does not apply, please insert "not applicable".
16. If the director or secretary has given the number of a Hong Kong identity card, there is no need to give this information.
17. Where all the partners in a firm are joint secretaries, the name and principal office address of the firm alone may be stated.
18. Usual residential address should be given, or, in the case of a corporation, the registered or principal office.

Microjacket: 縮微片封套 1996



Company No: 381246

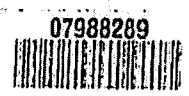
公司編號

Company Name: Sino-Wood Partners Limited

公司名稱 亞木業集團有限公司

Note: It is claimed that the Annual Returns 1995 & 1996 appearing herein as document number(s) C5 & C6 filed on 14-8-1996 & 5-11-1996 is/are incorrect. Please see explanatory letter / statutory declaration and amended return / notice filed on 20-11-2002

注：據報在 年 月 日存案而現編為第 號 文件的 並不正確。請參閱 年 月 日存案的解釋信 / 法定聲明及經修訂的申報表 / 通知書。



Signed : (Miss K. L. LAU)
簽署 for Registrar of Companies
公司註冊處處長 (代行)

Date : 27-11-2002
日期



Companies Registry
公司註冊處

FILED
存案

26 - 09 - 1997



Form
表格 AR1

Annual Return
周年申報表

for Registrar of Companies
公司註冊處處長代理人

Company Number 公司編號
381246

1 Company Name 公司名稱

SINO-WOOD PARTNERS LIMITED

(Note 2)

2 Business Name 商業名稱

NIL

3 Type of Company 公司的類別 Please tick appropriate box 請在適當空格內加✓號

Private 私人 Others 其他

(Note 3)

4 Address of Registered Office 註冊辦事處地址

1409, GREAT EAGLE CENTRE, 23 HARBOUR ROAD,
WANCHAI, HONG KONG

(Note 4)

5 Date of Return 本申報表日期

Date of AGM 周年大會日期

24 09 1997
DD 月 YYYY 年

which is
該日期為

Anniversary Date of Incorporation 成立為法團周年日期

Please tick appropriate box 請在適當空格內加✓號

6 Mortgages and Charges 按揭及押記

Total Amount outstanding at the date of this Return on all mortgages and charges which should be registered with the Registrar of Companies

截至本申報表日期，一切須向公司註冊處處長登記的按揭及押記的未償還總額

[Empty box for total amount]

Presenter's Name and Address
提交人的姓名及地址

SAURDIC SECRETARIAL SERVICES LIMITED
FLAT B, 6TH FLOOR CRAWFORD TOWER,
89-101 JERVOIS STREET, CENTRAL,
HONG KONG

For Official Use
請勿填寫本欄

26/09/1997 EE112823
Sh. Form: AR1L

R \$95.00
Q7 \$95.00
CSH \$95.00



Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1997
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 2 第二頁

(Note 註 5) **7 Share Capital 股本** (As at the date of this Return 截至本申報表日期)

Class of Shares 股份類別	Authorised Share Capital 法定股本	Issued Share Capital 已發行股本		
	Total Nominal Value 總面值	No. of Shares Issued 已發行股份數目	Total Nominal Value of Shares Issued 已發行股份的 總面值	Total Paid up Value of Shares Issued 已發行股份的 已繳股款總值
ORDINARY	HK\$10,000.00	10,000	HK\$10,000.00	HK\$10,000.00
Total 總值	HK\$10,000.00	10,000	HK\$10,000.00	HK\$10,000.00

Enter below any changes to the structure of the company's share capital since the date of the last Return.
如公司股本的結構由上一份申報表日期以來曾經變動，請在下面填寫詳情。

Class of Shares 股份類別	Change 變動情況
N/A	

(Note 註 6) **8 Past and Present Members 過去及現在的成員** Please tick appropriate box 請在適當空格內加 ✓ 號

For company with a share capital 有股本的公司

- 1 There have been no changes since the Annual Return for _____ .
由過去 _____ 年度周年申報表以來，成員並無任何變動。
- OR 或
- 2 A full list of members is enclosed (use Schedule 1).
隨附成員的詳細名單（使用附表一）。

For company without a share capital 無股本的公司

- 3 The number of members at the date of this Return is _____ .
於申報表日期的成員數目是 _____ 人。

Annual Return 周年申報表

Date of Return 申報日期

24	09	1997
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 3 第三頁

(Note 註 7) **9 Secretary 秘書** (Use Continuation Sheet A if joint secretaries 如屬聯名秘書，請用續頁A填寫)

Name 姓名

CHAN	WAI LING
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

BLOCK 37, FLAT F, 3/F., LAGUNA CITY, CHA KWO LING ROAD, KOWLOON
--

Identification 身份證明

a Hong Kong Identity Card or Company Number
香港身份證號碼或公司編號

E814778(0)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

CHINESE

(Note 註 7) **10 Directors 董事** (Use Continuation Sheet B if more than 3 directors 如超過三名董事，請用續頁B填寫)
(Complete Continuation Sheet C for other directorships if the company is listed on Hong Kong Stock Exchange 如公司是在香港聯合交易所上市，請用續頁C填寫其他董事職務)

i Name 姓名

CHAN	WAI LING
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

BLOCK 37, FLAT F, 3/F., LAGUNA CITY, CHA KWO LING ROAD, KOWLOON
--

Identification 身份證明

a Hong Kong Identity Card or Company Number
香港身份證號碼或公司編號

E814778(0)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

CHINESE

Capacity 身份*

Director
董事

Alternate Director to
替代董事

--

* Please tick the relevant box(es) 請在有關空格內加✓號

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1997
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 4 第四頁

10 Directors 董事 (cont'd 續上頁)

2 Name 姓名

CHAN	TAK YUEN
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

FLAT A, 11/F., BLOCK 11, CHERRY MANSION, WHAMPOA GARDEN, KOWLOON

Identification 身份證明

a Hong Kong Identity Card or Company Number
香港身份證號碼或公司編號

E459151(1)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

CHINESE

Capacity 身份*

Director
董事

Alternate Director to
替代董事

--

3 Name 姓名

POON	KAI KIT
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

8TH FLOOR, 91 HENNESSY ROAD, WANCHAI, HONG KONG
--

Identification 身份證明

a Hong Kong Identity Card or Company Number
香港身份證號碼或公司編號

H328031(6)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

BRITISH

Capacity 身份*

Director
董事

Alternate Director to
替代董事

--

* Please tick the relevant box(es) 請在有關空格內加 ✓ 號

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1997
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 5 第五頁

(Note 註 8) 11 **Registers** Address where the company's registers are kept (if not the same address as in Section 4)
登記冊 公司備存登記冊的地址 (如並非備存於第 4 項的註冊辦事處內)

Register 登記冊	Address 地址

(Note 註 9) 12 **Period Covered by Accounts Enclosed** 隨附帳目所涵蓋的會計結算始末日期
(Except for Private Companies Limited by Shares 私人股份有限公司除外)

	To	
DD 日	至	DD 日
MM 月		MM 月
YYYY 年		YYYY 年

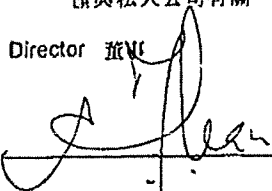
(Note 註 10) 13 **Certificate** 證明書

(a) We certify that the information given in this Return (including Nil pages of Continuation Sheets and One pages of Schedules) is true to the best of our knowledge and belief.
據我們所知及至誠相信，謹此證明本申報表內的資料 (包括 張續頁及 張附表) 真確無訛。

(b) ~~When the company has not done the duty of the directors to ensure that the information given in the return is true to the best of their knowledge and belief, they shall be liable to the provisions of section 29(1)(b) of the Companies Ordinance.~~
我們證明公司由上一份周年申報表日期以來，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證，同時如成員數目於申報表日期超過五十，則根據公司條例第 29(1)(b) 條，所超出的成員不包括在所計算的五十名額內。

* Only relevant to private companies. Delete if not applicable.
* 僅與私人公司有關。如不適用，請刪去。

Director 董

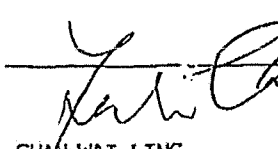


Signed 簽名

CHAN TAK YUEN

Name 姓名

Secretary 秘書



Signed 簽名

CHAN WAI LING

Name 姓名

Date 日期: 24 SEP 1997



Companies Registry
公司註冊處

Form 表格 AR1

Annual Return
周年申報表
(Schedule 1 附表一)

Date of Return 本申報表日期

24	09	1997
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Details of Members 成員詳情

(See Section 7 of the main form for details of any change to the structure of the Company's Share Capital since the date of the last Return)

(關於由上一份申報表日期以來公司股本結構的任何變動詳情，請參閱表格第 7 項)

Share Class 股份類別 ORDINARY

Name 姓名	Address 地址	Shares 股份			Remarks 備註
		Current Holding (Note 1) 現時持有量 (註 1)	Transferred 轉讓 (Note 2 註 2)		
			Number 數目	Date 日期	
CHAN TAK YUEN CONSULTANT	BLOCK 11, 11/F., FLAT A, CHERRY MANSION, WHAMPOA GARDEN, HONG KONG	1			
SINO-FOREST CORPORATION CORPORATION	STE. 2004, SUN LIFE CTR W. TWR., 200 KING ST. W., TOR. ONT., CANADA.	9,999			
Total 總數		10,000			

Notes 註：

- The total shares in the 'Current Holding' for each class of share must agree with the total for that class in Section 7 of the Return.
每類別股份的「現時持有量」總數必須與申報表第 7 項所填該類別的總數相符。
- The number of shares transferred since the last Return should be shown for each existing or ex-member.
應說明每名現任成員或前任成員由上次申報以來所轉讓的股份數目。

Microjacket: 1997
縮微片封套



Company No: 381246

公司編號

Company Name: Sino-Wood Partners Limited

公司名稱 嘉漢木業集團有限公司

Note: It is claimed that the Annual Return 1997 appearing herein as document number(s) C14 filed on 26-9-1997 is /are incorrect. Please see explanatory letter /-statutory declaration and amended return /notice filed on 20-11-2002

註： 據報在 年 月 日存案而現編為第 號 文件的 並不正確。請參閱 年 月 日存案的解釋信 / 法定聲明及經修訂的申報表 / 通知書。



07988288



Signed : (Miss K. E. LAU)
簽署 for Registrar of Companies
公司註冊處處長 (代行)

Date : 27-11-2002
日期



Form 表格 AR1

FILED
存案

Annual Return
周年申報表

Companies Registry
公司註冊處

30-10-1998

for Registrar of Companies
公司註冊處處長代理人

Company Number 公司編號
381246

1 Company Name 公司名稱

SINO-WOOD PARTNERS, LIMITED

(Note 註 2) 2 Business Name 商業名稱

NIL

3 Type of Company 公司的類別 Please tick appropriate box 請在適當空格內加 ✓ 號

Private 私人 Others 其他

(Note 註 3) 4 Address of Registered Office 註冊辦事處地址

1409, GREAT EAGLE CENTRE, 23 HARBOUR ROAD,
WANCHAI, HONG KONG

(Note 註 4) 5 Date of Return 本申報表日期

24	09	1998
DD 日	MM 月	YYYY 年

which is
該日期為

Date of AGM 周年大會日期

Anniversary Date of Incorporation 成立為法團周年日期

Please tick appropriate box 請在適當空格內加 ✓ 號

6 Mortgages and Charges 按揭及押記

Total Amount outstanding at the date of this Return on all mortgages and charges which should be registered with the Registrar of Companies
截至本申報表日期，一切須向公司註冊處處長登記的按揭及押記的未償還總額

[Empty box for total amount]

Presenter's Name and Address
提交人的姓名及地址

COMMON VOTE NOMINEES LIMITED
FLATS, 5TH FLOOR CRAWFORD TOWER,
89-101 JERVOIS STREET, CENTRAL
HONG KONG.



For Official Use
請勿填寫本欄

30/10/1998	DD196711
Sh. Form 1	AR1L
R	
07	\$105.00
CHK	\$105.00

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1998
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 2 第二頁

(Note 註 5) 7 Share Capital 股本 (As at the date of this Return 截至本申報表日期)

Class of Shares 股份類別	Authorised Share Capital 法定股本	Issued Share Capital 已發行股本		
	Total Nominal Value 總面值	No. of Shares Issued 已發行股份數目	Total Nominal Value of Shares Issued 已發行股份的 總面值	Total Paid up Value of Shares Issued 已發行股份的 已繳股款總值
ORDINARY	HK\$10,000.00	10,000	HK\$10,000.00	HK\$10,000.00
Total 總值	HK\$10,000.00	10,000	HK\$10,000.00	HK\$10,000.00

Enter below any changes to the structure of the company's share capital since the date of the last Return.
如公司股本的結構由上一份申報表日期以來曾經變動，請在下面填寫詳情。

Class of Shares 股份類別	Change 變動情況
N/A	

(Note 註 6) 8 Past and Present Members 過去及現在的成員 Please tick appropriate box 請在適當空格內加 ✓ 號

For company with a share capital 有股本的公司

- 1 There have been no changes since the Annual Return for _____ .
由遞交 _____ 年度周年申報表以來，成員並無任何變動。
- OR 或
- 2 A full list of members is enclosed (use Schedule 1).
隨附成員的詳細名單（使用附表一）。

For company without a share capital 無股本的公司

- 3 The number of members at the date of this Return is _____ .
於申報表日期的成員數目是 _____ 人。

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1998
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 3 第三頁

(Note 註 7) 9 Secretary 秘書 (Use Continuation Sheet A if joint secretaries 如聯名秘書，請用續頁 A 填列)

Name 姓名

CHAN	WAI LING
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

BLOCK 37, FLAT F, 3/F., LAGUNA CITY, CHA KWO LING ROAD, KOWLOON
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number
香港身份證號碼或公司編號

E814778(0)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

CHINESE

(Note 註 7) 10 Directors 董事 (Use Continuation Sheet B if more than 3 directors 如超過三名董事，請用續頁 B 填列)
(Complete Continuation Sheet C for other directorships if the company is listed on Hong Kong Stock Exchange
如公司是在香港聯合交易所上市，請用續頁 C 填列其他董事職務)

1 Name 姓名

CHAN	WAI LING
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

BLOCK 37, FLAT F, 3/F., LAGUNA CITY, CHA KWO LING ROAD, KOWLOON
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number
香港身份證號碼或公司編號

E814778(0)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

CHINESE

Capacity 身份*

Director
董事

Alternate Director to
替代董事

--

* Please tick the relevant box(es) 請在有關空格內加 ✓ 號

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1998
----	----	------

DD 日 MM 月 YYYY 年

Company Number 公司編號

381246

Page 4 第四頁

10 Directors 董事 (cont'd 續上頁)

2 Name 姓名

CHAN	TAK YUEN
------	----------

Surname 姓氏 Other names 名字

--	--

Alias (if any) 別名 (如有的話) Previous Names 前用姓名

Address 地址

FLAT A, 11/F., BLOCK 11, CHERRY MANSION, WHAMPOA GARDEN, KOWLOON

Identification 身份證明

a Hong Kong Identity Card
or Company Number
香港身份證號碼或公司編號

E459151(1)	
------------	--

I.D. Card Number 身份證號碼 Company Number 公司編號

b Overseas Passport
海外護照

--	--

Number 號碼 Issuing Country 簽發國家

Nationality 國籍

CHINESE

Capacity 身份*

Director
董事

Alternate Director to
替代董事

--

3 Name 姓名

POON	KAI KIT
------	---------

Surname 姓氏 Other names 名字

--	--

Alias (if any) 別名 (如有的話) Previous Names 前用姓名

Address 地址

8TH FLOOR, 91 HENNESSY ROAD, WANCHAI, HONG KONG
--

Identification 身份證明

a Hong Kong Identity Card
or Company Number
香港身份證號碼或公司編號

H328031(6)	
------------	--

I.D. Card Number 身份證號碼 Company Number 公司編號

b Overseas Passport
海外護照

--	--

Number 號碼 Issuing Country 簽發國家

Nationality 國籍

BRITISH

Capacity 身份*

Director
董事

Alternate Director to
替代董事

--

* Please tick the relevant box(es) 請在有關空格內加 ✓ 號

Annual Return 周年申報表

Date of Return: 本申報表日期

24	09	1998
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 5 第五頁

(Note 註 8) **11 Registers** Address where the company's registers are kept (if not the same address as in Section 4)
 登記冊 公司備存登記冊的地址 (如並非備存於第 4 項的註冊辦事處內)

Register 登記冊	Address 地址

(Note 註 9) **12 Period Covered by Accounts Enclosed** 隨附帳目所涵蓋的會計結算始末日期
 (Except for Private Companies Limited by Shares 私人股份有限公司除外)

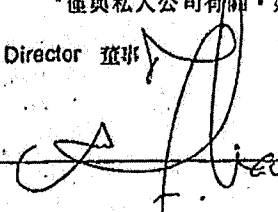
	To	
DD 日	至	DD 日
MM 月		MM 月
YYYY 年		YYYY 年

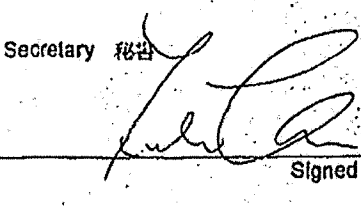
(Note 註 10) **13 Certificate** 證明書

(a) We certify that the information given in this Return (including NIL pages of Continuation Sheets and NIL pages of Schedules) is true to the best of our knowledge and belief.
 據我們所知及至誠相信，謹此證明本申報表內的資料 (包括 張續頁及 張附表) 真實無訛。

(b) We certify that the company has not, since the date of the last Annual Return issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 at the date of this Return, the excess are persons who under Section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.
 我們證明公司由上一份周年申報表日期以來，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證，同時如成員數目於申報表日期超過五十，則根據公司條例第 29(1)(b) 條，所超出的成員不包括在所計算的五十名額內。

* Only relevant to private companies. Delete if not applicable.
 * 僅與私人公司有關。如不適用，請刪去。

Director 董事 
 _____ Signed 簽名
 CHAN TAK YUEN
 _____ Name 姓名

Secretary 秘書 
 _____ Signed 簽名
 CHAN WAI LING
 _____ Name 姓名

Date 日期: 30 OCT 1998



Companies Registry
公司註冊處

Form 表格 **AR1**

Annual Return
周年申報表
(Schedule 1 附表一)

Company Number 公司編號
381246

Date of Return 本申報表日期
24 09 1998
DD 日 MM 月 YYYY 年

Details of Members 成員詳情
(See Section 7 of the main form for details of any change to the structure of the Company's Share Capital since the date of the last Return)
(關於由上一份申報表日期以來公司股本結構的任何變動詳情，請參閱表格第7項)

Share Class 股份類別 ORDINARY

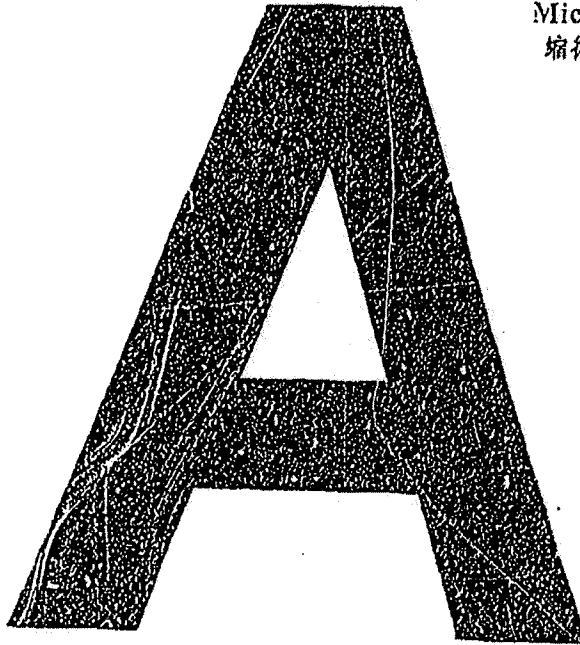
Name 姓名	Address 地址	Shares 股份		Remarks 備註
		Current Holding (Note 1) 現時持有量 (註1)	Transferred (Note 2 註2) 轉讓 Number 數目 Date 日期	
CHAN TAK YUEN CONSULTANT	BLOCK 11, 11/F., FLAT A, CHERRY MANSION, WHAMPOA GARDEN, HONG KONG	1		
SINO-FOREST CORPORATION CORPORATION	STE. 2004, SUN LIFE CTR W. TWR., 200 KING ST. W., TOR. ONT. CANADA.	9,999		
Total 總數		10,000		

Notes 註:

- The total shares in the 'Current Holding' for each class of share must agree with the total for that class in Section 7 of the Return.
每類別股份的「現時持有量」總數必須與申報表第7項所填該類別的總數相符。
- The number of shares transferred since the last Return should be shown for each existing or ex-member.
應說明每名現任成員或前任成員由上次申報以來所轉讓的股份數目。

Microjacket:
縮微片封套

1998



Company No: 381246

公司編號

Company Name: Sino-Wood Partners Limited
公司名稱 嘉漢木業集團有限公司

Note: It is claimed that the Annual Return 1998 appearing
herein as document number(s) C16 filed on 30-10-1998
is ~~are~~ incorrect. Please see explanatory letter / ~~statutory declaration and~~
~~amended return / notice~~ filed on 20-11-2002

註： 據報在 年 月 日存案而現編為第 號
文件的 並不正確。請參閱 年
月 日存案的解釋信 / 法定聲明及經修訂的申報表 /
通知書。



Signed : (Miss K. L. LAI)
簽署 for Registrar of Companies
公司註冊處處長

(代行)

Date : 27-11-2002
日期



Companies Registry
公司註冊處

FILED

存案

22-10-1999

for Registrar of Companies
公司註冊處處長代理人

Form
表格

AR1



Annual Return
周年申報表

Company Number 公司編號

381246

1 Company Name 公司名稱

SINO-WOOD PARTNERS, LIMITED
嘉漢木業集團有限公司

(Note 註 2) 2 Business Name 商業名稱

NIL

3 Type of Company 公司的類別 Please tick appropriate box 請在適當空格內加✓號

Private 私人 Others 其他

(Note 註 3) 4 Address of Registered Office 註冊辦事處地址

1409 GREAT EAGLE CENTRE, 23 HARBOUR ROAD, WANCHAI, HONG KONG.

(Note 註 4) 5 Date of Return 本申報表日期

Date of AGM 周年大會日期

24 09 1999
DD 日 MM 月 YYYY 年

Which is
該日期為

Anniversary Date of Incorporation 成立為法團周年日期

Please tick appropriate box 請在適當空格內加✓號

6 Mortgages and Charges 按揭及押記

Total Amount outstanding at the date of this Return on all mortgages and charges which should be registered with the Registrar of Companies

截至本申報表日期，一切須向公司註冊處處長登記的按揭及押記的未償還總額

Presenter's Name and Address

提交人的姓名及地址:

COMMON VOTE NOMINEES LIMITED
FLAT B, 5/F., CRAWFORD TOWER,
99-101 JERVOIS STREET,
CENTRAL, HONG KONG

For Official Use

請勿填寫本欄

22/10/1999
Sh. Form :

HM270071
AR1

R
07
CHK

\$105.00
\$105.00

05935920



97 to Specification No. 1/97
號的修訂編號第 1/97 號

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1999
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 2 第二頁

(Note 註 5) 7 Share Capital 股本 (As at the date of this Return 截至本申報表日期)

Class of Shares 股份類別	Authorised Share Capital 法定股本	Issued Share Capital 已發行股本		
	Total Nominal Value 總面值	No. of Shares Issued 已發行股份數目	Total Nominal Value of Shares Issued 已發行股份的 總面值	Total Paid up Value of Shares Issued 已發行股份的 已繳股款總值
ORDINARY	HK\$10,000.00	10,000	HK\$10,000.00	HK\$10,000.00
Total 總值	HK\$10,000.00	10,000	HK\$10,000.00	HK\$10,000.00

Enter below any changes to the structure of the company's share capital since the date of the last Return.
如公司股本的結構由上一份申報表日期以來曾經變動，請在下面填寫詳情。

Class of Shares 股份類別	Change 變動情況
N/A	

(Note 註 6) 8 Past and Present Members 過去及現在的成員 Please tick appropriate box 請在適當空格內加✓號

For company with a share capital 有股本的公司

- 1 There have been no changes since the Annual Return for 1998.
由遞交 1998 年度周年申報表以來，成員並無任何變動。
- OR 或
- 2 A full list of members is enclosed (use Schedule 1).
隨附成員的詳細名單（使用附表一）。

For company without a share capital 無股本的公司

- 3 The number of members at the date of this Return is _____.
於申報表日期的成員數目是 _____ 人。

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1999
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 3 第三頁

(Note 註 7) **9 Secretary 秘書** (Use Continuation Sheet A if joint secretaries 如屬聯名秘書，請用續頁 A 填妥)

Name 姓名

CHAN

WAI LING

Surname 姓氏

Other names 名字

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

FLAT F, 3/F., BLK. 37, LAGUNA CITY, CHA KWO LING,
KOWLOON

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

E814778(0)

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼

Issuing Country 簽發國家

Nationality 國籍

CHINESE

(Note 註 7) **10 Directors 董事** (Use Continuation Sheet B if more than 3 directors 如超過三名董事，請用續頁 B 填妥)
(Complete Continuation Sheet C for other directorships if the company is listed on Hong Kong Stock Exchange
如公司是在香港聯合交易所上市，請用續頁 C 填寫其他董事職務)

1 Name 姓名

CHAN

WAI LING

Surname 姓氏

Other names 名字

Alias (if any) 別名 (如有的話)

Previous Names 前用姓名

Address 地址

FLAT F, 3/F., BLK. 37, LAGUNA CITY, CHA KWO LING,
KOWLOON

Identification 身份證明

a Hong Kong Identity Card
or Company Number

香港身份證號碼或公司編號

E814778(0)

I.D. Card Number 身份證號碼

Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼

Issuing Country 簽發國家

Nationality 國籍

CHINESE

Capacity 身份*

Director
董事Alternate Director to
替代董事

* Please tick the relevant box(es) 請在相關表格內加✓號

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1999
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 4 第四頁

10 Directors 董事 (cont'd 續上頁)

2 Name 姓名

CHAN	TAK YUEN
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

FLAT A, 11/F., BLK. 11, CHERRY MANSION, WHAMPOA GARDEN, KOWLOON

Identification 身份證明

a Hong Kong Identity Card
or Company Number
香港身份證號碼或公司編號

E459151(1)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

CHINESE

Capacity 身份*

Director
董事Alternate Director to
替代董事

--

3 Name 姓名

POON	KAI KIT
Surname 姓氏	Other names 名字

Alias (if any) 別名 (如有的話)	Previous Names 前用姓名

Address 地址

8TH FLOOR, 91 HENNESSY ROAD, HONG KONG.

Identification 身份證明

a Hong Kong Identity Card
or Company Number
香港身份證號碼或公司編號

H328031(6)	
I.D. Card Number 身份證號碼	Company Number 公司編號

b Overseas Passport
海外護照

Number 號碼	Issuing Country 簽發國家

Nationality 國籍

BRITISH

Capacity 身份*

Director
董事Alternate Director to
替代董事

--

* Please tick the relevant box(es) 請在相關空格內加 ✓ 號

Annual Return 周年申報表

Date of Return 本申報表日期

24	09	1999
DD 日	MM 月	YYYY 年

Company Number 公司編號

381246

Page 5 第五頁

(Note 註 8) **11 Registers** Address where the company's registers are kept (if not the same address as in Section 4)
 登記冊 公司備存登記冊的地址 (如並非備存於第 4 項的註冊辦事處內)

Register 登記冊	Address 地址

(Note 註 9) **12 Period Covered by Accounts Enclosed** 隨附報目所涵蓋的會計結算始末日期
 (Except for Private Companies Limited by Shares 私人股份有限公司除外)

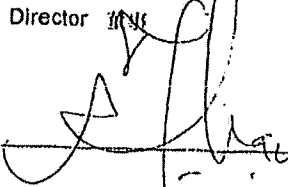
	To 至	
DD 日		DD 日
MM 月		MM 月
YYYY 年		YYYY 年

(Note 註 10) **13 Certificate** 證明書

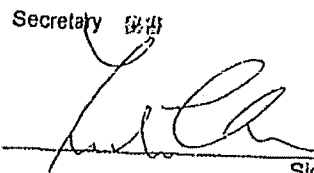
(a) We certify that the information given in this Return (including ONE pages of Continuation Sheets and NIL pages of Schedules) is true to the best of our knowledge and belief.
 據我們所知及至誠相信，藉此證明本申報表內的資料 (包括 張續頁及 張附表) 真確無訛。

* (b) We certify that the company has not, since the date of the last Annual Return issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 at the date of this Return, the excess are persons who under Section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.
 我們證明公司由上一份周年申報表日期以來，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證，同時如成員數目於申報表日期超過五十，則根據公司條例第 29(1)(b) 條，所超出的成員不包括在所計算的五十名額內。

* Only relevant to private companies. Delete if not applicable.
 * 僅與私人公司有關。如不適用，請刪去。

Director 董事

 Signed 簽名

CHAN TAK YUEN
 Name 姓名

Secretary 秘書

 Signed 簽名

CHAN WAI LING
 Name 姓名

Date 日期: 20 OCT 1999



Form 表格 AR1

Companies Registry 公司註冊處

Annual Return 周年申報表 (Continuation Sheet B 續頁 B)

Date of Return 本申報表日期

24 09 1999 DD日 MM月 YYYY年

Company Number 公司編號

381246

Details of Directors (Section 10 of main form) 董事詳情 (表格第 10 項)

1 Name 姓名

VAN OPPEN DAVID BRYCE Surname 姓氏 Other names 名字

Alias (if any) 別名 (如有的話) Previous Names 前用姓名

Address 地址

2108, GLOUCESTER TOWER, THE LANDMARK, 11 PEDDER ST., C., H. K.

Identification 身份證明

a Hong Kong Identity Card or Company Number 香港身份證號碼或公司編號

L000867(5) I.D. Card Number 身份證號碼 Company Number 公司編號

b Overseas Passport 海外護照

Number 號碼 Issuing Country 簽發國家

Nationality 國籍

USA

Capacity 身份*

Director 董事 Alternate Director to 替代董事

2 Name 姓名

Surname 姓氏 Other names 名字

Alias (if any) 別名 (如有的話) Previous Names 前用姓名

Address 地址

Identification 身份證明

a Hong Kong Identity Card or Company Number 香港身份證號碼或公司編號

I.D. Card Number 身份證號碼 Company Number 公司編號

b Overseas Passport 海外護照

Number 號碼 Issuing Country 簽發國家

Nationality 國籍

Capacity 身份*

Director 董事 Alternate Director to 替代董事

*Please tick the relevant box(es) 請在有關空格內加✓號

Microjacket:
縮微片封套

1999

A

Company No: 381246

公司編號

Company Name: Sino-Wood Partners Limited

公司名稱 嘉漢木業集團有限公司

Note: It is claimed that the Annual Return 1999 appearing herein as document number(s) C18 filed on 22-10-1999 is / are incorrect. Please see explanatory letter / statutory declaration and amended return / notice filed on 20-11-2002

註： 據報在 _____ 年 _____ 月 _____ 日存案而現編為第 _____ 號文件的 _____ 並不正確。請參閱 _____ 年 _____ 月 _____ 日存案的解釋信 / 法定聲明及經修訂的申報表 / 通知書。

R



Signed : (Miss K. E. LAU)
簽署 for Registrar of Companies
公司註冊處處長
(代行)

Date : 27-11-2002
日期



Companies Registry
公司註冊處

CR 2000 C 9

Form 表格 AR3

Annual Return - Certificate of No Change
周年申報表 - 資料並無改變的證明書
(Private company having a share capital
有股本的私人公司)

Company Number 公司編號

381246

1 Company Name 公司名稱

SINO-WOOD PARTNERS, LIMITED
新漢木業集團有限公司

(Note 註 2) 2 Certificate 證明書

I certify in accordance with section 107 (5) & (6) of the Companies Ordinance that -
本人按照公司條例第 107(5)及(6)條證明 -

(a) the date at which the last Annual Return pursuant to section 107(1) of the said Ordinance was made up by the company was 24TH SEPTEMBER, 1999, and
本公司依據上述條例第 107(1) 條製備的最近一份周年申報表的日期是
_____ 年 _____ 月 _____ 日, 及

(b) as at 24TH SEPTEMBER, 2000 (being the date of the anniversary of the date of incorporation of the company for the year 2000) there had been no change since the date specified in (a) in the information contained in the said last Annual Return.
自 (a) 段所指明的日期起, 至 _____ 年 _____ 月 _____ 日
(即 _____ 年度本公司成立為法團之日的周年日) 為止, 上述的最近一份周年申報表所載的資料並無任何改變。

Signed 簽名:

(Name 姓名):

CHAN TAK YUEN
Director 董事 / Secretary 秘書

Date 日期: 25 SEP 2000

* Delete whichever does not apply 請刪去不適用者

Presenter's Name and Address
提交人的姓名及地址

COMMON VOTE NOMINEES LIMITED
FLAT B, 5/F., CRAWFORD TOWER,
99-101 JERVOIS STREET,
CENTRAL, HONG KONG

For Official Use
請勿填寫本欄

26/09/2000
Sh. Form :


BB347456
AR3

R \$105.00
O7 \$105.00
CHQ



First revision to Specification No. 1/98 (Amendment No. 1/2000)
指明用表格式 1/98 號的第 1 期修訂(修訂編號) 1/2000 號)

This is Exhibit "U" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

核发《企业法人营业执照》通知单

南翔

料

该企业经核准登记发给企业法人营业执照，特此通知。

企业名称	邱志凤翔木材批发市场	
住所	嘉定区南翔镇中翔路88	
法定代表人	李金山	
注册资金	300万 (实: 107万 流: 153万)	
经济性质	集体联营	
经营方式	批发: 零售 租赁	
经营范围	主营	木材 木制品 钢材 有色金属
	兼营	招商 租赁
执照字号	注册号	171189100
发照日期	年	1997年7月10日

李金山
 邱志凤翔
 电话: 129112292

嘉定区
 工商行政管理局
 1997年7月10日

Notice for approved license of company

Nanxiang 南翔:

The company registration had been approved and a license was granted.

Company name	Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场	
Address	No. 8, Fengxiang Road, Nanxiang Town, Jiading District 嘉定区南翔镇丰翔路 8 号	
Legal representative	Li Jinshan 李金山	
Registered capital	RMB3 million Including: Fixed capital RMB1.47 million & Current Capital RMB1.53 million	
Company type	国集联营 translated as: Joint Venture enterprise by State-Owned Enterprise and Collective enterprise	
Business methods	wholesale, retails, and service 批发, 零售, 服务	
Business scope	Major business 主营	Timber, wood prdoucts, steel, nonferrous metal 木材, 木制品, 钢材, 有色金属
	Concurrently engaged in 兼营	Merchant, leasing 招商, 租赁
Registration No.	171189100	
Date of issuing	1997-July-9	

Jiading District Administration Bureau of Industry and Commerce 嘉定区工商行政管理局
(stamp)

1997 year July month 9 day



This is Exhibit "V" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.

A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

企业主要人员基本情况表

企业名称: 上海南翔木材批发市场 人事管理部门(公章) 年 月 日

姓名	性别	年龄	文化程度	技术职称	担任部门职务	电 话	身份证号码	原工作单位及职务
李金山	男	58	大学		木材部 副经理	58913421	31010840231401	上海市股份制市场 副经理
魏工楷	·	41	高中		木材部 副经理	59123818	3102256015091	上海市股份制市场 付总经理
潘桂清	·	62	大学		付总经理	58883866	31010631070237	上海利业人造板有限公司 总经理
蔡文琪	·	35	高中		付总经理	57022615	3102223701601	上海市股份制市场 总经理助理
吴幼芳	·	62	小学		木材部 经理	59123235	3102236020804	上海市股份制市场 综合服务部付经理

Key Management Staff


Company name: Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场

Human Resources Department

Date:

Name	Gender	Age	Education	Position	PRC ID	Former employer and position
Li Jinshan 李金山	Male	58	College	General Manager	310108401231401	Shanghai Plywood Market 上海胶合板市场 general manager
Bao Weibiao 鲍卫标	Male	41	Senior high school	Vice general manager	31022256015081	Shanghai Plywood Market 上海胶合板市场 Vice general manager
Pan Deqing 潘德清	Male	62	College	Vice general manager	310106340702327	Shanghai Liya Artificial Board Co., Ltd. 上海利亚人造板有限公司 General manager
Cai Wenqi 蔡文琪	Male	65	Senior high school	Vice general manager	310222330316001	Shanghai Plywood Market 上海胶合板市场 General manager Assistant
Wu Nafang 吴纳芳 吴纳芳	Male	62	Primary school	Manager of business department	31022236020804	Shanghai Plywood Market 上海胶合板市场 Vice manager of general service department

This is Exhibit "W" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



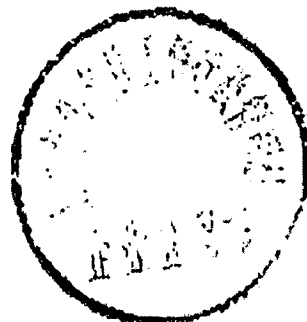
A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

核发《营业执照》通知单

该企业变更登记经核准，发给营业执照特此通知。

企业名称	上海金翔木材批发市场
企业地址	上海市嘉定区南翔镇丰裕路8号
法定代表人	潘德清
资金数额	300 万人民币
企业类型	联营企业(法人)
经营范围	木材, 木制品, 钢材, 有色金属, 招商, 租赁
经营方式	批发, 零售, 服务
经营期限	1997年07月09日 至 2002年07月08日
注册号	3101141011891
核准日期	1998年04月02日



嘉定区工商局

1998年04月02日

Notice for approved Business Registration License

The changes had been approved and a business registration license was granted.

Company name	Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场
Address	No. 8, Fengxiang Road, Nanxiang Town, Jiading District, Shanghai City 上海市嘉定区南翔镇丰翔路8号
Legal representative	Pan Deqing 潘德清
Registered capital	RMB3 million
Company type	Joint Venture by companies 联营企业（法人）
Business scope	timber, wood products, steel, nonferrous metal, Merchant, leasing 木材, 木制品, 钢材, 有色金属, 招商, 租赁
Business mode	Wholesale, retail and service
Business duration	From 1997-07-09 to 2002-07-08
Registration No.	3101141011891
Date of approval	1998-April-02

Jiading Administration Bureau of Industry and Commerce 嘉定区工商局 (stamp)
1998-April-02

核发《营业执照》通知单

A

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该企业变更登记经核准，发给营业执照特此通知。

企业名称	上海金翔木材批发市场
企业地址	上海市嘉定区南翔镇丰翔路8号
法定代表人	鲍卫标
资金数额	300.0000 万人民币
企业类型	国有与集体联营企业(非公司法人)
经营范围	木材、木制品、钢材、有色金属、招商、租赁。
经营方式	批发、零售、服务
经营期限	1997年07月09日 至
注册号	3101141011891
核准日期	2002年08月01日

上海市工商行政管理局 嘉定分局

Notice for approved Business Registration License

The changes had been approved and a Business Registration License was granted.

Company name	Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场
Address	No. 8, Fengxiang Road, Nanxiang Town, Jiading District, Shanghai City 上海市嘉定区南翔镇丰翔路 8 号
Legal representative	Bao Weibiao 鲍卫标
Registered capital	RMB3 million
Company type	Joint Venture by SOE and Collective enterprise 国有与集体联营企业（非公司法人）
Business scope	timber, wood products, steel, nonferrous metal, Merchant, leasing 木材, 木制品, 钢材, 有色金属, 招商, 租赁
Business mode	Wholesale, retail and service
Business duration	From 1997-07-09 to --
Registration No.	3101141011891
Date of approval	2002-August-01

Shanghai Administration Bureau of Industry and Commerce Jiading Branch
上海市工商行政管理局嘉定分局
2002-August-01

该企业变更登记经核准，发给营业执照特此通知。

企业名称	上海金翔木材批发市场
企业地址	上海市嘉定区南翔镇丰翔路8号
法定代表人	蔡学麟
资金数额	300.0000 万人民币
企业类型	国有与集体联营企业(非公司法人)
经营范围	木材，木制品，钢材，有色金属，招商，租赁（涉及许可经营的凭许可证经营）**。
经营方式	批发,零售,服务
经营期限	1997年07月09日 至
注册号	3101141011891
核准日期	2003年11月20日

上海市工商行政管理局 嘉定分局

2003年11月20日

Notice for approved Business Registration License

The changes had been approved and a Business Registration License was granted.

Company name	Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场
Address	No. 8, Fengxiang Road, Nanxiang Town, Jiading District, Shanghai City 上海市嘉定区南翔镇丰翔路 8 号
Legal representative	Cai Xuelin 蔡学麟
Registered capital	RMB3 million
Company type	Joint Venture by SOE and Collective enterprise 国有与集体联营企业（非公司法人）
Business scope	timber, wood products, steel, nonferrous metal, Merchant, leasing 木材，木制品，钢材，有色金属，招商，租赁
Business mode	Wholesale, retail and service
Business duration	From 1997-07-09 to --
Registration No.	3101141011891
Date of approval	2003-November-20

Shanghai Administration Bureau of Industry and Commerce Jiading Branch
上海市工商行政管理局嘉定分局
2003-November-20

This is Exhibit "X" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

甲方：上海金森物资贸易公司

乙方：上海南翔工业开发区实业有限公司

上海金翔木材批发市场有上海昌翔实业有限公司（现更名为上海南翔工业开发区实业有限公司）与上海金森物资贸易公司（该公司于2005年2月4日已吊销执照）联合创办。

根据上海地区建材市场的实际情况和双方企业的发展变化，甲方将重新择业发展，已于2000年1月15日上海金翔木材批发市场二届三次董事会上已退出联营（详见《决议》），但一直没有办理相关手续，现决定解除甲乙双方于1997年5月3日签订的《联营协议书》，并得到双方上级主管单位的确认。

1、上海金森物资贸易公司的50万元投资款因退出联营已退出，所以上海金森物资贸易公司不承担金翔市场自开业以来的所有债权债务。

2、上海南翔工业开发区实业有限公司愿根据金翔市场发展接受上海金森物资贸易公司要求退出的状况，并愿意接受金翔市场自开业以来的所有债权债务。

甲方：上海金森物资贸易公司 乙方：上海南翔工业开发区实业有限公司

化东林

甲方上级主管单位盖章

乙方上级主管单位盖章

张... 2005.8.8

张... 2005年8月6日

Agreement to Terminate Joint Venture Business

Party A: Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司

Party B: Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd.
上海南翔工业开发区实业有限公司

Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场 was a JV business, co-invested by Shanghai Changxiang Industrial Co., Ltd. 上海昌翔实业有限公司 (now renamed as Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd. 上海南翔工业开发区实业有限公司) and Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司 (the company was revoked on 2005-February-4).

According to the actual situation of the construction material market in Shanghai and the two investors' business development, Party A (Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司) made its new business choice to terminate its investment in Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场 during the third directors' meeting of the second term on January 15, 2000 (see resolution). However, the termination procedures have not been registered yet. The two parties have now decided to terminate their joint venture business agreement which was signed on 1997-May-3, and this has been confirmed by the high level supervisors of both parties.

1. Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司 has withdrew its investment of RMB500,000 from Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场, and would not undertake any liabilities of Jinxiang Timber Wholesale Market since its establishment.
2. Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd. 上海南翔工业开发区实业有限公司 accepts the withdrawal of Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司 and undertakes all liabilities of Jinxiang Timber Wholesale Market since its establishment.


Party A: Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司 (stamp)
Signed by Ji Zonglin 纪宗林

Party A's high level supervisors (stamp)
Signed by Zhang 张 on August 8, 2005

Party B: Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd.
上海南翔工业开发区实业有限公司 (stamp)

Party B's high level supervisors (stamp)
Signed by Zhang Jinde 张锦德 On August 6, 2005

This is Exhibit "Y" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

嘉翔府[2005]第63号

关于上海金翔木材批发市场变更 经济性质和注册资本的报告

上海市工商行政管理局嘉定分局：

根据上海地区建材市场发展情况和双方企业的变化，上海金翔木材批发市场的联合创办方，即上海金森物资贸易公司已退出上海金翔木材批发市场并重新择业发展。

鉴于以上情况我镇同意南翔工业开发区实业有限公司独资续办上海金翔木材批发市场，其经济性质和注册资本变更后的情况如下：

- 1、法人代表：蔡学麟；
 - 2、经济性质：集体所有制；
 - 3、注册资本：196万元；
 - 4、经营范围：木材、木制品、钢材、有色金属、招商、租赁。
- 特此报告，请予批办。

嘉定区南翔镇人民政府
二〇〇五年八月十一日

Document issued by the People's Government of Nanxiang Town, Jiading District

嘉定区南翔镇人民政府文件

The 63rd Document by People's Government of Nanxiang Town, Jiading District in 2005

嘉翔府（2005）第 63 号

A report about Shanghai Jinxiang Timber Wholesale Market's company type and registered capital changes

Shanghai Administration Bureau of Industry and Commerce Jiading Branch 上海市工商行政管理局嘉定分局:

According to the actual situation of the construction material market in Shanghai and the two investors' business development, Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司 withdrew its investment in Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场 and made its new business choice.

Considering the above mentioned conditions, the People's Government of Nanxiang Town agrees that Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd. 上海南翔工业开发区实业有限公司 became the sole shareholder of Shanghai Jinxiang Timber Wholesale Market. The status of the business type and registered capital of Shanghai Jinxiang Timber Wholesale Market after the change is shown below:

1. Legal representative: Cai Xuelin 蔡学麟
2. Company type: collective ownership 集体所有制
3. Registered capital: RMB1.96 million
4. Business scope: timber, wood products, steel, nonferrous metal, Merchant, leasing
木材, 木制品, 钢材, 有色金属, 招商, 租赁

This report is hereby submitted for processing.

The People's Government of Nanxiang Town, Jiading District 嘉定区南翔镇人民政府(stamp)

2005-August-11

This is Exhibit "Z" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong



同诚会验[2005] 第 12190 号

验资报告

上海金翔木材批发市场:

我们接受委托, 审验了贵企业截至 2005 年 8 月 11 日止减少注册资金实收情况。按照国家相关法律、法规的规定和协议、章程的要求出资, 提供真实、合法、完整的验资资料, 保护资产的安全、完整是全体出资人及贵企业的责任。我们的责任是对贵企业减少注册资金的情况发表审验意见。我们的审验是依据《独立审计实务公告第 1 号——验资》进行的。在审验过程中, 我们结合贵企业的实际情况, 实施了检查等必要的审验程序。

贵企业原注册资金人民币 300 万元, 其中上海南翔工业开发区实业有限公司(以下简称甲方)出资 250 万元, 占注册资金的 83%, 上海金森物资贸易公司(以下简称乙方)出资 50 万元, 占注册资金的 17%。根据 2005 年 8 月 11 日嘉定区南翔镇人民政府文件出具嘉翔府[2005]第 63 号报告和修改后章程的规定, 申请减少注册资金人民币 104 万元, 其中: 减少甲方出资人民币 54 万元, 减少乙方出资人民币 50 万元。经我们审验, 截至 2005 年 8 月 11 日止, 贵企业已减少注册资金人民币 104 万元, 其中: 减少



上海同诚会计师事务所

Shanghai Tongcheng Certified Public Accountants

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甲方出资人民币 54 万元，减少乙方出资人民币 50 万元。

同时我们注意到，贵公司本次减资前的注册资金为人民币 300 万元，已经上海市嘉定审计师事务所审验，并于 1997 年 6 月 12 日出具嘉审事字 [1997] 第 1040 号《验资报告》。截至 2005 年 8 月 11 日止，变更后的注册资金为人民币 196 万元。

本验资报告供贵企业申请变更登记及据以向出资人签发出资证明时使用，不应将其视为是对贵企业验资报告日后资金保全、偿债能力和持续经营能力等的保证。因使用不当而造成的后果，与执行本验资业务的注册会计师及会计师事务所无关。

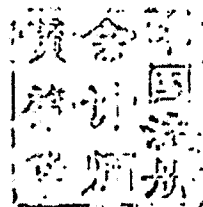
附件：1、注册资金变更前后对照表。

(1) 减少注册资金实收情况明细表；

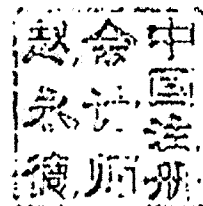
(2) 注册资金变更前后对照表。

2、验资事项说明。

主任会计师



中国注册会计师



报告日期：二〇〇五年八月十一日



Capital Verification Report

Shanghai Tongcheng Certified Public Accountants 上海同诚会计事务所

--No. 12190, Tongcheng in 2005 同诚会验 2005 第 12190 号

Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场:

We accepted the appointment to verify the status of the reduction of paid-in capital of your company till August 11, 2005. The responsibilities of the Company and all its shareholders are to invest in accordance with the terms of the agreement and the articles of the association of the Company and the provisions of related laws and codes of the state, and provide true, legitimate and complete information for capital verification, and ensure the safety and completeness of its assets. Our responsibility is to review the status of the Company's reduction of paid-in capital and provide auditor's opinion. Our verification is in accordance with the "Statement of Independent Auditing Practices No.1: Verification of Capital Contribution (独立审计实务公告第 1 号—验资)". In the course of the verification, in consideration of the Company's practice, we carried out the necessary audit and verification procedures.

The original registered capital was RMB3 million, including RMB2.50 million (83% shares) from Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd. 上海南翔工业开发区实业有限公司 (hereinafter referred to as "Party A") and RMB500,000 (17% shares) from Shanghai Jinsen Material Trade Co., Ltd. 上海金森物资贸易公司 (hereinafter referred to as "Party B"). Subject to the 63rd Report issued by People's Government of Nanxiang Town, Jiading District in 2005 (嘉翔府(2005)第 63 号) on August 11, 2005 and the amended articles of association of the company, your company applied to reduce the registered capital by RMB1.04 million which includes RMB540,000 from Party A and RMB500,000 from Party B. We hereby verified that up to August 11, 2005, the Company has reduced RMB1.04 million of registered capital including RMB540,000 from Party A and RMB500,000 from Party B.

At the same time, we notice that the registered capital of your esteemed company prior to the change was RMB3 million which was verified by Shanghai Jiading Auditing Firm 上海市嘉定审计师事务所 on June 12, 1997, with Verification Report of No. 1040 in 1997 (嘉审事字 1997 第 1040 号验资报告). Up to August 11, 2005, your registered capital has been changed to RMB1.96 million.

This capital verification report is only for your Company to apply for registration change and to issue capital contribution certificates to your shareholders, and shall not be deemed as a guarantee for the Company's capital maintenance, solvency and successive management ability. Any result caused by improper usage of this report has nothing to do with the certified accounting firm which conducted this capital verification.

Annex: 1. Table showing the registered capital prior to and after the change.

- a. Breakdown for the reduction of registered capital
- b. A table for comparison of registered capital prior to and after the change.

2. Notes on the capital verification

Senior Accountant: Huang Zhaohua 黄肇华 (Stamp)

PRC Certified Public Accountant 中国注册会计师: Zhao Yongde 赵永德 (stamp)

Shanghai Tongcheng Certified Public Accountants Co., Ltd.

上海同城会计师事务所 (stamp)

中国上海

Report date: 2005-August-11

This is Exhibit "AA" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

上海金翔木材批发市场 :

根据《企业名称登记管理规定》、《企业名称登记管理实施办法》等规定，同意变更企业名称为：

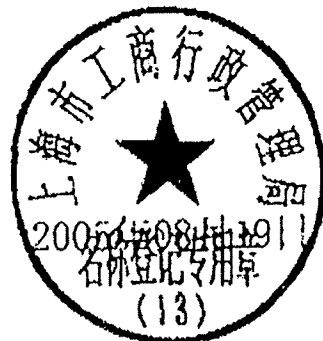
上海金翔木材批发市场经营管理有限公司

该企业的注册资本为：~~300.0000~~万元（人民币）

300.0000 万元
2005.08.19

该企业名称保留期至2006年02月18日。在保留期内，企业名称不得用于经营活动，不得转让。经企业登记机关变更登记，颁发营业执照后企业名称正式生效。

六级注册官：



Notice for Approved Company Name Change

Ref: 沪工商注名变核字第 01200508180128 号

To: Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场:

According to Provisions on Administration of Enterprise Name Registration (企业名称登记管理规定), The Measures for the implementation of the administration of the registration of enterprise names (企业名称登记管理实施办法), the company name change was approved.

The new company name is "Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. 上海金翔木材批发市场经营管理有限公司".

Registered capital is RMB8.46 million.

The retention period of the new company name is from 2005-08-19 to 2006-02-18. During this period, this new company name should not be used for any business or be transferred to others. The name change has to be registered and approved by the company registration authority by which a business license will be issued. After that, the new name is officially valid.

Shanghai Administration Bureau For Industry and Commerce 上海市工商行政管理局
(stamp)
2005-August-19

This is Exhibit "BB" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

公司法定代表人、董事、监事、经理任职证明

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海市工商行政管理局 嘉定 分局:

兹证明 蔡宗麟 同志具备完全民事行为能力,

符合备注栏中有关法律、法规的规定,按《中华

人民共和国公司法》和公司章程的有关规定,经正

选举(委托、聘任)拟在 上海金林木材批发市场经营管理有限公司 担任

董事长法定代表人
总经理 职务,根据章程的有关条款行使职

特此证明

人事管理部门(公章)



2005年8月20日

Certificate of Appointment of the company's legal representative, director, supervisor and manager

Shanghai Administration Bureau of Industry and Commerce Jiading Branch 上海市工商行政管理局嘉定分局:

We hereby certify that Cai Xuelin 蔡学麟 has complete capacity of civil disposition and meets the provisions of the relevant laws and regulations in the remarks column. According to the Corporate Law of the People's Republic of China and the relevant provisions of the Company's Articles, we officially appoint Cai Xuelin 蔡学麟 as the legal representative, chairman and general manager of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. to exercise power according to the provisions of the relevant articles of the Company.

It is hereby certified.

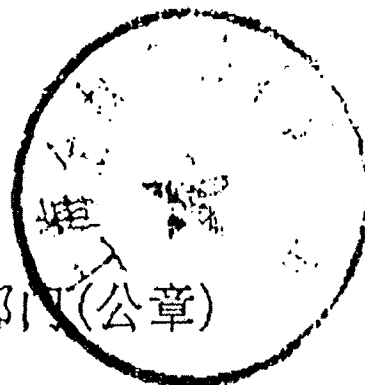
Human Recourses Department of
Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd.
上海金翔木材批发市场经营管理有限公司 (stamp)
2005-August-20

上海市工商行政管理局 嘉定 分局：

兹证明 潘家杰 同志具备完全民事行为能力，且符合备注栏中有关法律、法规的规定，按《中华人民共和国公司法》和公司章程的有关规定，经正式选举(委托、聘任)拟在 上海新树林发福经营管理 有限公司担任 董事 职务，根据章程的有关条款行使职权。

特此证明

人事管理部门(公章)



2005年8月20日

Certificate of Appointment of the company's legal representative, director, supervisor and manager

Shanghai Administration Bureau of Industry and Commerce Jiading Branch 上海市工商行政管理局嘉定分局:

We hereby certify that Poon Kai Kit 潘家杰 has complete capacity of civil disposition and meets the provisions of the relevant laws and regulations in the remarks column. According to the Corporate Law of the People's Republic of China and the relevant provisions of the Company's Articles, we officially appoint Poon Kai Kit 潘家杰 as director of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. to exercise power according to the provisions of the relevant articles of the Company.

It is hereby certified.

Human Recourses Department of
Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd.
上海金翔木材批发市场经营管理有限公司 (stamp)
2005-August-20

市工商行政管理局 嘉定 分局:

兹证明 马聪 同志具备完全民事行为能力,

符合备注栏中有关法律、法规的规定,按《中华

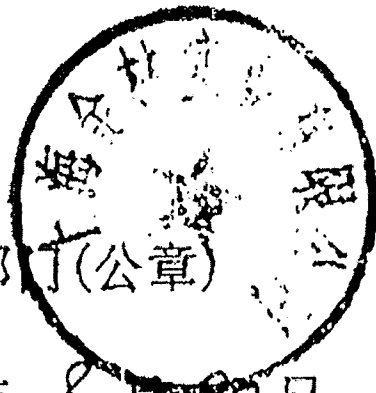
人民共和国公司法》和公司章程的有关规定,经正

举(委托、聘任)拟在 上海宝翔木材批发市场经营管理 有限公司

董事 职务,根据章程的有关条款行使职

特此证明

人事管理部 (公章)



2005年8月20日

Certificate of Appointment of the company's legal representative, director, supervisor and manager

Shanghai Administration Bureau of Industry and Commerce Jiading Branch 上海市工商行政管理局嘉定分局:

We hereby certify that Ma Cong 马聪 has complete capacity of civil disposition and meets the provisions of the relevant laws and regulations in the remarks column. According to the Corporate Law of the People's Republic of China and the relevant provisions of the Company's Articles, we officially appoint Ma Cong 马聪 as director of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. to exercise power according to the provisions of the relevant articles of the Company.

It is hereby certified.

Human Recourses Department of
Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd.
上海金翔木材批发市场经营管理有限公司 (stamp)
2005-August-20

海市工商行政管理局 嘉定 分局:

兹证明 张锦德 同志具备完全民事行为能力，符合备注栏中有关法律、法规的规定，按《中华人民共和国公司法》和公司章程的有关规定，经正选举(委托、聘任)拟在 海安翔材林业有限公司 担任 董事 职务，根据章程的有关条款行使职

特此证明



人事管理部门(公章)

2005 年 8 月 20 日

Certificate of Appointment of the company's legal representative, director, supervisor and manager

Shanghai Administration Bureau of Industry and Commerce Jiading Branch 上海市工商行政管理局嘉定分局:

We hereby certify that Zhang Jinde 张锦德 has complete capacity of civil disposition and meets the provisions of the relevant laws and regulations in the remarks column. According to the Corporate Law of the People's Republic of China and the relevant provisions of the Company's Articles, we officially appoint Zhang Jinde 张锦德 as director of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. to exercise power according to the provisions of the relevant articles of the Company.

It is hereby certified.

Human Recourses Department of
Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd.
上海金翔木材批发市场经营管理有限公司 (stamp)
2005-August-20

公司法定代表人、董事、监事、经理任职证明

海市工商行政管理局 嘉定 分局:

兹证明 张玉林 同志具备完全民事行为能力，符合备注栏中有关法律、法规的规定，按《中华人民共和国公司法》和公司章程的有关规定，经正选举(委托、聘任)拟在 上海金翔林批发市场经营管理有限公司 担任 副董事长 职务，根据章程的有关条款行使职

特此证明



人事管理部门(公章)

2005 年 8 月 20 日

Certificate of Appointment of the company's legal representative, director, supervisor and manager

Shanghai Administration Bureau of Industry and Commerce Jiading Branch 上海市工商行政管理局嘉定分局:

We hereby certify that Zhang Yulin 张玉林 has complete capacity of civil disposition and meets the provisions of the relevant laws and regulations in the remarks column. According to the Corporate Law of the People's Republic of China and the relevant provisions of the Company's Articles, we officially appoint Zhang Yulin 张玉林 as vice chairman of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. to exercise power according to the provisions of the relevant articles of the Company.

It is hereby certified.

Human Recourses Department of
Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd.
上海金翔木材批发市场经营管理有限公司 (stamp)
2005-August-20

This is Exhibit "CC" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

嘉翔府[2005]批9号

关于同意金翔木材批发市场 改制及增资扩股的批复

上海南翔工业开发区实业有限公司：

你公司报来的关于金翔木材批发市场改制及增资扩股的请示已收悉。经研究，同意你公司将原属集体所有制的上海金翔木材批发市场改制为上海金翔木材批发市场经营管理有限公司（国内合资），并同意上海南翔工业开发区实业有限公司以净资产 196 万元全数出资入股、上海金材实业有限公司以 650 万元现资入股。金翔木材批发市场改制后的公司的注册资金将由原来的 196 万元增加到 846 万元，经营范围是为金翔木材批发市场内木材、胶合板、装饰材料经营者提供市场管理服务。望接批复后及时办理改制登记等相关手续。

特此批复

嘉定区南翔镇人民政府

二〇〇五年八月二十五日

Document Issued by the People's Government of Nanxiang Town, Jiading District
Document No. 9 in 2005 嘉翔府 2005 批 9 号

Re: Approval on Jinxiang Timber Wholesale Market's restructuring and capital increase

To: Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd. 上海南翔工业开
发区实业有限公司:

We have received your request on Jinxiang Timber Wholesale Market's restructuring and capital increase. Upon review, we agree that Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场 changes from a collective ownership to a limited company (Joint Venture by domestic companies) and increases its registered capital to RMB8.46 million, including RMB1.96 from Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd. 上海南翔工业开发区实业有限公司 and RMB6.50 million from Shanghai Jincai Industrial Co., Ltd. 上海金材实业有限公司. Its business scope covers market management service for suppliers of timbers, plywood and decorative materials in Jinxiang Timber Market. We hope that your company would get changes registered in time.

Approval is hereby granted.

The People's Government of Jiading District Nanxiang Town 嘉定区南翔镇人民政府 (stamp)
2005-August-25

This is Exhibit "DD" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

股 东 会 决 议

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根据《公司法》及本公司章程的有关规定，上海金翔木材批发市场经营管理有限公司定期股东会议于2005年8月20日在本公司
会议室召开。首次会议由出资最多的股东提议召开，股东会于会议
召开十五天以前以电话方式通知全体股东，应到会股东2
人，实际到会股东2人，代表846万股，占100%股权。会议由出
资最多的股东主持，形成决议如下：

一、根据政府有关市场改制要求，将市场改为有限责任公司，并
接受上海金材实业有限公司为新股东，注册资本由原196万元，增加
到846万元。

二、选举张锦德、潘家杰、张玉林、马聪、蔡学麟任公司董事。

三、选举瞿荣国任公司监事。

四、通过公司章程。

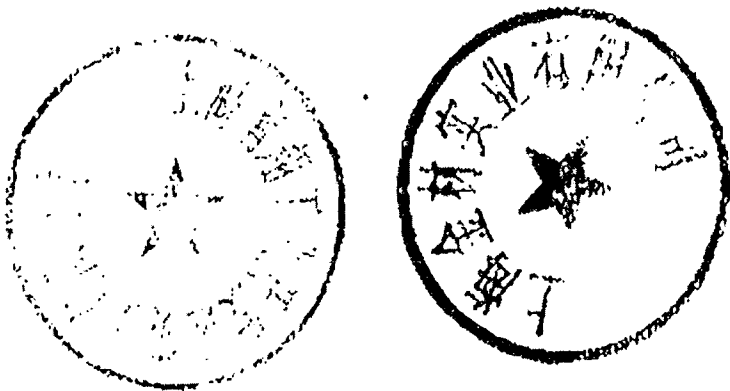
五、公司于本决议作出后30日内向登记机关申请注册登记。

以上事项表决结果：同 意 846 万股，占总股数 100 %；

不同 意 _____ 万股，占总股数 _____ %；

弃 权 _____ 万股，占总股数 _____ %。

与会股东（盖章、签字）注1



注1：股东是法人或者其他经济组织的加盖公章，股东是自然人的由自然人签字。

Resolutions of the Shareholders' Meeting
of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. 上海金翔木材批发市场经营管理有限公司

According to Corporation Law and articles of association of the Company, the shareholders meeting of Shanghai Jinxiang Timber Wholesale Market Management Co., Ltd. was held on August 20, 2005 in the meeting room of the Company. The first shareholder meeting was proposed by the major shareholder. Shareholders had been informed the meeting 15 days ago. The two shareholders were present and holding total 8.46 million shares which account for 100% shares of the Company. The meeting was hosted by the major shareholder. The resolutions are as below:


1. According to the governmental demands on company's restructuring, "Market" has been changed to "Co., Ltd.". Meanwhile, Shanghai Jincai Industrial Co., Ltd. 上海金材实业有限公司 becomes the new shareholder of the Company whose registered capital is increased from RMB1.96 million to 8.46 million.
2. Zhang Jinde 张锦德, Poon Kai Kit 潘家杰, Zhang Yulin 张玉林, Ma Cong 马聪, and Cai Xuelin 蔡学麟 become new directors.
3. Qu Rongguo 瞿荣国 becomes the supervisor.
4. The Company's Articles are formed.
5. The Company will apply for registration with the registration authority within 30 days.

The above mentioned resolutions are 100% agreed by shareholders who totally held 8.46 million shares (100%).

Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd.
上海南翔工业开发区实业有限公司 (stamp)

Shanghai Jincai Industrial Co., Ltd.
上海金材实业有限公司 (stamp)

This is Exhibit "EE" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

上海市商品流通企业二000年月度会计报表

资产负债表

主管部门

会商地月01表

单位名称 上海金翔木材批发市场

2000年12月

金额单位：元

资产	行次	年初数	期末数	负债及所有者权益	行次	年初数	期末数
流动资产：				流动负债：			
货币资金	1	3473067.89	2028923.42	短期借款	16	11220000.00	12500000.00
短期投资	2			其中：政策性粮油借款	17		
应收票据	3			应付票据	18		
应收账款	4	21094648.02	10363637.97	应付账款	49	40519874.01	20797713.81
减：坏账准备	5			预收账款	50	850000.00	281250.00
应收账款净额	6	21094648.02	10363637.97	其他应付款	51	3879383.55	1876655.01
预付账款	7	117854.50	-18017.00	应付工资	52	99425.4	74310.40
应收出口退税	8			应付福利费	53	70883.46	29150.86
应收补贴款	9			未交税金	54	-1975652.79	-930606.51
期货保证金	10			未付利润	55		
应收席位费	11			其他未交款	56		0.00
其他应收款	12	1308569.40	837094.41	预提费用	57	140000.00	46000.00
存货	13	14254587.22	9239558.82	一年内到期的长期负债	58		
其中：政策性粮油	14			其他流动负债	59		
待转其他业务支出	15			流动负债合计	60	54603513.63	34673473.37
待摊费用	16	61420.00	40000.00				
待处理流动资产净损失	17	188501.51	188501.51	长期负债：			
一年内到期的长期债券投资	18			长期借款	65		0.00
其他流动资产	19			其中：政策性粮油借款	66		
流动资产合计	20	40498648.54	22679697.13	其中：国家专项粮食收购贷款	67		
长期投资：				特种储备借款	68		
长期投资	21			应付债券	69		
固定资产：				长其应付款	70		
固定资产原价	24	12480175.13	15192307.55	其他长其负债	71		
减：累计折旧	25	737757.10	1457757.10	其中：住房周转金	72		
固定资产净值	26	11742418.03	13734550.45	长期负债合计	76	0.00	0.00
固定资产清理	27			递延税项：			
在建工程	28	4431436.72	0.00	递延税款贷项	77		
待处理固定资产净损失	29			负债合计	80	54603513.63	34673473.37
固定资产合计	35	16173854.75	13734550.45	所有者权益：			
无形资产及递延资产：				实收资本	81	10050000.00	12900000.00
无形资产	36	7990758.64	7690788.64	资本公积	82		
递延资产	37	549200.00	3308200.00	盈余公积	83		
				其中：公益金	84		
无形资产及递延资产合计	10	8539958.64	10998988.64	未分配利润	85	558948.30	239782.85
其他长期资产：							
其他长期资产	41			所有者权益合计	88	10608948.30	12739762.85
递延税项：				负债及所有者权益合计	90	65212461.93	47413236.22
递延税款借项	42						
资产合计	45	65212461.93	47413236.22				

企业行政领导人：

会计主管人员：

制表人：

2

生产经营情况

经营情况(元)	符号	万亿	千亿	百亿	十亿	亿	千万	百万	十万	万	千	百	十	个
资产合计	+						4	7	4	1	3	2	3	6
负债合计							3	4	6	7	3	4	7	3
所有者权益合计							1	2	7	3	9	7	6	3
其中:实收资本	+						1	2	5	0	0	0	0	0
对外投资总额	+													
营业额(销售收入)	+													
产值	+													
税后利润	+								3	5	0	3	4	8
亏损额	+													

注: 1. 符号一栏仅对“负债合计”、“所有者权益合计”两项填写符号正“+”或负“-”。

2. 亏损额与税后利润两者只能填一; 资产合计 = 所有者权益合计 + 负债合计。

专项信息

行业(企业)	是	否	行业(企业)	是	否
煤炭企业			游戏机		
成品油企业			桑拿洗浴按摩企业		
集邮票品			录像放映企业		
卫星地面接收设施企业			美容美发企业		
医疗器械企业			棋牌室		
易燃易爆企业			茶室		
医药企业			电脑屋、网吧		
歌舞娱乐企业			性保健品企业		

注: 凡企业具有上述经营范围的, 应在年检时提交有关许可证、审批件(复印件), 并在上表中“是否提交”一框中选择“是”或“否”一栏打“√”。如不能提交有关许可证、审批件(复印件)的, 将由登记机关责令变更其经营范围。

2000年度受有关部门处罚情况(打√)

部门	工商	公安	税务	劳动	卫生	环保	技监	文化	其他

Balance Sheet

Name of Enterprise: Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场	December-2000	Monetary Unit: RMB Yuan
--	---------------	-------------------------

ASSETS	Line No.	Year start	Year end	LIABILITIES AND OWNER'S EQUITY	Line No.	Year start	Year end
Current Assets:				Current liabilities:			
Cash & Bank	1	3,473,067.89	2,028,923.42	Short-term loans	46	11,220,000.00	12,500,000.00
Short term investments	2			Including: foodstuff reserves loans	47		
Notes receivable	3			Notes payable	48		
Accounts receivable	4	21,094,648.02	10,363,637.97	Accounts payable	49	40,519,674.01	20,797,713.61
Less: Provision for bad debts	5			Advances from customers	50	650,000.00	281,250.00
Net accounts receivable	6	21,094,648.02	10,363,637.97	Other payables	51	3,879,383.55	1,876,655.01
Accounts Prepaid	7	117,854.50	-18,017.00	Payroll payable	52	99,425.4	74,310.40
Export tax refund receivable	8			Welfare payable	53	70,683.46	28,150.86
Allowance receivable	9			Taxes payable	54	-1,975,652.79	-930,606.51
Futures	10			Profits payable	55		
Seat fees receivable	11			Other payables	56		0.00
Other receivables	12	1,308,569.40	837,094.41	Accrued expense	57	140,000.00	46,000.00
Inventories	13	14,254,587.22	9,239,556.82	Long-term liabilities due within one year	58		
Including foodstuff reserves	14			Other current liabilities	59		
Other pending business	15						

Prepaid and deferred expenses	16	61,420.00	40,000.00	Total current liabilities	60	54,603,513.63	34,673,473.37
Unsettled G/L on current assets	17	188,501.51	188,501.51				
Long-term debenture investment falling due in a year	18			LONG-TERM LIABILITIES			
Other current assets	19			Long-term loans	65		0.00
Total current assets	20	40,498,648.54	22,679,697.13	Including foodstuff reserves	66		
Long-term investment				Including: special reserve loans for state grain and oil	67		
Long-term investment	21			Special reserve fund	68		
Fixed assets:				Bonds	69		
Fixed assets-cost	24	12,480,175.13	15,192,307.55	Long-term accounts payable	70		
Less: Accumulated depreciation	25	737,757.10	1,457,757.10	Other long-term liabilities	71		
Fixed assets-net value	26	11,742,418.03	13,734,550.45	Including: housing revolving fund	72		
Disposal of fixed assets	27			Total long-term liabilities	76	0.00	0.00
Construction in progress	28	4,431,436.72	0.00	Deferred taxes:			
Unsettled G/L on fixed assets	29			Deferred taxes debit	77		
Total tangible assets	35	16,173,854.75	13,734,550.45	Total liabilities	80	54,603,513.63	34,673,473.37
Intangible assets and deferred assets:				OWNER'S EQUITY			
Intangible assets	36	7,990,758.64	7,690,788.64	Paid in capital	81	10,050,000.00	12,500,000.00

Deferred assets	37	549,200.00	3,308,200.00	Capital reserves	82		
				Surplus	83		
Intangible assets and deferred assets	40	8,539,958.64	10,998,988.64	Including: public welfare fund	84		
Other long-term assets:				Retained earnings	85	558,948.30	239,762.85
Other long-term assets	41						
Deferred taxes:							
Deferred assets debits	42			Total shareholder's equity	88	10,608,948.30	12,739,762.85
Total assets	45	65,212,461.93	47,413,236.22	Total liabilities & equity	90	65,212,461.93	47,413,236.22

Year 2000 Operation Status Summary

Item	Amount
Total Assets	RMB 47,413,236
Total Liabilities	RMB 34,673,473
Total Owner's Equity	RMB 12,739,763
Including: Paid in capital	RMB 12,500,000
Total Investment	
Business Revenue	
Production Value	
Profits after Taxes	RMB 350,348
Loss	

上海市商品流通企业二00二年月度会计报表

资产负债表

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主管部门

会商地月01表

单位名称上海金翔木材批发市场

2002年12月30日

金额单位：元

资产	行次	年初数	期末数	负债及所有者权益	行次	年初数	期末数
流动资产				流动负债：			
货币资金	1	3047123.59	4941823.40	短期借款	46	14700000.00	11000000.00
短期投资	2			其中：政策性粮油借款	47		
应收票据	3			应付票据	48		
应收帐款	4	998853.58	3149365.52	应付帐款	49	5769865.28	15667220.28
减：坏帐准备	5			预收帐款	50	0.00	0.00
应收帐款净额	6	998853.58	3149365.52	其他应付款	51	2497922.59	1652494.82
预付帐款	7	-18017.00	81983.00	应付工资	52	51133.40	5128.50
应收出口退税	8			应付福利费	53	24326.88	28836.71
应收补贴款	9			未交税金	54	-390436.87	-723190.77
期货保证金	10			未付利润	55		
应收席位费	11			其他未交款	56		
其他应收款	12	2777482.72	2273119.10	预提费用	57	198181.41	152872.00
存货	13	4095733.36	6073054.79	一年内到期的长期负债	58		
其中：政策性粮油	14			其他流动负债	59		
待转其他业务支出	15						
待摊费用	16	40000.00	0.00	流动负债合计	60	22848992.65	27783161.54
待处理流动资产净损失	17	188501.51	0.00				
一年内到期的长期债券投资	18			长期负债：			
其他流动资产	19			长期借款	65		
流动资产合计	20	11129677.74	16519345.81	其中：政策性粮油借款	66		
长期投资：				其中：国家专项储备粮油借款	67		
长期投资	21			特种储备借款	68		
固定资产：				应付债券	69		
固定资产原价	24	18691656.22	19829164.48	长其应付款	70		
减：累计折旧	25	2177757.10	3166757.10	其他长其负债	71		
固定资产净值	26	14513899.12	16662407.38	其中：住房周转金	72		
固定资产清理	27			长期负债合计	76		0.00
在建工程	28		294115.90	递延税项：			
待处理固定资产净损失	29			递延税款贷项	77		
固定资产合计	35	14605715.02	16956523.28	负债合计	80	22848992.65	27783161.54
无形资产及递延资产：				所有者权益：			
无形资产	36	7282788.64	6873788.64	实收资本	81	12500000.00	12500000.00
递延资产	37	2308600.00	0.00	资本公积	82		
				盈余公积	83		
无形资产及递延资产合计	40	9592388.64	6873788.64	其中：公益金	84		
其他长期资产：				未分配利润	85	-21211.25	66496.19
其他长期资产	41						
递延税项：							
递延税款借项	42			所有者权益合计	88	12478788.75	12566496.19
资产合计	45	35327781.40	40349657.73	负债及所有者权益合计	90	35327781.40	40349657.73

企业行政领导人：

会计主管人员：

制表人：

2

生产经营情况

经营情况(元)	符号	万亿	千亿	百亿	十亿	亿	千万	百万	十万	万	千	百	十	个
资产合计	+						4	0	3	4	9	6	5	7
负债合计							2	7	7	8	3	1	6	1
所有者权益合计							1	2	5	6	6	4	9	6
其中:实收资本	+						1	2	5	0	0	0	0	0
对外投资总额	+													
营业额(销售收入)	+						6	6	3	9	2	0	4	4
产值	+													
税后利润	+									1	2	3	9	1
亏损额	+													

注: 1. 符号一栏仅对“负债合计”、“所有者权益合计”两项填写符号正“+”或负“-”。

2. 亏损额与税后利润两者只能填一; 资产合计 = 所有者权益合计 + 负债合计。

专项信息

行业(企业)	是	否	行业(企业)	是	否
互联网上网服务场所(网吧)			因私出入境和留学中介机构		
电子游戏机经营企业			民用爆破器材生产企业		
歌舞娱乐企业			烟花爆竹生产经营企业		
桑拿按摩企业			化学危险品生产经营企业		

注: 凡企业具有上述经营范围的,应在年检时提交有关许可证、审批件(复印件),并在上表中选择“是”一栏打“√”。如不能提交有关许可证、审批件(复印件)的,则在上表中选择“否”一栏打“√”。

2002年度受有关部门处罚情况(打√)

部门	工商	公安	税务	劳动	卫生	环保	技监	文化	其他

Balance Sheet

Name of Enterprise: Shanghai Jinxiang Timber Wholesale Market 上海金翔木材批发市场	30-December-2002	Monetary Unit: RMB Yuan
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ASSETS	Line No.	Year start	Year end	LIABILITIES AND OWNER'S EQUITY	Line No.	Year start	Year end
Current Assets:				Current liabilities:			
Cash & Bank	1	3,047,123.59	4,941,823.40	Short-term loans	46	14,700,000.00	11,000,000.00
Short term investments	2			Including: foodstuff reserves loans	47		
Notes receivable	3			Notes payable	48		
Accounts receivable	4	998,853.56	3,149,365.52	Accounts payable	49	5,769,865.26	15,667,220.28
Less: Provision for bad debts	5			Advances from customers	50	0.00	0.00
Net accounts receivable	6	998,853.56	3,149,365.52	Other payables	51	2,497,922.59	1,652,494.82
Accounts Prepaid	7	-18,017.00	81,983.00	Payroll payable	52	51,133.40	5,128.50
Export tax refund receivable	8			Welfare payable	53	24,326.86	28,636.71
Allowance receivable	9			Taxes payable	54	-390,436.87	-723,190.77
Futures guarantee	10			Profits payable	55		
Seat fees receivable	11			Other payables	56		
Other receivables	12	2,777,482.72	2,273,119.10	Accrued expense	57	196,181.41	152,872.00
Inventories	13	4,095,733.36	6,073,054.79	Long-term liabilities due within one year	58		
Including foodstuff reserves	14			Other current liabilities	59		

Other pending business expenses	15						
Prepaid and deferred expenses	16	40,000.00	0.00	Total current liabilities	60	22,848,992.65	27,783,161.54
Unsettled G/L on current assets	17	188,501.51	0.00				
Long-term debenture investment falling due in a year	18			LONG-TERM LIABILITIES			
Other current assets	19			Long-term loans	65		
current assets	20	11,129,677.74	16,519,345.81	Including foodstuff reserves	66		
Long-term investment				Including: special reserve loans for state grain and oil	67		
Long-term investment	21			Special reserve fund	68		
Fixed assets:				Bonds	69		
Fixed assets-cost	24	16,691,656.22	19,829,164.48	Long-term accounts payable	70		
Less: Accumulated depreciation	25	2,177,757.10	3,166,757.10	Other long-term liabilities	71		
Fixed assets-net value	26	14,513,899.12	16,662,407.38	Including: housing revolving fund	72		
Disposal of fixed assets	27			Total long-term liabilities	76		0.00
Construction in progress	28		294,115.90	Deferred taxes:			
Unsettled G/L on fixed assets	29			Deferred taxes debit	77		
Total tangible assets	35	14,605,715.02	16,956,523.28	Total liabilities	80	22,848,992.65	27,783,161.54

Intangible assets and deferred assets:				OWNER'S EQUITY			
Intangible assets	36	7,282,788.64	6,873,788.64	Paid in capital	81	12,500,000.00	12,500,000.00
Deferred assets	37	2,309,600.00	0.00	Capital reserves	82		
				Surplus	83		
Intangible assets and deferred assets	40	9,592,388.64	6,873,788.64	Including: public welfare fund	84		
Other long-term assets:				Retained earnings	85	-21,211.25	66,496.19
Other long-term assets	41						
Deferred taxes:							
Deferred assets debits	42			Total shareholder's equity	88	12,478,788.75	12,566,496.19
Total assets	45	35,327,781.40	40,349,657.73	Total liabilities & equity	90	35,327,781.40	40,349,657.73

Year 2002 Operation Status Summary

Item	Amount
Total Assets	RMB 40,349,657
Total Liabilities	RMB 27,783,161
Total Owner's Equity	RMB 12,566,496
Including: Paid in capital	RMB 12,500,000
Total Investment	
Business Revenue	RMB 66,392,044
Production Value	
Profits after Taxes	RMB 12,391
Loss	



This is Exhibit "FF" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.

A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

10009

上海市黄浦区洋泾镇人民政府文件

★

黄洋府(92)字第131号

关于同意建办《上海金森物资贸易公司》的批复

洋泾镇工业公司：

报告收悉，为了适应浦东的开发，促进洋泾经济的发展，经公司研究，决定同意你建办“上海金森物资贸易公司”。

单位地址：浦东大道1208号

法人代表：纪宗林

注册资金：壹佰万元

经济性质：集体所有制

经营范围：主营：木材及木材制品、金属材料、化工原料、
建材及建筑五金。

兼营：汽车配件、五金交电。

经营方式：批发零售、代购代销

文到日请即向工商、税务部门办理开业登记手续。

此 复。



一九九二年十二月三十日

抄送：洋泾工商所、洋泾征税组、洋泾工商银行

File of the Shanghai Huangpu Yangjing People's Government

Huangpu Yangjing Government (92) No. 131

Re: Approval for the establishment of Shanghai Jinsen Material Trade Company

To: Yangjing Industrial Company

We have received and read your report. To suit the development of Pudong, and to promote the development of Yangjing's economy, after conducting company research, we have decided to approve your plan to establish Shanghai Jinsen Material Trade Company.

Company Address: No. 1208 Pudong Avenue

Legal Representative: Ji Zonglin

Registered Capital: RMB 1 million

Economy Nature: Collective owned

Business Scope: Primary: woods and wooden products; metal materials;
chemical raw materials; architecture materials and hardware.

Secondary: automobile fittings; electrical hardware.

Business Mode: Wholesale and retail, purchase and sale agency.

Please proceed with the business registration at the Administration of Industry and Commerce and Taxation Bureau on receipt of this document.

We hereby reply.

Yangjing People's Government

December 30, 1992
(Chop)

Cc: Yangjing Administration of Industry & Commerce, Yangjing Taxation Team, Yangjing ICBC

This is Exhibit "GG" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

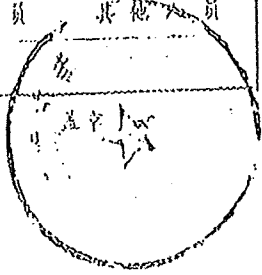
COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

10022

工商企业主要从业人员登记表

姓名	性别	年龄	文化程度	原所在单位及	现担任职务及	
			或职称	职务	工作	
纪宗林	男	40	大专	物资材料经理	经理	
沈宗炎	"	52	高中	同好厂科长	付经理	
杨瀚	"	24	"	湖华医药研究所	研究员	
刘建敏	"	35	初中	"	"	
查毓生	"	43	高中	生物公司科长	科长(总务)	
张祥华	"	37	"	"	科员(总务)	
潘淑华	女	40	"	"	"(总务)	
周智林	男	36	初中	铁道机械厂	"(总务)	
叶宗林	"	57	高中	汉川商店	科员(财务)	
化学兰	女	35	"	崇明农场	科员(财务)	
魏淑华	男	30	"	"	"(财务)	
朱德平	"	27	"	泰山中学	科员(总务)	
汤若琳	"	29	"	"	科员(总务)	
杨志平	"	45	"	丰产经营部	科员	
张一鸣	"	27	"	"	科员	
从业人员总数			共	业务人员	管理人员	其他人员
15			中	6	9	

95年元月28日




Industrial and Commercial Enterprise Main Staff Registration

Name	Gender	Age	Education	Former job	Present Position
Ji Zonglin	Male	40	Associate	Seedling Manager	Manager
Shen Zongding	Male	52	High school	West and East Factory, Team leader	Deputy manager
Yang Hai	Male	24	High school	Navy Medic Institute	Office
Liu Jianmin	Male	35	Middle school	Navy Medic Institute	Office
Li Ruisheng	Male	43	High school	Animal feeds team leader	Team leader (Business)
Zhang Xianghua	Male	37	High school	Animal feeds team leader	Team member (Business)
Tang Minhua	Female	40	High school	Animal feeds team leader	Team member (Business)
Zhou Zhilin	Male	34	Middle school	Tietong Mechanical Railway Distance Gauge Factory	Team member (Business)
Ye Zonglin	Male	57	High school	Hanyang Shop	Team leader (Finance)
Qiu Cuilan	Female	35	High school	Chongming Farm	Team member (Finance)
Ji Suihua	Male	30	High school	Chongming Farm	Team member (Finance)
Zhu Jianben	Male	27	High school	Tangshan Middle School	Team member (Administration)
Tang Guanghui	Male	29		Tangshan Middle School	Team leader (Administration)
Yang Huiben	Male	45	High school	Local products business	Team leader
Zhang Yiming	Male	27	High school	Local products business	Team member
Total			Business	Management	Others
15			6	9	0

January 28, 1993
Shanghai Huangpu Yangjing People's Government (Chop)

This is Exhibit "HH" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

10013



汇华会计师事务所 验资证明书

编号 93-1025

申请验资单位 上海金物资贸易公司 (全称) 所有制性质 集体所有制

注册资金总额 壹佰萬元整 (大写)

资 金 组 成	流动资产	1,000,000.00	国家财政部门拨款	
	固定资产		上级单位拨款	
			企业自筹资金	1,000,000.00
			其他单位投资	
合 计		¥1,000,000.00	合 计	¥1,000,000.00

附：验资报告



证明单位： 汇华会计师事务所

(盖章)

一九九三年六月四日

Huihua CPA Firm

Capital Verification

No. 93-1035

Applicant: Shanghai Jinsen Material Trade Company

Ownership Nature: collective owned

Registered Capital Amount: RMB One million

Capital Composition	Current Assets	1,000,000	Source Capital of	Funding from State Financial Department	
	Fixed Assets			Funding from parent company	
				Enterprise's own funds	1,000,000
				Funding from other parties	
Total		RMB 1,000,000	Total		RMB 1,000,000


Appendix: Capital Verification Report

Verification Unit: Huihua CPA Firm (Chop)

February 4, 1993

Add.: Room 1724, No. 583 Lingling Road (Ocean Oil Building), Shanghai Tel: 4395300 x 1724

This is Exhibit "II" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
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Wanchai, Hong Kong

30001

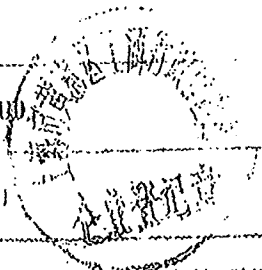
核发《企业法人营业执照》通知单

该企业经核准登记发给企业法人营业执照，特此通知。

企业名称	上海金鑫物资贸易公司	
住 所	浦东大道一〇八号	
法定代表人	纪家林	
注 册 资 金	壹佰万元	
经 济 性 质	集体所有制	
经 营 方 式	批发、零售、代购、代销。	
经 营 范 围	主 营	木材及制品，金属材料，化工原料（除危险品）， 建筑材料，建筑五金。
	兼 营	汽车零部件，五金交电。
执 照 字 号	注 册 号：013024100	
发 照 日 期	一九九三年二月十一日	

曹浦区工商行政管理局

年 月 日



Notice of Issuance of Enterprise Business License

We hereby notify that this enterprise has been approved to register and an Enterprise Business License has been issued.

Enterprise Name	Shanghai Jinsen Material Trade Company
Business Address	No. 1208 Pudong Avenue
Legal Representative	Ji Zonglin
Registered Capital	RMB 1 million
Economy Nature	Collective owned
Business Mode	Wholesale and retail, purchase and sale agency.
Business Scope	Primary: woods and wooden products; metal materials; chemical raw materials; architecture materials and hardware.
	Secondary: automobile fittings; electrical hardware.
License No.	012024100
Date of Issuance	February 11, 1993

Huangpu Administration of Industry & Commerce (Chop)

This is Exhibit "JJ" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

机构代码: 2021143007

0027

上海市工商行政管理局浦东新区分局 行政处罚决定书

沪工商浦案处字(2004)第1S0200412125号

当事人: 上海金森物资贸易公司
注册号: 3101151005437
住所: 浦东大道1208号
法定代表人: 纪宗林

经查, 上述当事人未按规定在年检截止日期前申报2002、2003年度年检, 并自登记机关限期年检公告发布之日起30日内仍未申报年检, 且在吊销营业执照行政处罚听证告知规定的期限内未提出听证申请, 视为放弃听证权利。以上事实有现场笔录、书证等证据为证。

当事人的上述行为, 违反了《企业年度检验办法》第五条的规定。根据《企业年度检验办法》第十九条的规定, 决定处罚如下:
吊销营业执照。

当事人如不服本处罚决定, 可在收到处罚决定书之日起六十日内, 向上海市工商行政管理局申请行政复议。

上海市工商行政管理局浦东新区分局



Administrative Penalty Decision of Shanghai Pudong Administration of Industry and Commerce

Shanghai Administration of Industry & Commerce Pudong Case Penalty Decision (2004)
No. 150200412125

Subject: Shanghai Jinsen Material Trade Company
Registration No.: 3101151005437
Company Address: No. 1208 Pudong Avenue
Legal Representative: Ji Zonglin

A review shows the above Subject did not submit their annual returns in 2002 and 2003 before the deadline for submission of annual returns, and did not submit their annual returns within 30 days after the registration authority has released a notification. Furthermore, the Subject did not submit an application for hearing after a notification for a hearing for the revoke of business license was issued. This is deemed to give up the rights to attend the hearing. All the above facts are in support by written records, documents and other evidences.

The acts of the Subject have violated Article Five of Enterprise Annual Return Ordinance. According to Article Nineteen of Enterprise Annual Return Ordinance, it is decided the following penalty will be imposed:

The business license be revoked.

If the Subject does not agree with this decision, he can apply for administrative review with the Shanghai Administration of Industry & Commerce within 60 days on receipt of this penalty decision.

Shanghai Pudong Administration of Industry & Commerce (Chop)

October 15, 2004

This is Exhibit "KK" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.




A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

002

公司名称预先核准申请书

(申请人填写)

申请公司名称	上海昂翔实业有限公司		
备用名称			
拟设公司的类型	国内合资		
拟设公司的注册资本	1000万元		
拟设公司的住所	上海嘉定南翔镇曙光村		
拟设公司的经营范围	五金机电、日用百货、建筑材料、钢材、机电产品、服装鞋帽、食品、果品、汽配、农副产品		
全体股东(发起人)签名			
			
序号	提交文件、证件名称	有关说明	页数

申请人姓名:

电话:

Application for Pre-approval of Company Name

Filled out by Applicant

Company Name	Shanghai Changxiang Industrial Co., Ltd		
Stanby Names			
Company Type	Domestic Joint Venture		
Registerd Capital	RMB 12,000,000		
Address	Shuguang Village, Nanxiang Town, Jiading District, Shanghai		
Business Scope	Sales of hardware, building materials, decoration materials, steel, machinery and electronic products, garments, daily necessities, automobile accessories, food, fruit and argricultural products.		
Signed by all the shareholders (founders):			
Stamps: Shanghai Nanxiang Economic Development Co., Ltd			
Jiading Nanxiang Industrial Co., Ltd.			
No.	Attached Certificates	Remarks	Page

Applicant's name

Tel:

This is Exhibit "LL" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

012 上海昌翔实业有限公司股东(发起人)名录

表一
(A, 法人)

法人名称	法定代表人	出资额 (万元)	百分比	住 所	备 注
上海南翔经济发展总公司	傅一峰	1000	85%	南翔镇	
嘉定区南翔工业公司	张锦德	200	15%	南翔镇	

注：①“备注”栏填写下述字母：A，企业法人，B，社会团体法人，C，事业法人，D，国家授权的部门。
 ②“住所”栏只填省、市(县)名。
 ③本表不够填时，可先复印续填，粘贴于后。


Shareholders of Shanghai Changxiang Industrial Co., Ltd

Legal Entity	Legal Representative	Capital Contribution (Unit: RMB '0,000)	Percentage	Address	Remarks
Shanghai Nanxiang Economic Development Co., Ltd	Fu Feng	1,000	85%	Nanxiang Town	
Jiading Nanxiang Industrial Co., Ltd	Zhang Jinde	200	15%	Nanxiang Town	

Notes:

- ① Please fill the REMARKS column with terms as follows:
 - A. Business Entity.
 - B. Social Group
 - C. Public Institution
 - D. Other State Authorized Group
- ② Only need to write the city and province name in the ADDRESS column.
- ③ If there is not enough space, you can paste another copy after it.

This is Exhibit "MM" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

关于建办上海昌翔实业公司 投资股东资金来源说明

嘉定区工商局：

由于上海昌翔实业有限公司，当时在筹建过程中工商营业执照，未能及时办好，就急需筑路、造桥，建造基础设施，招商引资开发新项目。

当时昌翔实业有限公司无执照，没帐户的情况下，总公司只能拨款到南翔工业开发区。代昌翔实业有限公司搞基础设施，目前上海昌翔实业有限公司已进入办理工商执照阶段，所以特此说明，总公司拨款到南翔工业开发区的资金，就是总公司投入到昌翔实业有限公司的投资款。

特此说明



Statement on the source of the Investment Capital of Shanghai
Changxiang Industrial Co., Ltd

To: Jiading District Administration for Industry and Commerce

During the preparation for the establishment of Shanghai Changxiang Industrial Company, in order to build roads, bridges and infrastructure, and to attract investments to develop new projects, capital was needed prior to the business registration license was in place

At the time when Shanghai Changxiang Industrial Company had not yet obtained the Business License and bank account was not opened, the head office, Nanxiang Economic Development Company, could only allocate funds to the Nanxiang Industrial Development District to build infrastructures for Changxiang Industrial Company. We hereby provide this statement as Changxiang Industrial Company has entered into the procedures to get the Business License. All the capital which Nanxiang Economic Development Company allocated to Nanxiang Industrial Development District is the investment of the head office in Changxiang Industrial Co., Ltd.

It is hereby declared.

Nanxiang Economic Development Co., Ltd
November 8, 1996

Stamp: Nanxiang Economic Development Co., Ltd

This is Exhibit "NN" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
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Wanchai, Hong Kong

上海

有限责任公司
股东会决议

根据《中华人民共和国公司法》以及本公司章程的有关规定，经全体股东讨论、选举，作出如下决议：

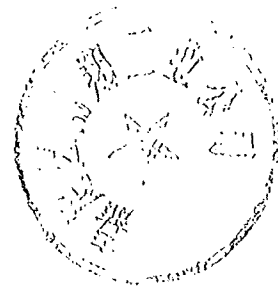
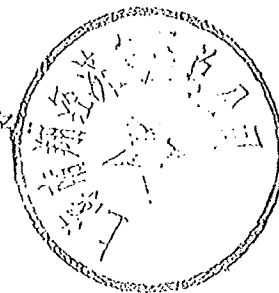
一、下列 四 位先生（女士）为公司的首届
董事会董事：

章庆忠、徐忠、许大东

二、下列 一 位先生（女士）为公司的首届监
事会监事：

李玉兴

全体股东签名



一九九六年十一月八日

Resolution of Company Shareholder's Meeting - Shanghai

According to the Company Law of the People's Republic of China and the Articles of Association of the company, after discussion and election by all the shareholders, it was resolved:

1. First Board of Directors: (Four members)

Zhang Qingzhong 章庆忠

Xu Long 徐龙

Xu Dadong 许大东

2. First Board of Supervisor

Li Yuxing 李玉兴

Signed by all shareholders:

Stamp: Shanghai Nanxiang Economic Development Co., Ltd

Stamp: Jiading Nanxiang Industrial Co., Ltd

Date: November 8, 1996

This is Exhibit "OO" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.




A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

011

公司设立登记申请书

名称	上海昌翔实业有限公司		
住所	嘉定区南翔镇曙光村	邮政编码	200801
法定代表人	章庆恩	电话	59107414
注册资本	1000 (万元)	企业类型	生产经营
经营范围	五金交电、建筑装潢材料、钢材、机电产品、化工原料、服装鞋帽、日用百货、汽车配件、企业管理咨询、食品、饮料、果品、塑料制品、农副产品。		
营业期限	自 年 月 日至 年 月 日		
审批机关	批准文号		
有关部门意见			
<p>谨此确认，本表所填内容不含虚假成份。</p> <p>董事长签字 <u>章庆恩</u> 年 月 日</p>			

- 注：①经营范围中有法律、行政法规规定必须报经审批的项目的，国家有关部门可在“有关部门意见”栏签署意见并盖章。国家有关部门签署意见后，申请人可不再提交国家有关部门的批准文件。
- ②法律、行政法规规定设立公司必须报经审批的，申请人应填写“审批机关”和“批准文号”栏目。
- ③“住所”应填写市(县)、区(村)、街道名、门牌号。
- ④“企业类型”填“有限”或“股份”。

Application for Registration of Company Establishment

Company Name	Shanghai Changxiang Industrial Co., Ltd		
Address	Shuguang Village, Nanxiang Town, Jiading District, Shanghai	Zip Code	200801
Legal Representative	Zhang Qingzhong 章庆忠	Tel	59127414
Registered Capital	RMB 12,000,000	Company Type	Manufacture and Operation
Business Scope	Sales of hardware, building materials, decoration materials, steel, machinery and electronic products, industrial chemicals, garments, daily necessities, automobile accessories, plastic products, food, beverage, fruit and agricultural products; business management consulting		
Period of Operation	-		
Approving Authority		Approval No.	
Remarks of Relevant Department	Stamped by Sanitation And Antiepidemic Station, Jiading District, Shanghai 上海市嘉定区卫生防疫站 Date: November 11, 1996		
It is hereby confirmed that the contents of this form do not include any false information.			
Signed: Executive Director: Zhang Qingzhong 章庆忠			

This is Exhibit "PP" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

证明

证明人：

上海昌翔实业有限公司更名为

上海南翔工业开发区实业公司，涉及

“上海南翔工业开发区”地名，符合地名管

理规定，同意使用上述名称。

特此证明

嘉定区地名委员会



1999.11.22

Statement (handwritten)

.... District Administration for Industry and Commerce:

Shanghai Changxiang Industrial Co., Ltd has changed its name to Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd 上海南翔工业开发区实业有限公司 which involves the name of a place, Shanghai Nanxiang Industrial Development Zone. We hereby agree the use of the above name as it conforms to the place name rule.

This is to certify the above.

Place Name Office, Jiading District

November 22, 1999

Stamp: Place Name Office, Jiading District, Shanghai

This is Exhibit "QQ" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

上海南翔工业开发股份有限公司董事会决议

根据本公司章程规定，公司于 1999 年 11 月 8 日召开第 5 次董事会。会议由 李庆忠 董事长（副董事长）主持，出席会议的董事 4 人，符合法定人数。会议按照章程通过有效决议如下：

一、变更 公司名称 事项，变更后应为 上海南翔工业开发股份有限公司

二、变更 法人代表 事项，变更后应为 叶锦德 为公司法人代表

三、变更 延长期三年 事项，变更后应为 2002年11月

四、因李庆忠同志工作繁忙，辞去其董事长职务，继续担任董事。

决议立即生效。责成 李庆忠 负责办理与决议有关的法律事宜。

董事长 叶锦德 (签名)

副董事长 (签名)

董事 叶锦德

李庆忠 (签名)



一九九九年十一月廿五日

Resolution of Board of Directors of Shanghai Nanxiang
Industrial Development Zone Industrial Co., Ltd

Subject to the provisions of the articles of association of this company, the fifth board meeting was held on November 8, 1999. The meeting was chaired by the Executive Director, Zhang Qingzhong 章庆忠 and attended by four directors, in compliance with the required number of attendees. It was resolved:

1. Change of company name. Company after the change: Shanghai Nanxiang Industrial Development Zone Industrial Co., Ltd 上海南翔工业开发区实业有限公司.
2. Change of legal representative. Legal Representative after the change: Zhang Jinde 张锦德.
3. Extension of period of operation. Period of operation after the extension: November, 2002.
4. Zhang Qingzhong terminates to be the Executive Director due to heavy workload but will continues to be director of the company.

These resolutions are effective immediately. All legal matters relating to the resolutions above will be handled by Zhang Qingzhong.

Executive Director: Zhang Jinde (Signature)

Vice Executive Director:

Directors: Zhang Jinde 张锦德
Zhang Qingzhong 章庆忠
Xu Long 徐龙 (Signatures)

Stamp: Shanghai Changxiang Industrial Co., Ltd

Date: November 25, 1999

This is Exhibit "RR" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

商標

企业名称预先核准申请书

申请企业名称	上海金嘉实业有限公司	
备选企业名称 (请选用不同的字号):	7/13. ①金源 ⑤金加	
1	①金源 ②金众 ③金胜	④金盛 ⑤金德
2	7/14. ①嘉嘉 ②嘉汉 ③金森 ④锡翔	⑤金鹰 ⑥嘉杰 ⑦金宏
3	⑧金材 ⑨金宇	
经营范围 (只需填写与企业名称行业表述一致的主要业务项目): 木材. 板材 木制品的生产及销售, 加工.		
注册资本	1500 万元	
企业类型	<input checked="" type="checkbox"/> 公司制 <input type="checkbox"/> 非公司制 <input type="checkbox"/> 个人独资 <input type="checkbox"/> 合伙	
住 所	嘉定区南翔镇丰翔路8号	
投资人姓名或名称、证照号码、投资额和投资比例 (投资人写不下的, 可另备页面载明并签字盖章)		
马 聪, 32010619800914243, 出资 1000 万元 占出资比例 70%		
蔡学麟 320204520812001, 出资 400 万元 占出资比例 30%		

⑩金洋
⑪金材 ✓

Application for Pre-approval of Company Name

Name in application	Shanghai Jinjia Industrial Co., Ltd 上海金嘉实业有限公司
Alternative company names	Yinxiang 银翔 Xiangyin 翔银 Jinxin 金鑫 Hongjia 宏嘉 Sino Forest (pinyin: Jiahan) 嘉汉 Jinsen 金森 Jinying 金鹰 Jiajie 嘉杰 Jinyuan 金源 Jinjia 金加 Jinyang 金洋 Jincai 金材 Jinzhong 金众 Jinsheng 金盛 Jinsheng 金胜 Jinsui 金穗 Jinbao 金宝
Business Scope	sales and processing of timber and board
Registered Capital	RMB 15 million
Business Type	company
Address	No.8, Fengxiang Road, Nanxiang Town, Jiading District 嘉定区南翔镇丰翔路 8 号
Name, ID, contribution and contribution percentage of investor	Ma Cong 马聪 320106690914243 contribution RMB 10.5 million, 70%; Cai Xuelin 蔡学麟 320204560812001 contribution RMB 4.5 million, 30%.

This is Exhibit "SS" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

股东会决议

根据《中华人民共和国公司法》规定,全体股东于2005年8月1日在上海召开首次股东会议,本次会议由出资最多的股东召集和主持,并形成决议如下:

- 一、通过《上海 金材实业 有限公司章程》。
- 二、会议选举 马聪 为公司执行董事。
- 三、会议选举 蔡学康 为公司监事。

会议一致同意设立上海 金材实业 有限公司,并拟向公司登记机关申请设立登记。

全体股东(签字、盖章):



马聪

Resolutions of Board of Shareholders

Pursuant to the regulations of the *Company Law of the People's Republic of China*, all the company shareholders attended the first meeting of the board of shareholders in Shanghai on August 1, 2005, which was convened and hosted by the shareholder with the largest contribution, and the resolutions are made as below:

1. Passing the Articles of Association of Shanghai Jincal Industrial Co., Ltd;
2. Electing Ma Cong 马聪 as the executive director of the company;
3. Electing Cai Xuelin 蔡学麟 as the supervisor of the company;


It was unanimously agreed to establish Shanghai Jincal Industrial Co., Ltd and proposed that an application for company registration be made with the registration authority.

All the shareholders (Signature & Stamp):

Ma Cong 马聪

Cai Xuelin 蔡学麟

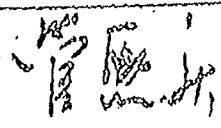

This is Exhibit "TT" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

公司设立登记申请书

名称	上海木材实业有限公司		
住所	上海嘉定区南翔工业开发区丰翔路8号		
街道/乡镇	南翔镇	邮编	201802
法定代表人	马聪	职务及 产生程序	执行董事兼总经理 担任
注册资本	壹仟伍佰 (万元)	企业类型	有限责任公司
经营范围	木制品的加工, 木材、人造板、胶合板、建筑 装饰材料的销售, 商务咨询, 会展服务, 电 脑图文设计制作。		
营业期限	自 年 月 日至 10年 月 日		
法定代表人签字:	被委托人签字: 		
	被委托人联系电话: 2780043		
2005年 8月 4日	05年 8月 4日		

注:
 ① 文件、证件应当使用 A4 纸。
 ② 应当使用钢笔、毛笔或签字笔工整地填写表格或签字。


Application for Registration of Company Establishment

Name	Shanghai Jincai Industrial Co., Ltd 上海金材实业有限公司
Address	No.8, Fengxiang Road, Nanxiang Industrial Park, Jiading District, Shanghai 上海市嘉定区南翔工业开发区丰翔路8号
Town	Nanxiang Town
Zip	201802
Legal Representative	Ma Cong 马聪 (recommended to be executive director & manager)
Registered Capital	RMB 15 million
Business Type	limited company
Business scope	processing wood products, sales of timber, artificial board, veneer board, construction and decoration materials, business consulting etc
Operation period	10 years

Signature of the legal representative: Ma Cong 马聪 (stamp)
Date: August 4, 2005

Signature of the trustee: (surnamed Guan)
Tel: 27802043
Date: August 4, 2005

This is Exhibit "UU" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

企业名称预先核准通知书

沪工商注名预核字第01200507250086号

根据《企业名称登记管理规定》、《企业名称登记管理实施办法》
等规定, 同意预先核准下列 2 个投资人出资, 注册资
本 1500.0000 万元(人民币)的企业名称为:

上海金材实业有限公司

投资人、投资额和投资比例为:

马聪	1050.0000万元	70.00%
蔡学麟	450.0000万元	30.00%

以上预先核准的企业名称保留期至2006年01月25日。在保留期内,
企业名称不得用于经营活动, 不得转让。经企业登记机关设立登记, 颁
发营业执照后企业名称正式生效。

六级注册官:



附承诺书

Notification for Pre-approval of Company Name

沪工商注名预核字第 01200507250086

Pursuant to the *Company Name Registration Management Regulations* and *Company Name Registration Management Application Methods*, the pre-approval for the name of the company which is with RMB 15 million of registered capital contributed by two investors is agreed upon as below:

Shanghai Jincai Industrial Co., Ltd 上海金材实业有限公司

Investor	Investment	Percentage
Ma Cong 马聪	RMB 10.5 million	70%
Cai Xuelin 蔡学麟	RMB 4.5 million	30%

The pre-approved company name shall be reserved until January 25, 2006. Within the period, the company name shall not be used in business operation or transferred. The name shall be effective after being registered in the company registration authority and a business license is issued.

Stamp: Shanghai AIC Name Registration Designated Stamp
July 26, 2005

This is Exhibit "VV" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

上海余树宝业有限公司股东会决定





根据《公司法》及本公司章程的有关规定，经本公司全体股东一致同意，不召开股东会会议，就以下事项达成一致意见，决定如下：

一、成立新一届股东会。

二、通过修改后的公司章程。

三、公司由于股东发生变动，原执行董事、监事自然免职，重新选举潘家杰为公司执行董事，蔡学麟为公司监事。

全体股东签字、盖章：

2007年11月13日

Resolutions of Board of Shareholders of Shanghai Jincai Industrial Co., Ltd

Pursuant to the regulars of the *Company Law* and the Articles of Association of the company, it was agreed by all the company shareholders without convening a shareholders' meeting that the following resolutions are made:

1. Establishing a new Board of Shareholders;
2. Passing the revised Articles of Association of the company
3. Due to the change of shareholders, the previous executive director and supervisor are dismissed. Thereafter, Poon Kai Kit 潘家杰 is the executive director and Cai Xuelin 蔡学麟 the supervisor.

Signature & Stamp of all the shareholders:

(stamp) Poon Kai Kit 潘家杰 Cai Xuelin 蔡学麟

November 13, 2007

This is Exhibit "WW" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

上海鑫村实业有限公司股东会决定

根据《公司法》及本公司章程的有关规定，经本公司全体股东一致同意，不召开股东会会议，就以下事项达成一致意见，决定如下：

一、股权转让：同意股东马聪自愿退出本公司将其所持公司70%的股权（合1050万元人民币），作价1050万元人民币转让给潘家杰。

二、股权转让后，公司股东持股情况如下：

潘家杰 出资额 1050万元，出资比例 70%。

蔡学麟 出资额 450万元，出资比例 30%。

全体股东签字、盖章：



马聪



蔡学麟

2007年11月13日

Resolutions of Board of Shareholders of Shanghai Jincai Industrial Co., Ltd

Pursuant to the regulations of the *Company Law* and the Articles of Association of the company, it was agreed by all the company shareholders without convening a shareholders' meeting that the following resolutions are made:

1. Equity transfer: it was agreed that Ma Cong withdraws the 70% of the company equity owned by him (priced at RMB 10.5 million) and assigns it to Poon Kai Kit 潘家杰 at RMB 10.5 million.
2. After the equity transfer, the shareholding of the company shall be as below:


Poon Kai Kit 潘家杰 contributes RMB 10.5 million, 70% of the total contribution;
Cai Xuelin 蔡学麟 contributes RMB 4.5 million, 30% of the total contribution.

Signature & Stamp of all the shareholders:

Ma Cong 马聪
Cai Xuelin 蔡学麟

November 13, 2007

This is Exhibit "XX" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

股权转让协议

本协议由以下各方于 2007 年 11 月 13 日在 标的公司 共同签署。

出让方：马聪 (以下简称甲方)，证件号码：320106690919243，住所 南京市白下区三益里 13 号。

受让方：潘家杰 (以下简称乙方)，证件号码：44162319400161314，住所 广东省连平县元善镇公园路 3 号。

根据有关法律、法规规定，经本协议各方友好协商，就 连平县树棠业 有限公司 (以下简称标的公司) 股权转让事宜，达成协议如下：

一、甲方将所持有标的公司 70% 股权，合 1050 万元人民币，作价 1050 万元人民币转让给乙方。

二、附属于股权的其他权利和义务随股权的转让而转让。

三、乙方应于本协议签订之日起 3 日内，向甲方付清全部股权转让价款。

四、本协议一式 4 份，协议各方各持 1 份，标的公司持 1 份，报公司登记机关 1 份。

五、本协议经各方签字，盖章后生效。

甲方 (签字、盖章)：



马聪

乙方 (签字、盖章)：



潘家杰

Equity Transfer Contract

This contract is hereby signed in this company on November 13, 2007 by the parties as below:

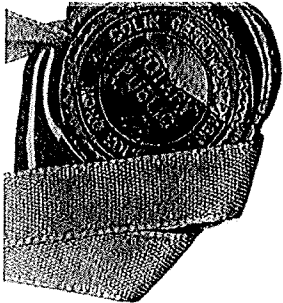
The Assignor: Ma Cong 马聪 (hereinafter referred to as Party A),
ID: 320106690914043,
Address: No.13, Sanyili, Baixia District, Nanjing 南京市白下区三益里 13 号

The Assignee: Poon Kai Kit 潘家杰 (hereinafter referred to as Party B),
ID: 441623194001061314
Address: No.3, Gongyuan Road, Yuanshan Town, Jianping County, Guangdong Province 广东省建平县元善镇公园路 3 号

Pursuant to the laws and regulations and with the friendly negotiations of all parties, an agreement on the transfer of the equity of Shanghai Jincai Industrial Co., Ltd was made as below:

1. Party A transfers the 70% equity he holds in the company, which is valued RMB 10.5 million, at the price of RMB 10.5 million to Party B;
2. The rights and obligations attached to the equity shall be transferred with the equity;
3. Within the day of signing this contract, Party B shall make all the payment for the equity transfer;
4. This contract has 4 copies, each party holding one copy, the company holding one copy, the company registration authority holding one copy.
5. The contract is effective after being signed and stamped by all parties.

Party A (signature & stamp): Ma Cong 马聪
Party B (signature & stamp): Poon Kai Kit 潘家杰



This is Exhibit "YY" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

名称核准号	320000M013744		注册号	321300000010838	
旧注册号	3213002101164				
企业信用等级	A				
企业名称(中文)	江苏大阳木业有限公司				
住所	宿迁经济开发区富民大道322号				
法定代表人证件号码	M0791931000		法定代表人姓名	陈德源	
所属行业	人造板制造		企业类型	有限责任公司(外国法人独资)	
登记机关	江苏省宿迁工商行政管理局		所属管区	宿迁工商行政管理局宿迁经济开发区分局	
注册币种	人民币		外商国别	英属维尔京群岛	
(单位:万元)					
投资总额	18,500	折美元	2,717.68	折人民币	18,500
注册资本	8,000	折美元	1,174.7	折人民币	8,000
外方认缴额	8,000	折美元	1,174.7	折人民币	8,000
设立日期	2003-08-19		年检日期	2011-06-14	
年检年度	2010				
许可经营项目	无。				
一般经营项目	木材加工及工程技术咨询服务;研发、制造、销售人造板。				
经营范围及方式					
重热点行业					
经营期限(起)	2003-08-19		经营期限(止)	2058-08-19	
发照日期			核准日期	2010-06-29	
对美元汇率	0.147		对人民币汇率	1.0	
副本份数	1		邮政编码	223800	
联系电话	84567007		传真		
投资性公司	否				
电子邮件			网址		
企业统一代码					
合作条件					
备注					

【股东】

股东名称	股东类型	证件类型	股东认缴额(万元)
英属维尔京群岛恒天控股有限公司	外国企业	注册证书	3,000

【企业业务沿革】

业务类型	核准日期	业务相关事项	当时企业登记信息	发照信息	业务办理	业务维护	是否撤销
开业核准	2003-08-13	无	查看	查看	查看	查看	未撤销
变更核准	2003-11-25	变更信息	查看	查看	查看	查看	未撤销

变更事项：注册资本变更
 备案事项：出资额比例备案、章程备案
 变更内容：(有内容则显示，没有则不显示)

企业记录改变情况

字段	变化前内容	变化后内容
注册资金	100.0	500.0

三会成员/人员情况
 变更后的内容

证件编号	证件类型	成员姓名(英文)	代表姓名(英文)	职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	任职期限	代表身份	产生方式	打印标志	人员标识	人员标识	委派企业主体编号	委派企业主体编号	入境时间	境内居住地址	联系电话	代表证编号
350500197502084012	身份证	黄脚榴	黄脚榴	董事									选举		1	353549	2234					
440305195305211543	身份证	熊方闻	熊方闻	监事									选举		1	353817	2234					
23102719371128502X	身份证	廖长录	廖长录	董事主席									选举		1	353615	2234					
320503610731102	身份证	陈华	陈华	董事长									选举		1	353550	2234					
370823610603112	身份证	林小妹	林小妹	监事									选举		1	353616	2234					
231027195812255057	身份证	熊雪平	熊雪平	董事兼总经理									选举		1	353551	2234					

变更前的内容

证件编号	证件类型	成员姓名(英文)	代表姓名(英文)	职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	任期限起	任期限止	代表身份	产生方式	打印标志	人员标志	人员标志	人员标志	委派企业主体编号	委派企业主体编号	委派企业主体编号	境内居住地址	联系电话	代表证编号
320503610731102	身份证	陈华		董事长										选举		1	353550	2234						
231027195812255057	身份证	熊雪平		董事兼总经理										选举		1	353551	2234						
370323610603112	身份证	林小妹		监事										选举		1	353616	2234						
350500197502064012	身份证	黄卿榴		董事										选举		1	353549	2234						
440305196305211543	身份证	熊方闻		监事										选举		1	353617	2234						
23102719371126502X	身份证	廖长录		监事主席										选举		1	353615	2234						

股东变更后的内容

证件类型	证件编号	股东/合伙人名称	股东/合伙人地区	认缴出资额(人民币)	认缴出资额(美元)	对美元汇率	认缴出资额币种	认缴出资额币种	累计实缴出资额	折股股本数	投资性股东国别	投资性股东币种	投资性股东出资额	企业/人员序列号	企业/人员数据机构	企业/人员标志	企业/人员标志	企业/人员标志	是否合伙事务执行人	承担方式	合伙人住所
境内中国公民	身份证	熊雪平	中国	60.0			人民币							1	2234	353551					
境内中国公民	身份证	黄卿榴	中国	360.0			人民币							1	2234	353549					
境内中国公民	身份证	陈华	中国	180.0			人民币							1	2234	353550					

变更前的内容:

股东类型	证件类型	证件编号	股东/合伙人名称	股东/合伙人地区	认缴出资额币种	对美元汇率	认缴出资额(万元)	对人民币的汇率	认缴出资额人民币(万元)	累计实出资	出资比例	折股股本数	投资性股东国别	投资性股东币种	投资性股东出资比例	投资性股东不出资额	企业/人员数据机构	企业/人员序列号	外商投资性标识	投资性股东标识	是否合伙企业	是否合伙企业执行人	
境内中国公民	身份证	350500197502064012	黄御榕	中国	人民币	60.0												1	2234				353549
境内中国公民	身份证	320503610731102	陈华	中国	人民币	30.0												1	2234				353550
境内中国公民	身份证	231027195912255057	熊雪平	中国	人民币	10.0												1	2234				353551

股东出资方式

变更后的内容:

出资方式	出资数额币种	财产已转移	出资金额	评估方式	出资金额折美元(万元)	出资金额折人民币(万元)
货币	人民币	否	180.0		3.609	30.0
货币	人民币	否	360.0		7.218	60.0
货币	人民币	否	50.0		1.203	10.0

变更前的内容:

出资方式	出资数额币种	财产已转移	出资金额	评估方式	出资金额折美元(万元)	出资金额折人民币(万元)
货币	人民币	否	10.0		1.203	10.0
货币	人民币	否	60.0		7.218	60.0
货币	人民币	否	30.0		3.609	30.0

企业实出资

变更后的内容:

实际出资时间	出资来源	实际出资金额	出资方式	实际出资汇率	实际金额折美元	实际金额折人民币	评估方式
2003-11-23		3180.0					
2003-11-23		360.0					
2003-11-23		50.0					

企业应出资

变更后的内容:

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	180.0	0			
1	360.0	0			
1	50.0	0			

企业 记录改变情况			
字段	变化前内容	变化后内容	
实收资本		3590.0	
从业人数		2	
投资者人数/合伙人数量	3	2	

变更核准	2003-12-12	变更信息	查看	查看	查看	查看	未撤销
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变更事项：名称变更
 备案事项：章程备案
 变更内容：（有内容则显示，没有则不显示）

企业 记录改变情况		
字段	变化前内容	变化后内容
企业名称	宿迁太阳木业有限公司	江苏太阳木业有限公司

三合成员/人员情况
 变更后的内容：

证件编号	证件类型	代表姓名(英文)	代表职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	任职期限起	任职期限止	代表身份	产生方式	打印标志	委派方	人员标识	人员标识	委派企业主体编号	委派企业主体编号	入境时间	境内居住地址	联系电话	代表证编号	
23102719371126502X	身份证	廖长录	监事主席										选举			1	353615	2234						
320503610731102	身份证	陈华	董事长										选举			1	353550	2234						
370823610603112	身份证	林小妹	监事										选举			1	353616	2234						
350500197502064012	身份证	黄卿橙	董事										选举			1	353549	2234						
440305196305211543	身份证	熊方闻	监事										选举			1	353617	2234						
231027195812255057	身份证	熊雷平	董事兼总经理										选举			1	353551	2234						

变更前的内容

证件编号	证件类型	成员姓名(英文)	代表姓名(英文)	职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	国籍(英文)	任职期限	代表身份	产生方式	打印标志	委派方	人员标识	人员标识	人员标识	委派企业主体编号	委派企业主体编号	委派企业主体编号	境内居住地址	联系电话	代表证编号
350500197502084012	身份证	黄卿榴	黄卿榴	董事										选举			1	353549	2234						
440305135305211543	身份证	熊方闯	熊方闯	监事										选举			1	353617	2234						
23102719371128502X	身份证	廖长录	廖长录	监事主席										选举			1	353615	2234						
320503610731102	身份证	陈华	陈华	董事长										选举			1	353550	2234						
370823810603112	身份证	林小妹	林小妹	监事										选举			1	353616	2234						
231027195812255057	身份证	熊雪平	熊雪平	董事兼总经理										选举			1	353551	2234						

股东

变更后的内容

股东类型	证件类型	证件编号	股东/合伙人名称	股东(地区)	认缴出资额(美元)	认缴出资额(人民币)	对人民币的汇率	认缴出资额(人民币)	累计实缴出资额	折股股本数	投资性股东币种	投资性股东比例	投资性股东出资比例	企业/人员序列号	企业/人员标识	企业/人员标识	企业/人员标识	是否合伙事务执行人
境内中国公民	身份证	320503610731102	陈华	中国	180.0	人民币								1	2234	353550		
境内中国公民	身份证	350500197502084012	黄卿榴	中国	360.0	人民币								1	2234	353549		
境内中国公民	身份证	231027195812255057	熊雪平	中国	60.0	人民币								1	2234	353551		

变更前的内容

股东类型	证件类型	证件编号	股东/合伙企业名称	股东/合伙企业	认缴出资额(美元)	对美元汇率	认缴出资额(人民币)	对人民币的汇率	累计实缴出资额	出资比例	折股股本数	投资性股本	投资性股本币种	投资性股本比例	投资性股本未出资额	企业/人员序号	企业/人员机构	缴付期限	企业/人员	是否合伙事务执行人	是否合伙人住所	承担责任方式
境内中国公民	身份证	231027195812255057	熊雪平	中国	60.0		人民币									1	2234	353551				
境内中国公民	身份证	350500197502084012	黄卿榴	中国	360.0		人民币									1	2234	353543				
境内中国公民	身份证	320503610731102	陈华	中国	180.0		人民币									1	2234	353550				

变更后的内容

出资方式	出资额币种	财产已转移	出资额	评估方式	出资额折美元(万元)	出资额折人民币(万元)
货币	人民币	否	180.0		3.609	30.0
货币	人民币	否	360.0		7.218	60.0
货币	人民币	否	50.0		1.203	10.0

变更前的内容

出资方式	出资额币种	财产已转移	出资额	评估方式	出资额折美元(万元)	出资额折人民币(万元)
货币	人民币	否	180.0		3.609	30.0
货币	人民币	否	360.0		7.218	60.0
货币	人民币	否	50.0		1.203	10.0

企业实出资

变更后的内容

实际出资时间	出资来源	实际出资金额	出资方式	实际出资汇率	实际金额折美元	实际金额折人民币	评估方式
2003-11-23		50.0					
2003-11-23		3180.0					
2003-11-23		360.0					

变更前的内容

实际出资时间	出资来源	实际出资金额	出资方式	实际出资汇率	实际金额折美元	实际金额折人民币	评估方式
2003-11-23		3180.0					
2003-11-23		360.0					
2003-11-23		50.0					

企业应出资

变更后的内容

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	360.0	0			
1	50.0	0			
1	180.0	0			

变更前的内容

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	180.0	0			
1	360.0	0			
1	50.0	0			

企业 记录改变情况		字段	变化前内容	变化后内容
		从业人数	2	3
		投资者人数/合伙人人数	2	3

变更核准	2004-03-05	变更信息	查看	查看	查看	查看	未撤销
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变更事项：股东变更、股东名称变更、注册资本变更
 备案事项：财产权转移备案、出资额比例备案、章程备案
 变更内容：（有内容则显示，没有则不显示）

企业 记录改变情况		字段	变化前内容	变化后内容
		注册资金	600.0	1000.0

三会成员/人员情况
变更后的内容

证件编号	证件类型	姓名	职务	年龄 (中文)	性别 (中文)	国籍 (中文)	国籍 (英文)	任职期限	代表机构	产生方式	打印标志	委派方	人员标识	人员标识	委派企业主体编号	委派企业主体编号	委派企业主体编号	境内居住地址	联系电话	代表证编号
350500197502064012	身份证	黄卿	董事							选举			1	353549	2234					
440305196305211543	身份证	熊方闻	监事							选举			1	353617	2234					
231027195812255057	身份证	熊雪平	董事兼总经理							选举			1	353551	2234					
320503810731102	身份证	陈华	董事长							选举			1	353550	2234					
370823810603112	身份证	林小妹	监事							选举			1	353618	2234					
23102719371128502X	身份证	廖长录	监事主席							选举			1	353615	2234					

变更前的内容

股东类型	证件类型	证件编号	姓名	国籍	出资额(人民币)	出资额(美元)	对美元汇率	是否实缴	累计实缴出资额	出资比例	折股股本数	投资性股东国别	投资性股东币种	投资性股东出资比例	企业/人员序列号	企业/机构	企业/人员	是否合伙企业执行人
境内中国公民	身份证	320503610731102	陈华	中国	180.0										1	2234	353550	
境内中国公民	身份证	350500197502064012	黄卿榴	中国	360.0										1	2234	353549	
境内中国公民	身份证	231027195812255057	熊雪平	中国	60.0										1	2234	353551	

股东出资方式

变更后的内容

出资方式	出资额币种	财产已转移	出资额	评估方式	出资额折美元(万元)	出资额折人民币(万元)
货币	人民币	否	100.0		1.203	10.0
货币	人民币	否	600.0		7.219	60.0
货币	人民币	否	300.0		3.609	30.0

变更前的内容

出资方式	出资额币种	财产已转移	出资额	评估方式	出资额折美元(万元)	出资额折人民币(万元)
货币	人民币	否	180.0		3.609	30.0
货币	人民币	否	360.0		7.218	60.0
货币	人民币	否	50.0		1.203	10.0

企业实出资

变更后的内容

实际出资时间	出资来源	实际出资额	出资方式	实际出资汇率	实际金额折美元	实际金额人民币	评估方式
2003-11-23		300.0					
2003-11-23		600.0					
2003-11-23		100.0					

变更前的内容

实际出资时间	出资来源	实际出资额	出资方式	实际出资汇率	实际金额折美元	实际金额人民币	评估方式
2003-11-23		50.0					
2003-11-23		3180.0					
2003-11-23		360.0					

企业应出资

变更后的内容:

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	900.0	0			
1	300.0	0			
1	100.0	0			

变更前的内容:

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	360.0	0			
1	50.0	0			
1	180.0	0			

企业

记录改变情况:

字段	变化前内容	变化后内容
实收资本	3590.0	1000.0
从业人数	3	
投资者人数/合伙人人数	3	0

变更核准	2004-07-21	变更信息	查看	查看	查看	查看	未撤销
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变更事项: 股东变更

备案事项: 财产权转移备案, 出资额比例备案, 蛋监事备案, 章程备案

变更内容: (有内容则显示, 没有则不显示)

三合成员/人员情况

变更后的内容:

证件编号	证件类型	代表姓名(英文)	代表姓名(中文)	职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	任职期限起	任职期限止	代表身份	产生方式	打印标记	人员标识	人员标识	委派企业主体编号	委派企业主体编号	委派时间	住所地址	联系电话	代表证编号	
440301198411126419	身份证	汪玮	汪玮	监事										选举		1	358806	2234						
440224195811051212	身份证	汪惠生	汪惠生	董事兼总经理										选举		1	358802	2234						
350500197502084012	身份证	黄柳橙	黄柳橙	董事										选举		1	353549	2234						
440224610610120	身份证	陈丽云	陈丽云	监事										选举		1	358805	2234						
320503610731102	身份证	陈华	陈华	董事长										选举		1	353550	2234						
612101630701042	身份证	李琼	李琼	监事										选举		1	358304	2234						

变更前内容

证件编号	证件类型	成员姓名(英文)	代表姓名(英文)	职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	任职期限起	任职期限止	代表身份	代表机构	产生方式	打印标记	人员识别	人员识别	人员识别	委派企业主体编号	委派企业主体编号	委派企业主体编号	境内居住地址	联系电话	代表证编号
350500197502064012	身份证	黄卿樟	黄卿樟	董事											选举		1	353549	2234						
440305196305211543	身份证	熊方润	熊方润	监事											选举		1	353617	2234						
231027195812255057	身份证	熊雪平	熊雪平	董事兼总经理											选举		1	353551	2234						
320503610731102	身份证	陈华	陈华	董事长											选举		1	353550	2234						
370823610603112	身份证	林小妹	林小妹	监事											选举		1	353616	2234						
23102719371128502X	身份证	廖长录	廖长录	监事主席											选举		1	353615	2234						

股东

变更后内容

证件类型	证件编号	股东名称	认缴出资额(人民币)	实缴出资额	折股股本	出资方式	是否合伙事务执行人	是否合伙人住所	是否合伙人住所
境内中国公民身份证	4402241958110512E2	汪惠生	50.0		0.0000010				1 2234 353802
境内中国公民身份证	320503610731102	陈华	300.0						1 2234 353550
境内中国公民身份证	612101600127041	黄志刚	50.0		0.0000010				1 2234 353803
境内中国公民身份证	350500197502064012	黄卿樟	600.0						1 2234 353549

变更前的内容

股东类型	证件类型	证件编号	股东名称	认缴出资额(美元)	认缴出资额(人民币)	认缴币种	是否合伙企业	是否合伙企业执行人
境内中国公民	身份证	231027195812255057	熊雪平	100.0	人民币	人民币	否	否
境内中国公民	身份证	3205036107311102	陈华	300.0	人民币	人民币	否	否
境内中国公民	身份证	350500197502064012	黄柳榕	600.0	人民币	人民币	否	否

变更后的内容

出资方式	出资额币种	财产已转移	出资额	评估方式	出资额折美元(万元)	出资额折人民币(万元)
货币	人民币	否	50.0			
货币	人民币	否	800.0		7.218	60.0
货币	人民币	否	50.0			
货币	人民币	否	300.0		3.609	30.0

变更前的内容

出资方式	出资额币种	财产已转移	出资额	评估方式	出资额折美元(万元)	出资额折人民币(万元)
货币	人民币	否	100.0		1.203	10.0
货币	人民币	否	800.0		7.218	60.0
货币	人民币	否	300.0		3.609	30.0

企业实出资

实际出资时间	出资方式	实际出资额	实际出资汇率	实际金额折美元	实际金额折人民币	评估方式
2003-11-23		600.0				
2003-08-19		50.0				
2003-11-23		300.0				
2003-08-19		50.0				

变更前的内容

实际出资时间	出资方式	实际出资额	实际出资汇率	实际金额折美元	实际金额折人民币	评估方式
2003-11-23		300.0				
2003-11-23		800.0				
2003-11-23		100.0				

企业应出资

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	300.0	0			
1	50.0	0			
1	50.0	0			
1	600.0	0			

变更前的内容

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	600.0	0			
1	300.0	0			
1	100.0	0			

企业 记录改变情况							
字段		变化前内容			变化后内容		
从业人数					3		
投资者人数/合伙人		0			3		

变更核准	2004-11-16	变更信息	查看	查看	查看	查看	未撤销
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变更事项：法定代表人变更、股本变更
 备案事项：财产权转移备案、出资额比例备案、董监事备案、其它备案、章程备案
 变更内容：（有内容则显示，没有则不显示）

企业 记录改变情况							
字段		变化前内容			变化后内容		
所属管区		江苏省宿迁工商行政管理局			宿迁工商行政管理局宿迁经济开发区分局		
法定代表人证件号码		320503610731102			110101321130455		
法定代表人/负责人姓名		陈华			郭庆全		

三会成员/人员情况
变更后的内容

证件编号	证件类型	成员姓名	代表姓名(英文)	职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	任期期限	代表身份	产生方式	打印标志	人员标识	人员标识	委派企业主体编号	委派企业主体编号	委派企业主体编号	境内居住地址	联系电话	代表证编号
612101630701042	身份证	李琼		监事									选举		1	358204	2234	0	0	0		
612101196001270411	身份证	黄志刚		董事兼副总经理									选举		1	358803	2234	0	0	0		
350500820907401	身份证	高猛		董事									选举		1	361163	2234	0	0	0		
440224195811051212	身份证	汪惠生		董事兼总经理									选举		1	358802	2234	0	0	0		
440224610810120	身份证	陈丽云		监事									选举		1	358805	2234	0	0	0		
110101321130455	身份证	郭庆全		董事长									选举		1	361162	2234	0	0	0		
510522197604206489	身份证	罗贵连		董事									选举		1	361164	2234	0	0	0		
440301198411126419	身份证	汪玮		监事									选举		1	358806	2234	0	0	0		

变更前的内容												是否承担 担保责任									
股东类型	证件编号	股东姓名/名称	国籍/地区	认缴出资额(美元)	认缴出资额(人民币)	未缴折人民币	累计实缴出资额	出资比例	折股股本	投资性股东	投资性股东比例	企业/个人/机构	企业/个人/机构	企业/个人/机构	企业/个人/机构	企业/个人/机构	企业/个人/机构	企业/个人/机构	企业/个人/机构	企业/个人/机构	
境内中国公民	440224195811051212	汪惠生	中国	50.0			0.000010					1	2234	358802							
境内中国公民	320503610731102	陈华	中国	300.0	人民币							1	2234	353550							
境内中国公民	612101600127041	董志刚		50.0			0.000010					1	2234	358803							
境内中国公民	350500197502084012	董柳榕	中国	600.0	人民币							1	2234	353549							

变更后的内容						
出资方式	出资数额币种	财产已转移	出资金额	评估方式	出资金额折美元(万元)	出资金额折人民币(万元)
货币		否	300.0			
货币		否	50.0			
货币		否	300.0			
货币		否	300.0			
货币		否	50.0			

变更前的内容						
出资方式	出资数额币种	财产已转移	出资金额	评估方式	出资金额折美元(万元)	出资金额折人民币(万元)
货币		否	50.0			
货币	人民币	否	600.0		7.218	60.0
货币		否	50.0			
货币	人民币	否	300.0		3.609	30.0

企业实出资							
实际出资时间	出资来源	实际出资额	出资方式	实际出资汇率	实际金额折美元	实际金额人民币	评估方式
2003-08-19		300.0					
2003-08-19		300.0					
2003-08-19		50.0					
2003-08-19		50.0					
2003-08-19		300.0					

变更前的内容:

实际出资时间	出资来源	实际出资额	出资方式	实际出资汇率	实际金额折美元	实际金额折人民币	评估方式
2003-11-23		600.0					
2003-08-19		50.0					
2003-11-23		300.0					
2003-08-19		50.0					

企业应出资

变更后的内容:

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	300.0	0			
1	300.0	0			
1	300.0	0			
1	50.0	0			
1	50.0	0			

变更前的内容:

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	300.0	0			
1	50.0	0			
1	50.0	0			
1	800.0	0			

企业

记录改变情况:

字段	变化前内容	变化后内容
从业人数	3	81
雇工人数		82
安置国营下岗职工数		0

变更核准	2006-04-12	变更信息	查看	查看	查看	查看	未撤销
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变更事项: 企业住所变更
 备案事项: 章程备案
 变更内容: (有内容则显示, 没有则不显示)

企业

记录改变情况:

字段	变化前内容	变化后内容
企业住所	宿迁经济开发区	宿迁经济开发区富民大道322号

企业		记录改变情况		字段		变化前内容	变化后内容
					外商外方认缴折美元(万元)		0.0
					投资总额折人民币(万元)		0.0
					注册资金折人民币(万元)		0.0
					外方认缴折人民币(万元)		0.0
					外商注册资金折美元(万元)		0.0
					外商投资总额		0.0
					投资总额折美元(万元)		0.0
					外商外方认缴		0.0
					企业法人固定资金		0.0
					企业法人流动资金		0.0
					管理人员数		0
					技术人员数		0
					生产(业务)人员数		0
					从业人数	87	5
					其他人员数		0
					执行人数		0
					投资者人数/合伙人	3	5
					雇工人数	82	5
					投资者中下岗职工数		0
					雇工中下岗职工数		0
换号核准	2005-04-12	无	查看	查看	查看	查看	未撤销
变更核准	2008-01-28	变更信息	查看	查看	查看	查看	未撤销
变更事项：股东变更 备案事项：章程备案 变更内容：（有内容则显示，没有则不显示）							

三合成员/人员情况
变更后的内容

证件编号	证件类型	姓名(英文)	职务	年龄(中文)	年龄(英文)	性别(中文)	性别(英文)	国籍(中文)	国籍(英文)	任职期限	代表机构	产生方式	打印标志	委派方	人员标识	人员标识	委派企业主体编号	委派企业主体编号	入境时间	境内居住地址	联系电话	代派证编号	
320503196107311027	身份证	陈华	董事									任命											1 199723991402
10791931000	身份证	陈德源	董事长									任命											1 4954474 2234
110108197204252319	身份证	李明臣	总经理									聘用											1 131301232234
110108195711182213	身份证	赵伟茂	董事									任命											1 4073449 1402
452502197110098238	身份证	吴永争	监事									任命											1 13130122 2234

企业实出资

变更后的内容

实际出资时间	出资来源	实际出资金额	出资方式	实际出资汇率	实际金额折美元	实际金额人民币	评估方式
2003-08-19		300.0					
2003-08-19		300.0					
2003-08-19		50.0					
2003-08-19		50.0					
2008-01-29		300.0			0.0	300.0	

变更前的内容

实际出资时间	出资来源	实际出资金额	出资方式	实际出资汇率	实际金额折美元	实际金额人民币	评估方式
2003-08-19		300.0					
2003-08-19		300.0					
2003-08-19		50.0					
2003-08-19		50.0					
2003-08-19		300.0					

企业应出资

变更后的内容

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	300.0	0			
1	300.0	0	2008-01-27	0.0	300.0
1	300.0	0			
1	50.0	0			
1	50.0	0			

变更前的内容

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
1	300.0	0			
1	300.0	0			
1	300.0	0			
1	50.0	0			
1	50.0	0			

企业

记录改变情况:

字段	变化前内容	变化后内容
从业人数	5	10

变更核准	2008-01-29	变更信息	查看	查看	查看	查看	未撤销
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变更事项: 股东变更
 备案事项:
 变更内容: (有内容则显示, 没有则不显示)

变更核准	2010-06-29	变更信息	查看	查看	查看	查看	未撤销
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变更事项: 注册资本变更, 实收资本变更, 法定代表人姓名
 备案事项: 董事, 监事, 经理备案, 章程备案
 变更内容: (有内容则显示, 没有则不显示)

企业

记录改变情况:

字段	变化前内容	变化后内容
法定代表人证件号码	6121016001270411	10791931000
法定代表人/负责人姓名	黄志刚	陈清源
注册资金	1000.0	8000.0

变更前内容:

证件编号	证件类型	姓名(中文)	姓名(英文)	职务	国籍	国籍(英文)	性别	年龄	年龄(英文)	任职期限	代表身份	产生方式	打印标志	委派方	人员标识	人员标识	委派企业主体编号	委派企业主体编号	入境时间	境内居住地址	联系电话	代表证编号
440221195311051212	身份证	汪惠生		董事	中国	中国								委派			1.358802.2234					
P166226(4)	身份证	成林		董事	中国	中国								委派			1.5473148.2234					
6121016001270411	身份证	黄志刚		总经理	中国	中国								聘用			1.5473147.2234					
6121016001270411	身份证	黄志刚		董事长	中国	中国								委派			1.5473147.2234					
433022196601134919	身份证	廖春和		董事	中国	中国								委派			1.5473149.2234					

英属维尔京群岛恒太控股有限公司 英属维尔京群岛恒太控股有限公司 英属维尔京群岛恒太控股有限公司

变更后的内容												
股东类型	证件编号	股东名称	股东别(地区)	股东别(地区)	股东别(地区)	对美元汇率	对人民币的汇率	对人民币的汇率	累计实收	折股股本款	折股股本款	是否合伙事务执行人
类型	号	名称	名称	名称	名称	汇率	汇率	汇率	金额	金额	金额	方式
外国企业	1445474	英属维尔京群岛恒犬控股有限公司	英属维尔京群岛	英属维尔京群岛	英属维尔京群岛	0.000000147	1.176	0.0000010	8000.0	8000.0	8000.0	有限责任
变更前的内容												
股东类型	证件编号	股东名称	股东别(地区)	股东别(地区)	股东别(地区)	对美元汇率	对人民币的汇率	对人民币的汇率	累计实收	折股股本款	折股股本款	是否合伙事务执行人
类型	号	名称	名称	名称	名称	汇率	汇率	汇率	金额	金额	金额	方式
外国企业	1445474	英属维尔京群岛恒犬控股有限公司	英属维尔京群岛	英属维尔京群岛	英属维尔京群岛	0.000001457	1.145	7.0000010	1000.0	1000.0	1000.0	有限责任

被采出资方式

变更后的内容:

出资方式	出资额币种	财产已转移	出资额	评估方式	出资额折美元(万元)	出资额折人民币(万元)
货币	人民币	否	8000.0		1178.0	8000.0

企业实出资

变更后的内容:

实际出资时间	出资来源	实际出资额	出资方式	实际出资汇率	实际金额折美元	实际金额人民币	评估方式
2008-07-03	境外	1000.0	货币	0.0000001457	145.7	1000.0	
2010-05-11	境外	7000.0	货币	0.000000147	1029.0	7000.0	

企业应出资

变更后的内容:

期数	承诺金额	承诺期限(月)	承诺期限至	认缴金额折美元	认缴金额折人民币
2	1400.0	0	2010-06-27	205.3	1400.0
3	5600.0	24	2012-06-27	923.2	5600.0
1	1000.0	0	2008-07-02	145.7	1000.0

项目审批情况

变更后的内容:

许可证号(批准文号)	许可证名称	许可内容	批准文号	发证部门	审批机关	发证日期	审批日期	审批类型	有效期开始日期	有效期结束日期	负责人姓名	地址	许可证状态
	批准证书			江苏省人民政府		2010-06-28	2010-06-28	前置审批					
	批准证书			江苏省人民政府		2008-06-06	2008-06-06	前置审批	2008-07-06				

变更前的内容:

许可证号(批准文号)	许可证名称	许可内容	批准文号	发证部门	审批机关	发证日期	审批日期	审批类型	有效期开始日期	有效期结束日期	负责人姓名	地址	许可证状态
	批准证书			江苏省人民政府		2008-06-06	2008-06-06	前置审批	2008-07-06				

企业

记录改变情况:

字段	变化前内容	变化后内容
实收资本	1000.0	8000.0
外商外方认缴出资额折美元(万元)	145.7	1178.0
投资总额折人民币(万元)	1400.0	13500.0
注册资金折人民币(万元)	1000.0	8000.0
外方认缴出资额折人民币(万元)	1000.0	8000.0
外商注册资金折美元(万元)	145.7	1178.0
外商投资总额	1400.0	13500.0
投资总额折美元(万元)	203.99	2717.68
外商外方认缴额	1000.0	8000.0
邮政编码	223814	223800

Company registration records of Jiangsu Dayang Wood Co., Ltd. 江苏大阳木业有限公司

Name Approval No.	320000M013744
Registration No.	321300000010898
Former Registration No.	3213002101164
Enterprise Credit Level	A
Enterprise Name	Jiangsu Dayang Wood Co., Ltd. 江苏大阳木业有限公司
Address	No. 322 Fumin Avenue, Economic Development Zone, Suqian City 宿迁经济开发区富民大道 322 号
ID of Legal Representative	H0791931000
Legal Representative	Chan Tak Yuen 陈德源
Industry	Artificial board manufacturing
Enterprise Type	Co., Ltd (wholly foreign invested)
Registration Authority	Jiangsu Suqian AIC
Authority District	Suqian AIC Suqian Economic Development Zone Branch
Registration Currency	RMB
Country of Foreign Investor	British Virgin Islands

(Unit: RMB 10,000)

Total Investment	18,500	USD	2,717.68	RMB	18,500
Registered Capital	8,000	USD	1,174.7	RMB	8,000
Foreign Paid-in Capital	8,000	USD	1,174.7	RMB	8,000

Date of Establishment	19-August-2003
Annual Inspection Date	14-June-2011
Annual Inspection Year	2010
Licensed Business Scope	None
Regular Business Scope	Timber processing and engineering technical consulting services; R&D, manufacturing and sales of artificial boards.
Period of Operation	19-August-2003 to 19-August-2058
Date of Approval	29-June-2010
USD exchange rate	0.147
RMB exchange rate	1.0
Copies	1
ZIP	223800

Phone number	84567007
Investment company	Negative

Shareholder

Shareholder name	Shareholder type	Certification type	Contribution (RMB '0,000))
British Virgin Islands Homix Limited 英属维尔京群岛恒大控股有限公司	Foreign company	Registration certificate	8,000

Company changes

2003-11-25

Item	Before	After
Registered Capital	100.0	600.0

Key executives after the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林小妹	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected

231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	60.0	RMB
Chinese citizen	35050197502064012	Huang Qingliu 黄卿榴	China	360.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB

Shareholders before the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	350500197502064012	Huang Qingliu 黄卿榴	China	60.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	30.0	RMB
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	10.0	RMB

Shareholder contribution

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	180.0	3,609	30.0
Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Key executives Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	10.0	1,203	10.0
Monetary contribution	RMB	Negative	60.0	7,218	60.0
Monetary contribution	RMB	Negative	30.0	3,609	30.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	3180.0
2003-11-23	360.0
2003-11-23	50.0

Capital contribution agreed

After the change

Phase	Amount agreed
1	180.0
2	36.0
3	50.0

Change status

	Before	After
Paid in capital		3590.0
No. of employees		2
No. of investors	3	2

2003-12-12

Item	Before	After
Company name	Suqian Dayang Wood Co., Ltd. 宿迁大阳木业有限公司	Jiangsu Dayang Wood Co., Ltd. 江苏大阳木业有限公司

Key executives after the change

Card No.	Card Type	Name	Position	Mode
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General	Elected

			Manager	
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Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿榴	China	360.0	RMB
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	60.0	RMB

Shareholder Shareholders before the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	60.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿榴	China	360.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	180.0	3,609	30.0
Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	180.0	3,609	30.0

Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	50.0
2003-11-23	3180.0
2003-11-23	360.0

Shareholders before the change

Date of paid-in	Paid-in capital
2003-11-23	3180.0
2003-11-23	360.0
2003-11-23	50.0

2004-03-05

Item	Before	After
Registered Capital	600.0	1,000.0

Key executives after the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊 雪平	China	100.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿 榴	China	600.0	RMB

Shareholder Shareholders before the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB
Chinese citizen	35000197502064012	Huang Qingliu 黄卿 榴	China	360.0	RMB
Chinese citizen	231027195812255057	Xiong Xueping 熊 雪平	China	60.0	RMB

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution	RMB	Negative	100.0	1,203	10.0
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution	RMB	Negative	300.0	3,609	30.0

Shareholders after the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution	RMB	Negative	180.0	3,609	30.0
Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	300.0
2003-11-23	600.0
2003-11-23	100.0

Shareholders after the change

Date of paid-in	Paid-in capital
2003-11-23	50.0
2003-11-23	3180.0
2003-11-23	360.0

Item	Before	After
Paid-in Capital	3590.0	1000.0

2004-07-21

Key executives after the change

Card No.	Card Type	Name	Position	Mode
440301198411126419	ID Card	Wang Wei 汪玮	Supervisor	Elected
440224195811051212	ID Card	Wang Huisheng	Director &	Elected

		汪惠生	General Manager	
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440224610610120	ID Card	Chen Liyun 陈 丽云	Supervisor	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
612101630701042	ID Card	Li Qiong 李琼	Supervisor	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	44022419581105121	Wang Huisheng 汪 惠生		50.0	
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	612101600127041	Huang Zhigang 黄 志刚		50.0	

Chinese citizen	35000197502064012	Huang Qingliu 黄 卿榴	China	600.0	RMB
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Shareholder Shareholders after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊 雪平	China	100.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿 榴	China	600.0	RMB

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	300.0	3,609	30.0

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	100.0	1,203	10.0
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution	RMB	Negative	300.0	3,619	30.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	600.0
2003-08-19	50.0

2003-11-23	300.0
2003-08-19	50.0

Shareholders before the change

Date of paid-in	Paid-in capital
2003-11-23	300.0
2003-11-23	600.0
2003-11-23	100.0

2004-11-16

Item	Before	After
District Authority	Jiangsu Suqian AIC	Suqian AIC Suqian Economic Development Zone Branch
ID of Legal Representative	320503610731102	110101321130455
Legal Representative	Chen Hua 陈华	Guo Qingquan 郭庆全

Key executives after the change

Card No.	Card Type	Name	Position	Mode
612101630701042	ID Card	Li Qiong 李琼	Supervisor	Elected
612101196001270411	ID Card	Huang Zhigang 黄志刚	Director & Deputy General Manager	Elected
350500820907401	ID Card	Gao Meng 高猛	Director	Elected
440224195811051212	ID Card	Wang Huisheng 汪惠生	Director & General Manager	Elected
440224610610120	ID Card	Chen Liyun 陈丽云	Supervisor	Elected
110101321130455	ID Card	Guo Qingquan 郭庆全	Chairman	Elected
510522197604206489	ID Card	Luo Guilian 罗贵连	Director	Elected
440301198411126419	ID Card	Wang Wei 汪玮	Supervisor	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
440301198411126419	ID Card	Wang Wei 汪玮	Supervisor	Elected

440224195811051212	ID Card	Wang Huisheng 汪惠生	Director & General Manager	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440224610610120	ID Card	Chen Liyun 陈 丽云	Supervisor	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
612101630701042	ID Card	Li Qiong 李琼	Supervisor	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪 惠生		50.0	
Chinese citizen	612101196001270411	Huang Zhigang 黄 志刚		50.0	
Chinese citizen	510522197604206489	Luo Guilian 罗贵连		300.0	
Chinese citizen	110101321130455	Guo Qingquan 郭庆全		300.0	
Chinese citizen	350500820907401	Gao Meng 高猛		300.0	

Shareholders after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪 惠生		50.0	
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	612101600127041	Huang Zhigang 黄 志刚		50.0	
Chinese citizen	350500197502064012	Huang Qingliu 黄 卿榴	China	600.0	RMB

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	300.0	3,609	30.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-08-19	300.0
2003-08-19	300.0
2003-08-19	50.0
2003-08-19	50.0
2003-08-19	300.0

Shareholders after the change

Date of paid-in	Paid-in capital
2003-11-23	600.0
2003-08-19	50.0
2003-11-23	300.0
2003-08-19	50.0

2006-04-12

Item	Before	After
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Address	Economic Development Zone, Suqian City 宿迁经济开发区	No. 322 Fumin Avenue, Economic Development Zone, Suqian City 宿迁经济开发区 富民大道 322 号
Total Staff	87	5
Investors/partners	3	5
Total Employees	82	5

2008-01-28

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪惠生		50.0	
Chinese citizen	612101196001270411	Huang Zhigang 黄志刚		50.0	
Chinese citizen	110101321130455	Guo Qingquan 郭庆全		300.0	
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	
Chinese citizen	350500820907401	Gao Meng 高猛		300.0	

Shareholder Shareholders after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪惠生		50.0	
Chinese citizen	612101196001270411	Huang Zhigang 黄志刚		50.0	
Chinese citizen	510522197604206489	Luo Guilian 罗贵连		300.0	
Chinese citizen	110101321130455	Guo Qingquan 郭庆全		300.0	
Chinese citizen	350500820907401	Gao Meng 高猛		300.0	

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	300.0	0	300.0
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-08-19	300.0
2003-08-19	300.0
2003-08-19	50.0
2003-08-19	50.0
2008-01-28	300.0

Shareholders before the change

Date of paid-in	Paid-in capital
2003-08-19	300.0
2003-08-19	300.0
2003-08-19	50.0
2003-08-19	50.0
2003-08-19	300.0

2010-06-29

Item	Before	After
ID of Legal Representative	6121016001270411	H0791931000
Legal Representative	Huang Zhigang 黄志刚	Chan Tak Yuen 陈德源
Registered Capital	1000.0	8000.0

Key executives after the change

Card No.	Card Type	Name	Position	Mode
320503196107311027	ID Card	Chen Hua 陈华	Director	Appointment
H0791931000	ID Card	Chan Tak Yuen 陈德源	Chairman	Appointment
110108197204252319	ID Card	Li Mingchen 李明臣	General Manager	Recruiting
110108195711182213	ID Card	Zhao Weimao 赵伟茂	Director	Appointment
452502197110098238	ID Card	Wu Yongzheng 吴永争	Supervisor	Appointment

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
440224195811051212	ID Card	Wang Huisheng 汪惠生	Supervisor	Appointed by British Virgin Islands Homix Limited
P166226(4)	ID Card	Cheng Lin 成林	Director	Appointed by British Virgin Islands Homix Limited
6121016001270411	ID Card	Huang Zhigang 黄志刚	General Manager	Recruited
6121016001270411	ID Card	Huang Zhigang 黄志刚	Chairman	Appointed by British Virgin Islands Homix Limited
433022196601134919	ID Card	Liao Chunhe 廖春和	Director	Appointed by British Virgin Islands Homix Limited

Shareholder after the change

Type of Shareholder	Foreign company
Registration Certificate No.	1445474
Shareholder Name	British Virgin Islands Homix Limited
Country / Area	British Virgin Islands
Contribution	8,000.0
Currency	RMB
USD exchange rate	0.000000147
USD (10,000)	1176.0
RMB exchange rate	0.0000010
RMB (10,000)	8,000.0
Accumulated Contribution	8,000.0
Foreign investment logo	Negative
Mode of taking liabilities	Co., Ltd

Shareholder Shareholders before the change

Type of Shareholder	Foreign company
Registration Certificate No.	1445474
Shareholder Name	British Virgin Islands Homix Limited
Country / Area	British Virgin Islands
Contribution	1,000.0
Currency	RMB
USD exchange rate	0.0000001457
USD (10,000)	145.7
RMB exchange rate	0.0000010
RMB (10,000)	1,000.0
Accumulated Contribution	1,000.0
Foreign investment logo	Negative
Mode of taking liabilities	Co., Ltd

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	8,000.0	1176.0	8,000.0

Actual Paid-in Capital of the company

After the change

Date of paid-in	Capital Source	Paid-in Amount	Contribution Mode	Exchange rate	USD	RMB
2008-07-03	overseas	1000.0	Monetary contribution	0.0000001457	145.7	1000.0
2010-06-11	overseas	7000.0	Monetary	0.000000147	1029.0	7000.0

			contribution		
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Paid-up Capital of the company

After the change

Phase	Amount Agreed	Period Agreed (month)	Deadline Agreed	USD	RMB
2	1400.0	0	2010-06-27	205.8	1400.0
3	5600.0	24	2012-06-27	823.2	5600.0
1	1000.0	0	2008-07-02	145.7	1000.0

Item	Before	After
Actual Paid-in Capital	1000.0	8000.0
Foreign investor contribution in USD	145.7	1174.7
Total investment in RMB	1400.0	18500.0
Registered capital in RMB	1000.0	8000.0
Foreign contribution in RMB	1000.0	8000.0
Registered capital in USD	145.7	1174.7
Total foreign investment	1400.0	18500.0
Total foreign investment in USD	203.98	2717.68
Foreign investor contribution	1000.0	8000.0
ZIP	223814	223800

Company registration records of Jiangsu Dayang Wood Co., Ltd.江苏大阳木业有限公司

Name Approval No.	320000M013744
Registration No.	321300000010898
Former Registration No.	3213002101164
Enterprise Credit Level	A
Enterprise Name	Jiangsu Dayang Wood Co., Ltd.江苏大阳木业有限公司
Address	No. 322 Fumin Avenue, Economic Development Zone, Suqian City 宿迁经济开发区富民大道322号
ID of Legal Representative	H0791931000
Legal Representative	Chan Tak Yuen 陈德源
Industry	Artificial board manufacturing
Enterprise Type	Co., Ltd (wholly foreign invested)
Registration Authority	Jiangsu Suqian AIC
Authority District	Suqian AIC Suqian Economic Development Zone Branch
Registration Currency	RMB
Country of Foreign Investor	British Virgin Islands

(Unit: RMB 10,000)

Total Investment	18,500	USD	2,717.68	RMB	18,500
Registered Capital	8,000	USD	1,174.7	RMB	8,000
Foreign Paid-in Capital	8,000	USD	1,174.7	RMB	8,000

Date of Establishment	19-August-2003
Annual Inspection Date	14-June-2011
Annual Inspection Year	2010
Licensed Business Scope	None
Regular Business Scope	Timber processing and engineering technical consulting services; R&D, manufacturing and sales of artificial boards.
Period of Operation	19-August-2003 to 19-August-2058
Date of Approval	29-June-2010
USD exchange rate	0.147
RMB exchange rate	1.0
Copies	1
ZIP	223800

Phone number	84567007
Investment company	Negative

Shareholder

Shareholder name	Shareholder type	Certification type	Contribution (RMB '0,000))
British Virgin Islands Homix Limited 英属维尔京群岛恒大控股有限公司	Foreign company	Registration certificate	8,000

Company changes

2003-11-25

Item	Before	After
Registered Capital	100.0	600.0

Key executives after the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林小妹	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected

231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	60.0	RMB
Chinese citizen	35050197502064012	Huang Qingliu 黄卿榴	China	360.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB

Shareholders before the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	350500197502064012	Huang Qingliu 黄卿榴	China	60.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	30.0	RMB
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	10.0	RMB

Shareholder contribution

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	180.0	3,609	30.0
Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Key executives Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	10.0	1,203	10.0
Monetary contribution	RMB	Negative	60.0	7,218	60.0
Monetary contribution	RMB	Negative	30.0	3,609	30.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	3180.0
2003-11-23	360.0
2003-11-23	50.0

Capital contribution agreed

After the change

Phase	Amount agreed
1	180.0
2	36.0
3	50.0

Change status

	Before	After
Paid in capital		3590.0
No. of employees		2
No. of investors	3	2

2003-12-12

Item	Before	After
Company name	Suqian Dayang Wood Co., Ltd. 宿迁大阳木业有限公司	Jiangsu Dayang Wood Co., Ltd. 江苏大阳木业有限公司

Key executives after the change

Card No.	Card Type	Name	Position	Mode
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General	Elected

			Manager	
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Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿榴	China	360.0	RMB
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	60.0	RMB

Shareholder Shareholders before the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	60.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿榴	China	360.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	180.0	3,609	30.0
Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	180.0	3,609	30.0

Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	50.0
2003-11-23	3180.0
2003-11-23	360.0

Shareholders before the change

Date of paid-in	Paid-in capital
2003-11-23	3180.0
2003-11-23	360.0
2003-11-23	50.0

2004-03-05

Item	Before	After
Registered Capital	600.0	1,000.0

Key executives after the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊 雪平	China	100.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿 榴	China	600.0	RMB

Shareholder Shareholders before the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	320503610731102	Chen Hua 陈华	China	180.0	RMB
Chinese citizen	35000197502064012	Huang Qingliu 黄卿 榴	China	360.0	RMB
Chinese citizen	231027195812255057	Xiong Xueping 熊 雪平	China	60.0	RMB

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution	RMB	Negative	100.0	1,203	10.0
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution	RMB	Negative	300.0	3,609	30.0

Shareholders after the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution	RMB	Negative	180.0	3,609	30.0
Monetary contribution	RMB	Negative	360.0	7,218	60.0
Monetary contribution	RMB	Negative	50.0	1,203	10.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	300.0
2003-11-23	600.0
2003-11-23	100.0

Shareholders after the change

Date of paid-in	Paid-in capital
2003-11-23	50.0
2003-11-23	3180.0
2003-11-23	360.0

Item	Before	After
Paid-in Capital	3590.0	1000.0

2004-07-21

Key executives after the change

Card No.	Card Type	Name	Position	Mode
440301198411126419	ID Card	Wang Wei 汪玮	Supervisor	Elected
440224195811051212	ID Card	Wang Huisheng	Director &	Elected

		汪惠生	General Manager	
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440224610610120	ID Card	Chen Liyun 陈 丽云	Supervisor	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
612101630701042	ID Card	Li Qiong 李琼	Supervisor	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440305196305211543	ID Card	Xiong Fangwen 熊方闻	Supervisor	Elected
231027195812255057	ID Card	Xiong Xueping 熊雪平	Director & General Manager	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
370823610603112	ID Card	Lin Xiaomei 林 小妹	Supervisor	Elected
23102719371126502X	ID Card	Liao Changlu 廖长录	Supervisor Chairman	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	44022419581105121	Wang Huisheng 汪 惠生		50.0	
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	612101600127041	Huang Zhigang 黄 志刚		50.0	

Chinese citizen	35000197502064012	Huang Qingliu 黄卿榴	China	600.0	RMB
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Shareholder Shareholders after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	231027195812255057	Xiong Xueping 熊雪平	China	100.0	RMB
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	350500197502064012	Huang Qingliu 黄卿榴	China	600.0	RMB

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	300.0	3,609	30.0

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	100.0	1,203	10.0
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution	RMB	Negative	300.0	3,619	30.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-11-23	600.0
2003-08-19	50.0

2003-11-23	300.0
2003-08-19	50.0

Shareholders before the change

Date of paid-in	Paid-in capital
2003-11-23	300.0
2003-11-23	600.0
2003-11-23	100.0

2004-11-16

Item	Before	After
District Authority	Jiangsu Suqian AIC	Suqian AIC Suqian Economic Development Zone Branch
ID of Legal Representative	320503610731102	110101321130455
Legal Representative	Chen Hua 陈华	Guo Qingquan 郭庆全

Key executives after the change

Card No.	Card Type	Name	Position	Mode
612101630701042	ID Card	Li Qiong 李琼	Supervisor	Elected
612101196001270411	ID Card	Huang Zhigang 黄志刚	Director & Deputy General Manager	Elected
350500820907401	ID Card	Gao Meng 高猛	Director	Elected
440224195811051212	ID Card	Wang Huisheng 汪惠生	Director & General Manager	Elected
440224610610120	ID Card	Chen Liyun 陈丽云	Supervisor	Elected
110101321130455	ID Card	Guo Qingquan 郭庆全	Chairman	Elected
510522197604206489	ID Card	Luo Guilian 罗贵连	Director	Elected
440301198411126419	ID Card	Wang Wei 汪玮	Supervisor	Elected

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
440301198411126419	ID Card	Wang Wei 汪玮	Supervisor	Elected

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	600.0	7,218	60.0
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	300.0	3,609	30.0

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-08-19	300.0
2003-08-19	300.0
2003-08-19	50.0
2003-08-19	50.0
2003-08-19	300.0

Shareholders after the change

Date of paid-in	Paid-in capital
2003-11-23	600.0
2003-08-19	50.0
2003-11-23	300.0
2003-08-19	50.0

2006-04-12

Item	Before	After
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440224195811051212	ID Card	Wang Huisheng 汪惠生	Director & General Manager	Elected
350500197502064012	ID Card	Huang Qingliu 黄卿榴	Director	Elected
440224610610120	ID Card	Chen Liyun 陈 丽云	Supervisor	Elected
320503610731102	ID Card	Chen Hua 陈华	Chairman	Elected
612101630701042	ID Card	Li Qiong 李琼	Supervisor	Elected

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪 惠生		50.0	
Chinese citizen	612101196001270411	Huang Zhigang 黄 志刚		50.0	
Chinese citizen	510522197604206489	Luo Guilian 罗贵连		300.0	
Chinese citizen	110101321130455	Guo Qingquan 郭庆全		300.0	
Chinese citizen	350500820907401	Gao Meng 高猛		300.0	

Shareholders after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪 惠生		50.0	
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	RMB
Chinese citizen	612101600127041	Huang Zhigang 黄 志刚		50.0	
Chinese citizen	350500197502064012	Huang Qingliu 黄卿 榴	China	600.0	RMB

Address	Economic Development Zone, Suqian City 宿迁经济开发区	No. 322 Fumin Avenue, Economic Development Zone, Suqian City 宿迁经济开发区 富民大道 322 号
Total Staff	87	5
Investors/partners	3	5
Total Employees	82	5

2008-01-28

Shareholder after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪惠生		50.0	
Chinese citizen	612101196001270411	Huang Zhigang 黄志刚		50.0	
Chinese citizen	110101321130455	Guo Qingquan 郭庆全		300.0	
Chinese citizen	320503610731102	Chen Hua 陈华	China	300.0	
Chinese citizen	350500820907401	Gao Meng 高猛		300.0	

Shareholder Shareholders after the change

Type of Shareholder	ID No.	Shareholder Name	Country / Area	Contribution	Currency
Chinese citizen	440224195811051212	Wang Huisheng 汪惠生		50.0	
Chinese citizen	612101196001270411	Huang Zhigang 黄志刚		50.0	
Chinese citizen	510522197604206489	Luo Guilian 罗贵连		300.0	
Chinese citizen	110101321130455	Guo Qingquan 郭庆全		300.0	
Chinese citizen	350500820907401	Gao Meng 高猛		300.0	

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		
Monetary contribution	RMB	Negative	300.0	0	300.0
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		

Shareholders before the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD	RMB
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	300.0		
Monetary contribution		Negative	50.0		

Paid-in Capital of the company

After the change

Date of paid-in	Paid-in capital
2003-08-19	300.0
2003-08-19	300.0
2003-08-19	50.0
2003-08-19	50.0
2008-01-28	300.0

Shareholders before the change

Date of paid-in	Paid-in capital
2003-08-19	300.0
2003-08-19	300.0
2003-08-19	50.0
2003-08-19	50.0
2003-08-19	300.0

2010-06-29

Item	Before	After
ID of Legal Representative	6121016001270411	H0791931000
Legal Representative	Huang Zhigang 黄志刚	Chan Tak Yuen 陈德源
Registered Capital	1000.0	8000.0

Key executives after the change

Card No.	Card Type	Name	Position	Mode
320503196107311027	ID Card	Chen Hua 陈华	Director	Appointment
H0791931000	ID Card	Chan Tak Yuen 陈德源	Chairman	Appointment
110108197204252319	ID Card	Li Mingchen 李明臣	General Manager	Recruiting
110108195711182213	ID Card	Zhao Weimao 赵伟茂	Director	Appointment
452502197110098238	ID Card	Wu Yongzheng 吴永争	Supervisor	Appointment

Key executives Shareholders before the change

Card No.	Card Type	Name	Position	Mode
440224195811051212	ID Card	Wang Huisheng 汪惠生	Supervisor	Appointed by British Virgin Islands Homix Limited
P166226(4)	ID Card	Cheng Lin 成林	Director	Appointed by British Virgin Islands Homix Limited
6121016001270411	ID Card	Huang Zhigang 黄志刚	General Manager	Recruited
6121016001270411	ID Card	Huang Zhigang 黄志刚	Chairman	Appointed by British Virgin Islands Homix Limited
433022196601134919	ID Card	Liao Chunhe 廖春和	Director	Appointed by British Virgin Islands Homix Limited

Shareholder after the change

Type of Shareholder	Foreign company
Registration Certificate No.	1445474
Shareholder Name	British Virgin Islands Homix Limited
Country / Area	British Virgin Islands
Contribution	8,000.0
Currency	RMB
USD exchange rate	0.000000147
USD (10,000)	1176.0
RMB exchange rate	0.0000010
RMB (10,000)	8,000.0
Accumulated Contribution	8,000.0
Foreign investment logo	Negative
Mode of taking liabilities	Co., Ltd

Shareholder Shareholders before the change

Type of Shareholder	Foreign company
Registration Certificate No.	1445474
Shareholder Name	British Virgin Islands Homix Limited
Country / Area	British Virgin Islands
Contribution	1,000.0
Currency	RMB
USD exchange rate	0.0000001457
USD (10,000)	145.7
RMB exchange rate	0.0000010
RMB (10,000)	1,000.0
Accumulated Contribution	1,000.0
Foreign investment logo	Negative
Mode of taking liabilities	Co., Ltd

Shareholder contribution mode

After the change

Contribution mode	Currency	Assets Transferred	Contribution Amount	USD ('0,000)	RMB ('0,000)
Monetary contribution	RMB	Negative	8,000.0	1176.0	8,000.0

Actual Paid-in Capital of the company

After the change

Date of paid-in	Capital Source	Paid-in Amount	Contribution Mode	Exchange rate	USD	RMB
2008-07-03	overseas	1000.0	Monetary contribution	0.0000001457	145.7	1000.0
2010-06-11	overseas	7000.0	Monetary	0.000000147	1029.0	7000.0

			contribution		
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Paid-up Capital of the company

After the change

Phase	Amount Agreed	Period Agreed (month)	Deadline Agreed	USD	RMB
2	1400.0	0	2010-06-27	205.8	1400.0
3	5600.0	24	2012-06-27	823.2	5600.0
1	1000.0	0	2008-07-02	145.7	1000.0

Item	Before	After
Actual Paid-in Capital	1000.0	8000.0
Foreign investor contribution in USD	145.7	1174.7
Total investment in RMB	1400.0	18500.0
Registered capital in RMB	1000.0	8000.0
Foreign contribution in RMB	1000.0	8000.0
Registered capital in USD	145.7	1174.7
Total foreign investment	1400.0	18500.0
Total foreign investment in USD	203.98	2717.68
Foreign investor contribution	1000.0	8000.0
ZIP	223814	223800

This is Exhibit "ZZ" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

SIPO 中华人民共和国国家知识产权局
State Intellectual Property Office of the PRC

Patent Search

Invention Patent Utility Model Patent Design Patent

Application No.: Name:

Summary: Application Date:

Publication Date: Publication No.:

Class No.: Main Class No.:

Applicant:

Inventor/Designer:

Address: International Publication

Issuing Date: Patent Agency:

Agent: Priority:

Search Results:


1 Invention Patent and 1 Utility Model Patent:

No.	Application No.	Patent Name
1	200810142046.1	Wood dyeing method and equipment 木材染色的方法及其设备
2	200820146919.1	Wood dyeing equipment 木材染色的设备

Application No.	200820146919.1	Application Date	2008.08.22
Patent Name	Wood dyeing equipment 木材染色的设备		
Public No.	CN201244844	Publication Date	2009.05.27
Main Class No.	B27K5/02(2006.01)I	Former Application No.	
Class No.	B27K5/02(2006.01)I;B27K3/02(2006.01)I		
Issuing Date		Priority	
Applicant	Jiangsu Dayang Wood Co., Ltd 江苏太阳木业有限公司		
Address	No.322, Fumin Avenue, Economic Development Zone, Suqian City, Jiangsu Province 223800 223800 江苏省宿迁市经济开发区富民大道 322 号		
Inventor/Designer	Che Binglei 车炳雷; Huang Yanshun 黄衍顺	International Application	
International Publication		Since	
Patent Agency	Shenzhen Zhongzhi Patent and Trademark Agency Co., Ltd 深圳市中知专利商标代理有限公司	Agent	Sunhao 孙皓; Lin Hong 林虹

Application No.	200810142046.1	Application Date	2008.08.22
Patent Name	Wood dyeing method and equipment 木材染色的方法及其设备		
Public No.	CN101342716	Public Date	2009.01.14
Main Class No.	B27K5/02(2006.01)I	Former Application No.	
Class No.	B27K5/02(2006.01)I;B27K3/02(2006.01)I		
Issuing Date		Priority	
Applicant	Jiangsu Dayang Wood Co., Ltd 江苏太阳木业有限公司		
Address	No.322, Fumin Avenue, Economic Development Zone, Suqian City, Jiangsu Province 223800 223800 江苏省宿迁市经济开发区富民大道 322 号		
Inventor/Designer	Che Binglei 车炳雷; Huang Yanshun 黄衍顺	International Application	
Int'l Public		Since	
Patent Agency	Shenzhen Zhongzhi Patent and Trademark Agency Co., Ltd 深圳市中知专利商标代理有限公司	Agent	Sunhao 孙皓; Lin Hong 林虹

This is Exhibit "AAA" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
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43-59 Queen's Road East
Wanchai, Hong Kong

公司设立登记申请书

450

名称	番禺市大成木业有限公司		
住所	番禺市大石镇植村	邮政编码	
法定代表人	黄衍顺	电话	
注册资本	人民币壹佰 (万元)	企业类型	有限
经营范围	加工、销售人造板及木材加工产品, 研究开发 木材制品及工程技术咨询服务		
营业期限	自 1998 年 6 月 日至 2018 年 6 月 日		
审批机关	批准文号		
有关部门 意见			

谨此确认, 本表所填内容不含虚假记载。

董事长签字

年 月 日

注: ①经营范围中有法律、行政法规规定必须报经审批的项目的, 国家有关部门可在“有关部门意见”栏签署意见并盖章, 国家有关部门签署意见后, 申请人可不再提交国家有关部门的批准文件。

②法律、行政法规规定设立公司必须报经审批的, 申请人应填写“审批机关”和“批准文号”栏目。

③“住所”应填写(县)、区(村)、街道名、门牌号。

④“企业类型”填“有限”或“股份”。


Application for Registration of Establishment

Name	Panyu Dacheng Wood Co., Ltd.		
Business Address	Zhicun, Dashi Town, Panyu City	ZIP Code	
Legal Representative	Huang Yanshun	Tel	
Registered Capital	¥ 1,000,000. (SAY CNY ONE MILLION ONLY)	Type of Business	Company Limited
Scope of Business	Processing and sales of artificial veneers and wood processed products; research and development of wood products; engineering consultative services.		
Business Term	From June 1998 to June 2018		
Approving Authority		Approval No.	
Comments by the competent departments			
<p>I hereby certify that all information provided for the application is truthful.</p> <p>Chairman of the Board (<i>signature</i>): _____ Date: _____</p>			

Note:

1. If the Scope of Business includes any item that should be submitted for approval according to relevant laws and administrative regulations of the state, the competent government department concerned shall insert comments and affix a seal in the space next to the "Comments by the competent departments". After such comments are inserted, the Applicant does not have to submit documents of approval by the competent government department concerned.
2. Establishment of a company should be submitted for approval according to relevant laws and administrative regulations of the state, and the Applicant should complete the "Approving Authority" and "Approval No." columns.
3. The "Business Address" shall include doorplate number, street name, district (or village) name, and city (or county) name.
4. The "Type of Business" shall be "Company Limited" or "Shareholding Company".

This is Exhibit "BBB" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

袁志刚	经理	廖春和	经理

董事、监事、经理/委员情况表

姓名	职务	袁长	产生方式	委派	身份证件	号码	2459157161
						类型	香港身份证
李德福	国别 (地区)	中国 (香港)	住址	香港九龙塘花圃街1号又一村花园			
姓名	职务	董事	产生方式	委派	身份证件	号码	32050319607311027
						类型	身份证
陈华	国别 (地区)	中国	住址	江苏省苏州市相城区 苑67幢304室			
姓名	职务	董事	产生方式	委派	身份证件	号码	110108195711182213
						类型	身份证
赵伟东	国别 (地区)	中国	住址	广东省深圳市南山区蛇口花园锦云苑 D1003			
姓名	职务	监事	产生方式	委派	身份证件	号码	45250219711078238
						类型	身份证
吴永东	国别 (地区)	中国	住址	广州市白云区棠涌街28号301房			
姓名	职务	经理	产生方式	委派	身份证件	号码	431229660115490
						类型	身份证
廖春和	国别 (地区)	中国	住址	湖南省湘潭县上坊乡走马岭村廖家组			

Name	Position	Name	Position
Huang Zhigang	Manager	Liao Chunhe	Manager

List of Directors, Supervisors, Managers/Committee Members

Name	Position	Chairman of the Board	Form of Appointment	Appointed	ID	Number	2459151 (1)
						Type	HKID
Chan Tak Yuen	Country/Region	HK, China	Address	Yau Yat Tsuen Garden, 39 Fa Po Street, Kowloon Tong, Hong Kong			
Name	Position	Director	Form of Appointment	Appointed	ID	Number	320503196107311027
						Type	ID Card
Chen Hua	Country/Region	China	Address	Suite 304, Bldg 67, Shishan New Garden, Suzhou, Jiangsu			
Name	Position	Director	Form of Appointment	Appointed	ID	Number	110108195711182213
						Type	ID Card
Zhao Weimao	Country/Region	China	Address	Suite D1003, Jinyun Tower, Jinlong Garden, Nanshan District, Shenzhen, China			
Name	Position	Supervisor	Form of Appointment	Appointed	ID	Number	452502197110098238
						Type	ID Card
Wu Yongzheng	Country/Region	China	Address	Suite 301, 28 Ziyuan Street, Baiyun District, Guangzhou			
Name	Position	Manager	Form of Appointment	Appointed	ID	Number	433022196601134919
						Type	ID Card
Liao Chunhe	Country/Region	China	Address	Liao's Family Group, Zhaojiayu Village, Huochang, Yuanling County, Hunan			

This is Exhibit "CCC" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

This is Exhibit "DDD" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



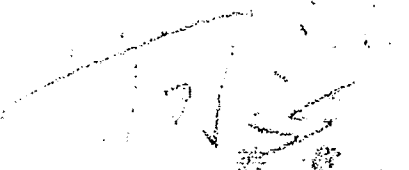
A Notary Public

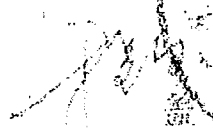
COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

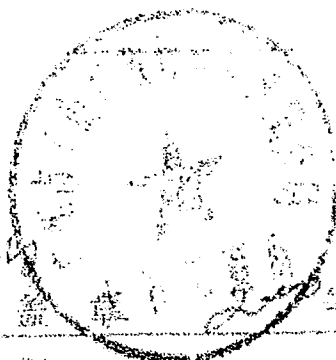
番禺撤市设区企业名称(地址)申请变更登记表

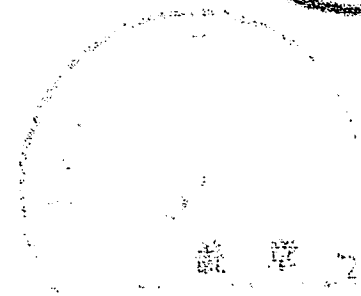
A

458

企业名称: 番禺大成木业有限公司
 原企业名称: 番禺大成木业有限公司
 注册地址: 广州市番禺区市桥大石镇村
 主管部门: 
 意见:
 经办人:
 日期: 2000年11月13日

企业名称: 广州市番禺大成木业有限公司
 注册地址: 番禺区市桥大石镇村
 主管部门: 
 意见:
 经办人:
 日期: 2000年11月17日



主管部门: 
 意见:
 经办人:
 日期: 2000年11月17日

日期: 2000年11月17日 发照人: _____ 年 月 日


注: 凭此表可到有关部门办理刻章手续

Application for Modifying Business Name and Address of Companies / Self-Employed Households in Panyu District (previously "Panyu City")

Business Name	Panyu City Dacheng Wood Co., Ltd.	Business License	4401262000027
Former Address	Zhicun, Dashi Town, Panyu City	Person in charge	Huang Yanshun
New business name	Panyu Dacheng Wood Co., Ltd.		
New business address	Zhicun, Dashi Town, Panyu District, Guangzhou		
Comments by the competent departments (Not necessary for self-employed households)	<i>Approved</i> Seal: Date: November 13, 2000		
Comments by the Administration for Industry and Commerce	Business Name: Guangzhou Panyu Dacheng Wood Co., Ltd.		
	Business Address: Zhicun, Dashi Town, Panyu District		
	Comments by the Administrative office for Industry and Commerce	<i>Application for modification approved.</i> Seal: Panyu Office, Guangzhou Municipal Administration for Industry and Commerce Date: November 17, 2000	
	Comments by the sub-bureau of the Administration for Industry and Commerce	<i>Approved</i> Seal: Date: November 28, 2000	
Collected by: Date: December 18, 2000	Issued by: Date:		

Note: This form is a necessity to modify company seals with relevant departments.

This is Exhibit "EEE" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

公司变更登记申请书

九

461

注册号

项 目	原 登 记 事 项	申 请 变 更 登 记 事 项
名 称	广州市番禺区大石镇大石镇	
住 址	大石镇大石村	
邮政编码	511430	
法定代表人姓名	黄衍焕	
注册资本	100 (万元)	(万元)
实收资本	100 (万元)	(万元)
公司类型	有限责任公司	
经营范围	加工、销售人造花及材料 加工产品、研究开发材料 制品及工程材料咨询服务	
营业期限	1998.6.20/18.6	
股东(发起人)	黄衍焕 曾迎廷	黄衍焕 罗贵连
备 注 事 项		

本公司依照《中华人民共和国公司法》及《中华人民共和国公司登记管理条例》的规定，申请变更登记，提交材料真实有效，谨此对真实性声明。



法定代表人签字： 指定代表或委托代理人签字：

黄衍焕

黄衍焕

2006年3月20日

2006年3月20日

2006年3月20日

注：1. 申请变更登记事项只填申请变更的内容。	2. 提交的文件、证件应当使用A4纸。	3. 应当使用钢笔、毛笔或签字笔工整填写。	4. 经办人：罗贵连	日期：06.6.20
			统一社会信用代码：10502197620706689	
			33956325	
发照人：[Signature]	归案人：200002/			

Application for Registration of Modification

Item	Before modification	After modification
Name	Guangzhou Panyu Dacheng Wood Co., Ltd.	
Address	Zhicun, Dashi Town	
ZIP Code	511430	
Legal Representative	Huang Yanshun	
Registered Capital	CNY 1 million.	(unit: CNY)
Paid-in capital	CNY 1 million.	(unit: CNY)
Type of Business	Company Limited	
Scope of Business	Processing and sales of artificial veneers and wood processed products; research and development of wood products; engineering consultative services.	
Business Term	1998.6 – 2018.6	
Shareholders (promoters)	Huang Yanshun Cai Yingxin	Huang Yanshun Luo Guilian

In accordance with the "Company Law of the People's Republic of China" and "Regulations of the People's Republic of China on the Administration of Company Registration", we hereby apply for registration of modification and shall be responsible for the authenticity of all information provided for the purpose of said registration.

Signature of legal representative: Huang Yanshun Date: March 20, 2006
 Signature of Authorized Representative or Authorized Proxy: Huang Yanshun Date: March 20, 2006
 Common Seal: Guangzhou Panyu Dacheng Wood Co., Ltd. Date: March 20, 2006

- Note:
1. Please write down items proposed to be modified in the blank below the "After modification".
 2. Any information or certificate submitted shall be copied with A4 paper.
 3. Please complete this form with a pen, brush pen or fountain pen in a clear manner.

Collected by: Luo Guilian
 Date: 2006-04-21
 510522197604206489
 33956325
 Issued by: Xu Minling
 Filed by: 2000027

This is Exhibit "FFF" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

意见:

送审日期: 2008-6-16

个业... ..

上... ..

... ..

备注:

事项	变更前内容	变更后内容
变更
变更

材料齐全,符合法定形式,拟同意变更地址、变更期限,当否,请领导...

签字: 徐丽萍
日期: 2008年6月16日

... .. 营业期限,根据行政区划的调整而... .. 鱼所表述。

签字: 陈... ..
日期: 2008.6.25

Preliminary examination:

Date of acceptance: 2008-6-16

The company hereby applies for modification of the following items:

Acceptance number: 2620080616044

Business Name: Guangzhou Panyu Dacheng Wood Co., Ltd.

Application for registration of modification

Items	Before modification	After modification
Modification of business address	Zhicun, Dashi Town, Panyu District, Guangzhou	Zhicun, Dashi Town, Panyu District, Guangzhou
Modification of business term		From 1998-07-21 to 2018-07-21

I, the undersigned hereby confirm that, the documents provided by the company for modification of business address and business term are complete and consistent with the statutory forms. The application is thus submitted for higher-level approval.

Examiner: Xu Liping

Date: June 16, 2008

Comments: I, the undersigned hereby approve said modification of business address and business term, and the business address of the company shall be adjusted according to administrative division of the city.

Approver: Chen Minru

Date: 2008-06-25

This is Exhibit "GGG" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

外商投资企业变更（备案）登记申请书

广州市番禺区工商行政管理局:

根据《中华人民共和国公司登记管理条例》、《中华人民共和国企业法人登记管理条例》等有关规定，现申请 企业类型、股权、法定代表人、董事、监事 等事项变更（登记），请予核准。同时承诺：所提交的文件和有关附件真实、合法、有效，复印件与原件一致，并对因提交虚假文件所引发的后果承担法律责任。

企业名称 广州市番禺大民木业有限公司

注册号 44012620000027

负责人签字 [Signature]

2008年11月10日

网址: www.gz.gov.cn

国家工商行政管理总局

<http://www.saic.gov.cn>

2008.11.10

1390102...

Acceptance number: _____

Date of acceptance: _____

Application for Modifications (Filing) of Registration Items of Foreign-Funded Enterprises

To the Administration for Industry & Commerce of Panyu District, Guangzhou:

In accordance with the "Regulations of the People's Republic of China on the Administration of Company Registration" and "Administrative Regulations of the People's Republic of China Governing the Registration of Legal Corporations", we hereby apply for modification (filing) of such registered items as business type, shares, legal representative, directors and supervisors. We also undertake that all documents, certificates and related appendixes submitted by us are true, legal and valid, and that the copies are identical to the originals. We will bear all legal responsibilities for any consequence resulted from submitting any false documents and certificates.

Business Name: Guangzhou Panyu Dacheng Wood Co., Ltd.

Business License: 4401262000027

Signature of person in charge: _____

Date: November 4, 2008

Website: www.gzaic.gov.cn

Printed by State Administration for Industry & Commerce
[HTTP://WZJ.SAIC.GOV.CN](http://WZJ.SAIC.GOV.CN)

This is Exhibit "HHH" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

原董事、监事、经理/委员		申请更换董事、监事、经理/委员	
姓名	职务	姓名	职务
周成	执行董事、经理	黄志刚	董事长、经理
李玲	监事	王夏	监事
周海		廖春和	董事
		成祥	董事

董事、监事、经理/委员情况表

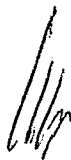
姓名	职务	国籍(地区)	产生方式	身份	身份证件	
					号码	类型
周成	执行董事	中国	委派	委派	号码	612101196001270411
					类型	居民身份证
李玲	监事	中国	住址	住址	号码	广东省深圳市南山区大村十路106/1
周海	董事	中国	住址	住址	号码	4303219660113419
					类型	居民身份证
周海	董事	中国	住址	住址	号码	湖南省沅陵县坊场赵家岭村梁组
					类型	166226(3)
李玲	监事	中国	住址	住址	号码	香港九龙红磡文咸道高第街17号
					类型	香港永久居民身份证
周海	董事	中国	住址	住址	号码	440224195811051212
					类型	居民身份证
周成	执行董事	中国	住址	住址	号码	广东省深圳市南山区大村十路106/1
					类型	居民身份证

Formers directors, supervisors, managers and committee members		Directors, supervisors, managers and committee members proposed to be registered	
Name	Position	Name	Position
Huang Yanshun	Executive director. manager	Huang Zhigang	Chairman of the board. manager
Gao Xueling	Supervisor	Wang Huisheng	Supervisor
		Liao Chunhe	Director
		Cheng Lin	Director

List of Directors, Supervisors, Managers/Committee Members

Name	Position	Chairman of the Board Manager	Form of Appointment	Appointed	ID	Number	612101196001270411
						Type	ID card
Huang Zhigang	Country/Region	China	Address	Suite 106, Bldg 4, Guangda Village, Nanshan District, Shenzhen			
Name	Position	Director	Form of Appointment	Appointed	ID	Number	43302219660113419
						Type	ID card
Liao Chunhe	Country/Region	China	Address	Liao's Family Group, Zhaojiayu Village, Huochang, Yuanling County, Hunan			
Name	Position	Director	Form of Appointment	Appointed	ID	Number	P166326 (4)
						Type	HKID
Cheng Lin	Country/Region	HK, China	Address	17/F, The City Culture, Ko Shan Road, Hung Hom, Kowloon, Hong Kong			
Name	Position	Supervisor	Form of Appointment	Appointed	ID	Number	440224195811051212
						Type	ID Card
Wang Huisheng	Country/Region	China	Address	Harbor City, Suite 3-15B, 2189 Qianjin Road, Nanshan District, Shenzhen			

This is Exhibit "III" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

变更登记核准通知书

A

473

番禺人造木业有限公司

申请的 内外资变更

经核准登记

变更事项如下:

变更事项	变更前内容	变更后内容
负责人姓名变更	黄衍顺	黄志刚
经营范围变更	研究、开发、加工、销售：人造板、木材、木制品及工程技术咨询服务。〔经营范围涉及法律、行政法规禁止经营的不得经营，涉及许可经营的未取得许可前不得经营〕	人造板的研发、制造、销售本公司产品、供木材加工、工程技术咨询服务。（经营范围涉及法律、行政法规禁止经营的不得经营，涉及许可经营的未取得许可前不得经营）
组织形式变更	有限责任公司	有限责任公司（外国法人独资）
英文名称变更		HOMIX LIMITED
法定代表人变更	执行董事、经理：黄衍顺；监事：高雪玲	董事长、经理：黄志刚； 董事：成林、穆春和；监事：汪惠生
统一社会信用代码变更	4401262000027	企独粤穗总字第304265号
股东变更	黄衍顺；罗贵连	

变更前情况

名称	出资额	出资比例(%)	围别地区
黄衍顺	10	10	中国
罗贵连	90	90	中国

变更后情况

名称	出资额	出资比例(%)	围别地区
HOMIX LIMITED	100	100	英属维尔京群岛

广州市工商行政管理局番禺分局

二〇〇八年十一月十一日

Notice of Approval of Modification Registration

To Guangzhou Panyu Dacheng Wood Co., Ltd.:

Your application for becoming a foreign-funded enterprise has been approved and registered by Panyu Office,

Guangzhou Municipal Administration of Industry and Commerce.

Registration of modification:

Items	Before modification	After modification
Modification of legal representative	Huang Yanshun	Huang Zhigang
Change of business scope	Research, development, processing and sales of artificial veneers, wood and wood products; engineering consultative services. [The Company shall not engage in any business activity prohibited by laws and administrative regulations. Where an administrative license is required for a business activity, the Company shall not engage in said business activity before acquiring such administrative license.]	Research, development, manufacture and sales of the company's artificial veneers; wood processing and engineering consultative services. [The Company shall not engage in any business activity prohibited by laws and administrative regulations. Where an administrative license is required for a business activity, the Company shall not engage in said business activity before acquiring such
Change of type of business	Company Limited	A solely foreign-funded enterprise
Change of shareholders		HOMIX LIMITED
Change of directors	Executive director, manager: Huang Yanshun; Supervisor: Gao Xueling	Chairman of the board, manager: Huang Zhigang Directors: Cheng Lin, Liao Chunhe; Supervisor: Wang Huisheng
Change of registration number	4401262000027	QDYSZZ No. 304265
Change of shareholders	Huang Yanshun; Luo Guilian	

Before change of shareholders

Name	Amount of Contribution (unit: CNY)	Percentage (%)	Country/Region
Huang Yanshun	100,000.	10	China
Luo Guilian	900,000.	90	China

After change of shareholders

Name	Amount of Contribution (unit: CNY)	Percentage (%)	Country/Region
HOMIX LIMITED	1,000,000.	100	British Virgin Islands

Panyu Office, Guangzhou Municipal Administration of Industry and Commerce

Date: November 11, 2008

This is Exhibit "JJJ" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

变更登记核准通知书

A

476

木业有限公司:

简:

理及联合管理委员会委员

准登记。

	变更前内容	变更后内容
联合管理委	成林、黄志刚、廖春和、汪惠生	陈炳华、黄志刚、廖春和、钱开
	企法粤穗总字第394255号	4401264301000999

广州市工商行政管理局番禺分局

二〇〇九年七月三十日

Notice of Approval of Modification Registration

To Guangzhou Panyu Dacheng Wood Co., Ltd.:

Your application for registration of directors, supervisors, managers and members of joint management committee has been approved and registered by the Bureau.

Registration of modification:

Items	Before modification	After modification
Directors, supervisors, managers and members of joint management committee	Cheng Lin, Huang Zhigang, Liao Chunhe, Wang Huisheng	Chen Binghua, Huang Zhigang, Liao Chunhe, Qian Kaipeng
Business License	QDYSZZ No. 304265	440126400000999

Panyu Office, Guangzhou Municipal Administration of Industry and Commerce

Date: July 30, 2009

This is Exhibit "KKK" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

傅绍华

受理号: _____

受理日期: _____

A

外商投资企业变更 (备案) 登记 申请书

傅绍华

国家工商行政管理 (总) 局:

根据《中华人民共和国公司登记管理条例》、《中华人民共和国企业法人登记管理条例》等有关规定, 现申请 董事、监事、章程修正、股东 (发起人) HOMIX LIMITED 的授权代表、法定代表人 等事项变更 (备案) 登记, 请予核准。同时承诺: 所提交的文件和有关附件真实、合法, 有效, 复印文本与原件一致, 并对因提交虚假文件所引发的后果承担法律责任。

企业名称

广州市番禺大成木业有限公司

注册号

440126106000899

法定代表人签字

(Handwritten Signature)

2010年6月20日

国家工商行政管理总局制

[HTTP://WZJ.SAIC.GOV.CN](http://WZJ.SAIC.GOV.CN)

Acceptance number: _____

Date of acceptance: _____

Chen Binghua

Date: 2010-05-11

**Application for Modifications (Filing) of Registration Items of
Foreign-Funded Enterprises**

To the Administration for Industry & Commerce of Panyu District, Guangzhou:

In accordance with the "Regulations of the People's Republic of China on the Administration of Company Registration" and "Administrative Regulations of the People's Republic of China Governing the Registration of Legal Corporations", we hereby apply for modification (filing) of such registered items as directors, supervisors, change of Articles of Association, authorized representative and shareholder (founder) HOMIX LIMITED, legal representative, etc. We also undertake that all documents, certificates and related appendixes submitted by us are true, legal and valid, and that the copies are identical to the originals. We will bear all legal responsibilities for any consequence resulted from submitting any false documents and certificates.

Business Name: Guangzhou Panyu Dacheng Wood Co., Ltd.

Business License: 440126400000999

Signature of legal representative: _____

Date: Thursday, April 29, 2010

Printed by State Administration for Industry & Commerce
[HTTP://WZJ.SAIC.GOV.CN](http://WZJ.SAIC.GOV.CN)

This is Exhibit "LLL" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

姓名	职务	姓名	职务
黄启雄	董事长	姜德源	董事长
廖存斌、陈永华	董事	廖和、赵伟强	监事
钱广等	监事	姜永华	监事

董事、监事、经理/联合管理委员会委员情况表

姓名	职务	产生方式	委派	身份证	号码	类型
姜德源	董事长	香港	任职	身份证	7:15 1795 3233	身份证
姜德源	董事	香港	任职	身份证	020503186107311927	身份证
姜德源	董事	香港	任职	身份证	江苏省苏州市虎丘区狮山新苑87幢304室	身份证
姜德源	董事	香港	任职	身份证	110108195711182213	身份证
姜德源	董事	香港	任职	身份证	广东省深圳市南山区麒麟花园锦云阁B-1001	身份证
姜德源	董事	香港	任职	身份证	462542187110098238	身份证
姜德源	董事	香港	任职	身份证	广州市白云区紫园街28号301房	身份证
姜德源	董事	香港	任职	身份证		身份证

Formers directors, supervisors, managers and committee members		Directors, supervisors, managers and committee members proposed to be registered	
Name	Position	Name	Position
Huang Zhigang	Chairman of the Board	Chan Tak Yuen	Chairman of the Board
Liao Chunhe, Chen Binghua	Director	Chen Hua, Zhao Weimao	Director
Qian Kaipeng	Supervisor	Wu Yongzheng	Supervisor

List of Directors, Supervisors, Managers and Members of the Joint Management Committee

Name	Position	Chairman of the Board	Form of Appointment	Appointed	ID	Number	711517953293
						Type	ID Card
Chan Tak Yuen	Country/Region	HK	Address				
Name	Position	Director	Form of Appointment	Appointed	ID	Number	320503196107311027
						Type	ID card
Chen Hua	Country/Region	China	Address	Suite 304, Bldg 67, Shishan New Garden, Huqiu District, Suzhou, Jiangsu			
Name	Position	Director	Form of Appointment	Appointed	ID	Number	110108195711182213
						Type	ID Card
Zhao Weimao	Country/Region	China	Address	Suite D1003, Jinyun Tower, Jinlong Garden, Nanshan District, Shenzhen, China			
Name	Position	Supervisor	Form of Appointment	Appointed	ID	Number	440224195811051212
						Type	ID Card
Wu Yongzheng	Country/Region	China	Address	Suite 301, 28 Ziyuan Street, Baiyun District, Guangzhou			
Name	Position		Form of Appointment		ID	Number	
						Type	

This is Exhibit "MMM" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

任、免职书

经公司决定，免去黄志刚担任的董事长兼法定代表人职务，同时委派 陈德源 先生担任公司的新董事长兼法定代表人，任期三年。

免去廖春和、陈炳华担任的董事职务，同时委派陈华女士、赵伟茂先生担任公司的新董事，任期三年。

兹确认新的董事会成员为：陈德源董事长，陈华、赵伟茂董事。

以上人员没有《中华人民共和国公司法》规定的不得担任董事的情形。



投资公司（盖章）：NOMIX LIMITED

授权代表（签字）：_____

陈德源

2010年4月29日

**Guangzhou Panyu Dacheng Wood Co., Ltd.
Letter of Dismissal and Appointment**

We hereby decide to remove Huang Zhigang from the post of chairman of the board and legal representative of the company and appoint Chan Tak Yuen as the new chairman of the board and legal representative for a period of three years.

We hereby decides to remove Liao Chunhe and Chen Binghua from the post of directors, and appoint Chen Hua and Zhao Weimao as new directors of the company for a period of three years.

This is to confirm that the new directors of the company are: Chan Tak Yuen (Chairman of the Board), Chen Hua (director), and Zhao Weimao (director).

This is to certify that, the new directors above are free from any circumstances under which a person may not hold the position of director in accordance with the "Company Law of the People's Republic of China".

Investment Company: HOMIX LIMITED [seal]

Authorized Representative: Chan Tak Yuen

[signature] Date: April 29, 2010

This is Exhibit "NNN" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

广州市番禺大成木业有限公司:

你公司申请的:

法定代表人变更; 董事、监事、经理及联合管理委员会: 章程修正案备案

业务已经我局批准登记。

变更登记事项如下:

变更事项	变更前内容	变更后内容
法定代表人变更	黄志刚	陈德源
董事、监事、经理及联合管理委员会	陈炳华、黄志刚、廖群和、钱开福	陈德源、陈华、吴永争、赵伟茂

广州市工商行政管理局番禺分局

二〇一〇年五月二十四日

A

Notice of Approval of Modification Registration

To Guangzhou Panyu Dacheng Wood Co., Ltd.:

Your application for modification of legal representative, directors, supervisors, managers, members of joint management committee and Articles of Association has been approved and registered by the Bureau.


Registration of modification:

Items	Before modification	After modification
Modification of legal representative	Huang Zhigang	Chan Tak Yuen
Directors, supervisors, managers and members of joint management committee	Chen Binghua, Huang Zhigang, Liao Chunhe, Qian Kaipeng	Chan Tak Yuen, Chen Hua, Wu Yongzheng, Zhao Weimao

Panyu Office, Guangzhou Municipal Administration of Industry and Commerce

Date: May 24, 2010

This is Exhibit "OOO" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

受理日期:

2010年9月29日

经查, 该企业申请变更(备案)登记, 登记内容如下:

受理号: 26201009250045

企业名称: 广州市番禺大成木业有限公司

变更(备案)登记事项如下

变更事项	变更前内容	变更后内容
董事、监事、经理及联合管理委员会	陈德源、陈华、吴永争、赵伟茂	陈德源、陈华、廖春和、吴永安、赵伟茂

审核意见

核准通过

签名:

林水

日期:

2010年9月29日

Examination and Approval of Application for Registration of Modification

Date of acceptance: September 25, 2010

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It is found that, the company applies for registration of the following changes.

Acceptance number: 26201009250045

Business Name: Guangzhou Panyu Dacheng Wood Co., Ltd.

Registration of modification

Items	Before modification	After modification
Directors, supervisors, managers and members of joint management committee	Chan Tak Yuen, Chen Hua, Wu Yongzheng, Zhao Weimao	Chan Tak Yuen, Chen Hua, Liao Chunhe, Wu Yongzheng, Zhao Weimao
Comments of review	Modification approved	

Approved by: Xiao Meigao [*signature*]

Date: September 29, 2010

This is Exhibit "PPP" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong



HCA 5439/1998

IN THE HIGH COURT OF

ACCOUNTS OFFICE HIGH COURT

THE HONG KONG SPECIAL ADMINISTRATIVE REGION

COURT OF FIRST INSTANCE	1	TE	FC2	1045.00
				1045.00
				1045.00

CHEQUE
-APR 98H0000274 11:47R

HUA DAO SHIPPING (FAR EAST) LIMITED 1st Plaintiff

BM SHIPPING GROUP SRL. 2nd Plaintiff

and

SINO-WOOD PARTNERS LIMITED Defendant

To the Defendant, SINO-WOOD PARTNERS LIMITED whose registered office is situated at Room 1409 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the back.

Within 14 days after the service of the Writ on you, counting the day of service, you must either satisfy the claim or return to the Registry of the High Court the accompanying **ACKNOWLEDGMENT OF SERVICE** stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued from the Registry of High Court this 4th day of April 1998



Note:- This Writ may not be served later than 12 calendar months beginning with that date unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgment of Service are given with the accompanying form.




Exhibit "QQQ" mentioned and referred to in the Affidavit of
Gowan Chandler, sworn before me in the Hong Kong Special
Administrative Region of the People's Republic of China this 29th day
of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

存案 Filed



公司註冊處
Companies Registry

秘書及董事資料更改通知書
Notification of Change of Particulars of
Secretary and Director

(公司條例第 158(4)條)
(Companies Ordinance s. 158(4))

表格
Form D2B

重要事項 Important Notes

- 填表前請參閱（填表須知），
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

2 個人秘書／董事資料更改 Change of Particulars of Individual Secretary／Director

(如涉及超過一名個人秘書／董事，請用續頁 A 填報 Use Continuation Sheet A if more than 1 individual secretary／director is involved)

A. 更改資料的個人秘書／董事

Identity of the Individual Secretary／Director whose Particulars have Changed

請填報現時在公司註冊處登記的有關資料

Please state the relevant particulars currently registered with the Companies Registry

請在有關空格內加 / 號 Please tick the relevant box(es)

(註 Note 6)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

N/A

中文姓名
Name in Chinese

黃然

英文姓名
Name in English

HUANG

Ran

姓氏 Surname

名字 Other Names

(註 Note 7)

身份證明
Identification

G04957151

N/A

香港身份證號碼 HK Identity Card Number

海外護照號碼 Overseas Passport Number

(註 Note 4) 提交人的資料 Presentor's Reference

姓名 Name: Panocean Secretarial Services Limited

地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 2851 1823

傳真 Fax: 2851 1826

電郵地址 E-mail Address:

編號 Reference:

說明編號 1/2004 (2004 年 2 月)
Specification No. 1/2004 (Feb. 2004)

請勿填寫本欄 For Official Use



22500114764

D2B
14/07/2006

0435844



表格 Form **D2B**

公司編號 Company Number

435844

2 個人秘書/董事資料更改 (續上頁)
Change of Particulars of Individual Secretary/Director (cont'd)

(註 Note 8) B. 更改詳情 Details of Change(s)

請只填報有更改的項目 Please complete item(s) with change(s) only

生效日期 Effective Date

(a) 中文姓名 Name in Chinese

日 DD	月 MM	年 YYYY

(b) 英文姓名 Name in English

姓氏 Surname	名字 Other Names

日 DD	月 MM	年 YYYY

(註 Note 9)

(c) 別名 Alias

日 DD	月 MM	年 YYYY

(註 Note 10)

(d) 住址 Residential Address

Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	People's Republic of China 國家 Country
--	--

26	06	2006
日 DD	月 MM	年 YYYY

(註 Note 11)

(e) 電郵地址 E-mail Address

日 DD	月 MM	年 YYYY

(f) 香港身份證號碼
Hong Kong Identity Card Number

日 DD	月 MM	年 YYYY

(g) 海外護照 Overseas Passport

People's Republic of China 簽發國家 Issuing Country	G04957151 號碼 Number
--	------------------------

26	06	2006
日 DD	月 MM	年 YYYY

表格 Form **D2B**

公司編號 Company Number

435844

3 法人團體秘書 / 董事資料更改 Change of Particulars of Corporate Secretary / Director

(如涉及超過一名法人團體秘書 / 董事，請用續頁 B 填報)
(Use Continuation Sheet B if more than 1 corporate secretary / director is involved)

A. 更改資料的法人團體秘書 / 董事 Identity of the Corporate Secretary / Director whose Particulars have Changed

請填報現時在公司註冊處登記的有關資料
Please state the relevant particulars currently registered with the Companies Registry

請在有關空格內加 號 Please tick the relevant box(es)

(註 Note 6) 身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

(註 Note 12) 中文名稱 Name in Chinese

(註 Note 12) 英文名稱 Name in English

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

(註 Note 8) B. 更改詳情 Details of Change(s)

請只填報有更改的項目 Please complete item(s) with change(s) only

生效日期 Effective Date

(a) 中文及英文名稱 Name in Chinese and English

[Empty box for Name in Chinese and English]

日 DD 月 MM 年 YYYY

(註 Note 13) (d) 地址 Address

[Empty box for Address]

國家 Country

日 DD 月 MM 年 YYYY

(註 Note 11) (c) 電郵地址 E-mail Address

[Empty box for E-mail Address]

日 DD 月 MM 年 YYYY

本通知書包括 _____ 張續頁 A 及 _____ 張續頁 B。

This Notification Includes 1 Continuation Sheet(s) A and (Nil) Continuation Sheet(s) B.

簽署 Signed :

姓名 Name : HUANG, Ran
董事 Director / 秘書 Secretary

日期 Date : 26 / 06 / 2006
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply

表格 Form **D2B**

(續頁 A Continuation Sheet A)

公司編號 Company Number

435844

個人秘書／董事資料更改詳情 (第 2 項)
Details of Change of Particulars of Individual Secretary / Director (Section 2)

A. 更改資料的個人秘書／董事
Identity of the Individual Secretary / Director whose Particulars have Changed
 請填報現時在公司註冊處登記的有關資料
 Please state the relevant particulars currently registered with the Companies Registry

請在有關空格內加 / 號 Please tick the relevant box(es)

(註 Note 6) 身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to: N/A

中文姓名 Name in Chinese: 詹曉坤

英文姓名 Name in English: ZHAN (姓氏 Surname), Xiao Kun (名字 Other Names)

(註 Note 7) 身份證明 Identification: G11565227 (香港身份證號碼 HK Identity Card Number), N/A (海外護照號碼 Overseas Passport Number)

B. 更改詳情 Details of Change(s)
 請只填報有更改的項目 Please complete item(s) with change(s) only

(a) 中文姓名 Name in Chinese: [] 生效日期 Effective Date: [] 日 DD [] 月 MM [] 年 YYYY

(b) 英文姓名 Name in English: [] 生效日期 Effective Date: [] 日 DD [] 月 MM [] 年 YYYY

(註 Note 9) (c) 別名 Alias: [] 生效日期 Effective Date: [] 日 DD [] 月 MM [] 年 YYYY

(註 Note 10) (d) 住址 Residential Address: No. 88 Fu Ning Nong, Jia Ding Town, Jia Ding District, Shanghai, China. 國家 Country: People's Republic of China. 生效日期 Effective Date: 26 06 2006 (日 DD 月 MM 年 YYYY)

(註 Note 11) (e) 電郵地址 E-mail Address: [] 生效日期 Effective Date: [] 日 DD [] 月 MM [] 年 YYYY

(f) 香港身份證號碼 Hong Kong Identity Card Number: [] 生效日期 Effective Date: [] 日 DD [] 月 MM [] 年 YYYY

(g) 海外護照 Overseas Passport: People's Republic of China (簽發國家 Issuing Country), G11565227 (號碼 Number), 26 06 2006 (生效日期 Effective Date: 日 DD 月 MM 年 YYYY)



公司註冊處
Companies Registry

周年申報表
Annual Return
(公司條例第 107(1)條)
(Companies Ordinance s. 107(1))

存案 Filed

表格
Form AR1

重要事項 Important Notes

- 填表前請參閱〈填表須知〉。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

(註 Note 8)

2 商業名稱 Business Name

N/A

3 公司類別 Type of Company

請在有關空格內加 ✓ 號 Please tick the relevant box

- 有股本的私人公司
Private Company having a share capital
- 其他
Others

4 本申報表日期 Date of this Return

本申報表列載公司截至右列日期為止的資料
The information in this Return is made up to

15	07	2006
日 DD	月 MM	年 YYYY

(如屬有股本的私人公司，本申報表應列載截至公司成立為法團的周年日期的資料。如屬其他公司，所列載的資料則應截至公司周年大會日期或以代替周年大會的書面決議的日期為止。)

For a private company having a share capital, the information in this Return should be made up to the anniversary of the date of incorporation. For other companies, the information should be made up to the date of the annual general meeting (AGM) or the date of written resolution passed in lieu of AGM.

(註 Note 9)

5 註冊辦事處地址 Address of Registered Office

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong

(註 Note 10)

6 電郵地址 E-mail Address

(註 Note 3)

提交人的資料 Presenter's Reference

姓名 Name: Panocean Secretarial Services Limited
地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 2851 1823 傳真 Fax: 2851 1826

電郵地址 E-mail Address:

檔號 Reference: JC/2481/05

指明編號 2/2004 (修訂) (2004年2月)
Specification No. 2/2004 (Revision) (Feb. 2004)

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22100128770
AR1L 0435844
31/07/2006

表格
Form **AR1**

公司編號 Company Number

435844

7 按揭及押記 Mortgages and Charges

截至本申報表日期，所有須根據《公司條例》第 80 及第 82 條規定向公司註冊處處長登記的按揭及押記的未償還總額

Total Amount outstanding as of the Date of this Return on all mortgages and charges which are required to be registered with the Registrar of Companies pursuant to sections 80 and 82 of the Companies Ordinance

(Nil)

(註 Note 11) **8 無股本公司的成員數目 Number of Member(s) of a Company Not Having a Share Capital**
(有股本的公司毋須填報此項 Company having a share capital need not complete this section)

截至本申報表日期的成員數目
Number of member(s) as at the Date of this Return

(Nil)

(註 Note 12) **9 股本 Share Capital**
(無股本的公司毋須填報第 9 及第 10 項 Company not having a share capital need not complete sections 9 & 10)

截至本申報表日期 As at the Date of this Return					
法定股本 Authorized Share Capital		已發行股本 Issued Share Capital			
股份類別 Class of Shares	總面值 Total Nominal Value †	已發行 股份數目 Number of Shares Issued (a)	每股已 發行股份 的面值 Nominal Value of Each Share Issued † (b)	已發行股份的 總面值 Total Nominal Value of Shares Issued † (a) x (b)	已發行股份的 已繳股款總值 (不包括溢價) Total Paid up Value of Shares Issued † (excluding premium)
Ordinary	HKD10,000.00	10,000	HKD1.00	HKD10,000.00	HKD10,000.00
總值 Total	HKD10,000.00	10,000		HKD10,000.00	HKD10,000.00

† 請註明貨幣單位(例如：港元、美元)
Please specify the currency (e.g. HKD, USD)

表格 Form **AR1**

公司編號 Company Number

435844

10 有股本公司的成員詳情 Details of Member(s) of a Company Having a Share Capital
 (如未經盡錄於下列表格內，請用續頁A填報 Use Continuation Sheet A if there is insufficient space)

截至本申報表日期的成員詳情 Details of Member(s) as at the Date of this Return

股份類別 Class of Shares

Ordinary

如公司的股份自上一份周年申報表日期以來(如屬首份周年申報表，則自公司成立為法團以來)有任何轉讓，有關詳情亦請一併填報；股份受讓人的姓名／名稱請在「備註」一欄註明。
 If there have been any transfers of the company's shares since the date of the last Annual Return (or since incorporation if this is the first Annual Return), please also provide details of the transfers; the name of the transferee should be stated in the 'Remarks' column.

姓名／名稱 Name	地址 Address	股份 Shares		備註 Remarks	
		現時持有量 Current Holding	轉讓 Transferred		
			數目 Number		日期 Date
詹曉坤 ZHAN, Xiao Kun	No. 88 Fu Ning Nong, Jia Ding Town, Jia Ding District, Shanghai, China	5,000			
黃然 HUANG, Ran	Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	5,000			
總數 Total		10,000			

表格
Form

AR1

公司編號 Company Number

435844

11 秘書 Secretary

A. 個人秘書 Individual Secretary

(如超過一名個人秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 individual secretary)

中文姓名
Name in Chinese英文姓名
Name in English

姓氏 Surname

名字 Other Names

前用姓名
Previous Names別名
Alias

(註 Note 14)

香港住址
Hong Kong
Residential
Address

(註 Note 15)

電郵地址
E-mail Address

(註 Note 16)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Numberb 海外護照
Overseas Passport

簽發國家 Issuing Country

號碼 Number

B. 法人團體秘書 Corporate Secretary

(如超過一名法人團體秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 corporate secretary)

(註 Note 17)

中文名稱
Name in Chinese

美信秘書服務有限公司

(註 Note 17)

英文名稱
Name in English

Panocean Secretarial Services Limited

(註 Note 18)

香港地址
Hong Kong
AddressRoom 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C.,
Hong Kong

(註 Note 15)

電郵地址
E-mail Address

(Nil)

公司編號 Company Number

(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

227964

表格
Form

AR1

公司編號 Company Number

435844

12 董事 Director

A. 個人董事 Individual Director

(如超過兩名個人董事，請用續頁 C 填報 Use Continuation Sheet C if more than 2 individual directors)

(註 Note 19)

1 身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

N/A

中文姓名
Name in Chinese

黃然

英文姓名
Name in English

HUANG	Ran
<small>姓氏 Surname</small>	<small>名字 Other Names</small>

前用姓名
Previous Names

(Nil)

別名
Alias

(Nil)

(註 Note 20)

住址
Residential
Address

Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	People's Republic of China
	<small>國家 Country</small>

(註 Note 21)

電郵地址
E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

N/A

b 海外護照
Overseas Passport

People's Republic of China	G04957151
<small>簽發國家 Issuing Country</small>	<small>號碼 Number</small>

表格 AR1
Form

公司編號 Company Number

435844

12 董事 Director (續上頁 cont'd)

2 身份 Capacity

董事 Director

候補董事 Alternate Director

代替 Alternate to

N/A

中文姓名 Name in Chinese

詹曉坤

英文姓名 Name in English

ZHAN Xiao Kun
姓氏 Surname 名字 Other Names

前用姓名 Previous Names

(Nil)

別名 Alias

(Nil)

(註 Note 20)

住址 Residential Address

No. 88 Fu Ning Nong, Jia Ding Town, Jia Ding District, Shanghai, China
People's Republic of China
國家 Country

(註 Note 21)

電郵地址 E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

N/A

b 海外護照 Overseas Passport

People's Republic of China
簽發國家 Issuing Country 號碼 Number
G11565227

表格 Form **AR1**

公司編號 Company Number

435844

12 董事 Director (續上頁 cont'd)

B. 法人團體董事 Corporate Director

(如超過兩名法人團體董事，請用續頁 D 填報 Use Continuation Sheet D if more than 2 corporate directors)

(註 Note 19)

1 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

(註 Note 23)

地址 Address

國家 Country

(註 Note 21)

電郵地址 E-mail Address

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

(註 Note 19)

2 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

(註 Note 23)

地址 Address

國家 Country

(註 Note 21)

電郵地址 E-mail Address

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

表格 Form AR1

公司編號 Company Number

435844

12. 董事 Director (續上頁 cont'd)

C. 備任董事 Reserve Director

(只適用於只有一名成員而該成員同時亦是唯一董事的私人公司 Only applicable to a private company with only one member who is also the sole director of the company)

中文姓名 Name in Chinese

[Empty box for Chinese Name]

英文姓名 Name in English

[Empty box for English Name]

姓氏 Surname

名字 Other Names

前用姓名 Previous Names

[Empty box for Previous Names]

別名 Alias

[Empty box for Alias]

(註 Note 20)

住址 Residential Address

[Empty box for Residential Address]

國家 Country

(註 Note 21)

電郵地址 E-mail Address

[Empty box for E-mail Address]

(註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

[Empty box for Hong Kong Identity Card Number]

b 海外護照 Overseas Passport

[Empty box for Overseas Passport]

簽發國家 Issuing Country

號碼 Number

表格
Form

AR1

公司編號 Company Number

435844

13 登記冊 Registers

公司備存下列登記冊的地址(如並非備存於第 5 項的註冊辦事處內)
Address where the following registers of the company are kept (if not kept at the Registered Office in Section 5)

登記冊 Register	地址 Address
a 成員登記冊 Register of Members	N/A
b 債權證持有人登記冊 (如有的話) Register of Debenture Holders (if any)	N/A

(註 Note 24) 14 隨表提交的帳目所涵蓋的會計結算始末日期
Period Covered by Accounts Submitted with this Form
(私人公司毋須填報此項 A private company need not complete this section)

日 DD	月 MM	年 YYYY	至 To	日 DD	月 MM	年 YYYY
------	------	--------	------	------	------	--------

15 證明書 Certificate

(此項證明只適用於私人公司。如不適用，請刪去此項。)
(This Certificate should only be completed in respect of a private company. If not applicable, please delete.)

本人證明公司自上一份周年申報表日期以來(如屬首份周年申報表，則自成立為法團以來)，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證；同時如成員數目於本申報表日期超過五十，則所超出的成員，全是根據《公司條例》第 29(1)(b)條不須計算入該五十名額內的人士。
I certify that the company has not, since the date of the last Annual Return (or since incorporation if this is the first Annual Return), issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 as at the Date of this Return, the excess are persons who under section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.

本申報表包括 _____ 張續頁 A、_____ 張續頁 B、_____ 張續頁 C 及 _____ 張續頁 D。
This Return includes _____ (Nil) Continuation Sheet(s) A, _____ (Nil) Continuation Sheet(s) B, _____ (Nil) Continuation Sheet(s) C and _____ (Nil) Continuation Sheet(s) D.

簽署 Signed:

姓名 Name: HUANG, Ran
董事 Director / 秘書 Secretary

日期 Date: 15 / 07 / 2006
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply



公司註冊處
Companies Registry

秘書及董事更改通知書(委任/離任)
Notification of Change of Secretary and Director
(Appointment/Cessation)

(公司條例第 158(4) 及 (4A) 條)
(Companies Ordinance s. 158(4) & (4A))

存案 Filed

表格 Form D2A

重要事項 Important Notes

- 填表前請參閱《填表須知》。
- 請用黑色墨水列印
- Please read the accompanying notes before completing this form.
- Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

2 更改詳情 Details of Change

A. 離任秘書/董事的資料 Particulars of Secretary/Director Ceasing to Act

(如涉及超過一名秘書/董事, 請用續頁 A 填報 Use Continuation Sheet A if more than 1 secretary/director is involved).

請在有關空格內加 / 號 Please tick the relevant box(es)

(註 Note 7)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

N/A

個人秘書/董事的姓名 Name of Individual Secretary/Director

詹曉坤	ZHAN	Xiao Kun
中文姓名 Name in Chinese	英文姓氏 Surname in English	英文名字 Other Names in English

(註 Note 8)

身份證明 Identification

(Nil)	GI1565227
香港身份證號碼 HK Identity Card Number	海外護照號碼 Overseas Passport Number

或 OR

(註 Note 9)

法人團體秘書/董事的中文及英文名稱
Chinese and English Names of Corporate Secretary/Director

離任原因 Reason for Cessation

辭職/其他 Resignation/Others 去世 Deceased

(註 Note 10)

離任日期 Date of Cessation

02	02	2007
日 DD	月 MM	年 YYYY

(註 Note 11)

請述明上述離任董事/候補董事在離任日期後, 是否繼續擔任公司的
候補董事/董事職位
Please indicate whether the Director/Alternate Director ceasing to act will
continue to hold office as Alternate Director/Director in the Company after
the date of cessation

是 Yes

否 No

(註 Note 5)

提交人的資料 Presentor's Reference

姓名 Name: Panocean Secretarial Services Limited
地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong
電話 Tel: 2851 1823 傳真 Fax: 2851 1826
電郵地址 E-mail Address:
檔號 Reference:
指明編號 1/2004 (2004 年 2 月)
Specification No. 1/2004 (Feb. 2004)

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02-02-2007



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D2A 0435844
02/02/2007

表格 Form **D2A**

公司編號 Company Number

435844

2 更改詳情 Details of Change (續上頁 cont'd)

B. 獲委任的個人秘書/董事的資料 Particulars of Individual Secretary/Director Appointed

(如委任超過一名個人秘書/董事，請用續頁B填報)
(Use Continuation Sheet B if more than 1 individual secretary/director is appointed)

請在有關空格內加✓號 Please tick the relevant box(es)

(註 Note 12)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to
N/A

中文姓名 Name in Chinese

陳軍

英文姓名 Name in English

CHEN, Jun
姓氏 Surname 名字 Other Names

前用姓名 Previous Names

(Nil)

別名 Alias

(Nil)

(註 Note 13)

住址 Residential Address

Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China
China
國家 Country

(註 Note 14)

電郵地址 E-mail Address

(Nil)

(註 Note 15)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

N/A

中華人民共和國居民身份證號碼

310222196702070417

b 海外護照 Overseas Passport

N/A N/A
簽發國家 Issuing Country 號碼 Number

委任日期 Date of Appointment

02 02 2007
日 DD 月 MM 年 YYYY

(註 Note 16)

請述明董事/候補董事在獲得上述委任時，是否公司現任的候補董事/董事
Please indicate whether the Director/Alternate Director whose appointment is reported above is already an existing Alternate Director/Director in the Company at the time of the above appointment

是 Yes
 否 No

表格 Form D2A

公司編號 Company Number

435844

2. 更改詳情 Details of Change (續上頁 cont'd)

C. 獲委任的法人團體秘書/董事的資料 Particulars of Corporate Secretary/Director Appointed
(如委任超過一名法人團體秘書/董事, 請用續頁 C 填報)
(Use Continuation Sheet C if more than 1 corporate secretary/director is appointed)

請在有關空格內加 / 號 Please tick the relevant box(es)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

(註 Note 19) 中文名稱 Name in Chinese

[Blank box for Chinese Name]

(註 Note 19) 英文名稱 Name in English

[Blank box for English Name]

(註 Note 20) 地址 Address

[Blank box for Address]

國家 Country

(註 Note 21) 電郵地址 E-mail Address

[Blank box for E-mail Address]

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

[Blank box for Company Number]

委任日期 Date of Appointment

[Blank box for Date of Appointment]

日 DD 月 MM 年 YYYY

(註 Note 22) 請述明董事/候補董事在獲得上述委任時, 是否公司現任的候補董事/董事
Please indicate whether the Director/Alternate Director whose appointment is reported above is already an existing Alternate Director/Director in the Company at the time of the above appointment 是 Yes 否 No

本通知書包括 _____ 張續頁 A、_____ 張續頁 B 及 _____ 張續頁 C。

This Notification includes _____ (Nil) Continuation Sheet(s) A, _____ (Nil) Continuation Sheet(s) B and _____ (Nil) Continuation Sheet(s) C.

簽署 Signed :

姓名 Name : HUANG, Ran
董事 Director / 秘書 Secretary

日期 Date : 02 / 02 / 2007
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply



公司註冊處
Companies Registry

出任董事或候補董事職位同意書

Consent to Act as Director or Alternate Director

(公司條例第 158(5)條)
(Companies Ordinance s. 158(5))

表格
Form **D3**

重要事項 Important Note

- 請用黑色墨水列印。
Please print in black ink.

公司編號 Company Number

435844

公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

本人
I,

CHEN, Jun 陳軍

(請填報姓名 Please state full name)

同意出任上述公司的
consent to act as the above company's

請在有關空格內加 ✓ 號 Please tick the relevant box(es)

董事
Director

候補董事
Alternate Director

代替 Alternate to

(請填報獲代替行事的董事姓名或名稱 Please state full name of the principal director)

生效日期為
with effect from

02	02	2007
日 DD	月 MM	年 YYYY

，並確認本人已年滿十八歲。
, and confirm that I have attained the age of 18 years.

簽署 Signed :

日期 Date :

02 / 02 / 2007

日 DD / 月 MM / 年 YYYY

提交人的資料 Presentor's Reference

姓名 Name: Panocean Secretarial Services Limited

地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 2851 1823 傳真 Fax: 2851 1826

電郵地址 E-mail Address:

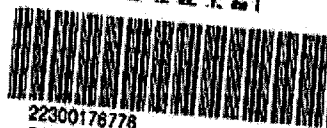
編號 Reference:

指明編號 2/2004 (修訂) (2004 年 2 月)
Specification No. 2/2004 (Revision) (Feb. 2004)

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收件日期 RECEIVED

02 -02- 2007



22300178778

D3
02/02/2007

0435844

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公司註冊處
Companies Registry

秘書及董事辭職通知書
Notification of Resignation of
Secretary and Director

(公司條例第 157D(2)條(修訂))
(Companies Ordinance s. 157D(2) Proviso)

表格
Form D4

重要事項 Important Notes

- 填表前請參閱《填表須知》。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

2 辭職秘書/董事的資料 Particulars of the Resigning Secretary/Director

請在有關空格內加 / 號 Please tick the relevant box(es)

(註 Note 5)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

N/A

個人秘書/董事的姓名 Name of Individual Secretary/Director

詹曉坤

ZHAN

Xiao Kun

中文姓名 Name in Chinese

英文姓氏 Surname in English

英文名字 Other Names in English

(註 Note 6)

身份證明
Identification

(Nil)

G11565227

香港身份證號碼 HK Identity Card Number

海外護照號碼 Overseas Passport Number

或 OR

(註 Note 7)

法人團體秘書/董事的中文及英文名稱
Chinese and English Names of Corporate Secretary/Director

辭職日期
Date of Resignation

02

02

2007

日 DD

月 MM

年 YYYY

(註 Note 8)

請述明上述離任董事/候補董事在離任日期後，是否繼續擔任公司的
候補董事/董事職位
Please indicate whether the Director/Alternate Director ceasing to act will
continue to hold office as Alternate Director/Director in the Company after
the date of cessation

是 Yes

否 No

(註 Note 3)

提交人的資料 Presenter's Reference

姓名 Name: Panoccean Secretarial Services Limited

地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 2851 1823 傳真 Fax: 2851 1826

電郵地址 E-mail Address:

檔號 Reference:

指明編號 2/2004 (修訂) (2004年2月)
Specification No. 2/2004 (Revision) (Feb. 2004)

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02-02-2007



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D4

0435844

02/02/2007

2110

表格
Form

D4

公司編號 Company Number

435844

3 辭職通知 Notice of Resignation

(註明) 請在有關空格內加 ✓ 號 Please tick the relevant box

- 按照上述公司的章程細則或本人與該公司訂立的協議的規定，本人須向該公司發出辭職通知；本人亦已按照有關的規定發出該辭職通知。
I am required by the articles of the above-named Company or by an agreement made with the Company to give notice of resignation to the Company and I have given such notice of resignation in accordance with the relevant requirement.
- 按照上述公司的章程細則或本人與該公司訂立的協議的規定，本人須向該公司發出辭職通知。本人並未按照有關規定發出通知，但已藉郵遞方式將辭職通知書送交公司的註冊辦事處，或將該通知書留交該辦事處。
I am required by the articles of the above-named Company or by an agreement made with the Company to give notice of resignation to the Company. I have not given the notice of resignation in accordance with the requirement but have sent the notice of resignation by post to, or by leaving it at, the registered office of the Company.
- 按照上述公司的章程細則或本人與該公司訂立的任何協議，本人不須向該公司發出辭職通知。
I am not required by the articles of the above-named Company or by any agreement made with the Company to give notice of resignation to the Company.

簽署 Signed :



姓名 Name :

ZHAN, Xiao Kan

辭職的秘書/董事
Resigning Secretary/Director *

日期 Date :

02 / 02 / 2007

日 DD / 月 MM / 年 YYYY

* 請刪去不適用者 Delete whichever does not apply

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存案 Filed



公司註冊處
Companies Registry

周年申報表
Annual Return

(公司條例第 107(1)條)
(Companies Ordinance s. 107(1))

表格
Form AR1

重要事項 Important Notes

- 填表前請參閱〈填表須知〉。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

(註 Note 8)

2 商業名稱 Business Name

N/A

3 公司類別 Type of Company

請在有關空格內加 ✓ 號 Please tick the relevant box

- 有股本的私人公司
Private Company having a share capital
- 其他
Others

4 本申報表日期 Date of this Return

本申報表列載公司截至右列日期為止的資料
The information in this Return is made up to

15	07	2007
日 DD	月 MM	年 YYYY

(如屬有股本的私人公司，本申報表應列載截至公司成立為法團的周年日期的資料。如屬其他公司，所列載的資料則應截至公司周年大會日期或以代替周年大會的書面決議的日期為止。)

For a private company having a share capital, the information in this Return should be made up to the anniversary of the date of Incorporation. For other companies, the information should be made up to the date of the annual general meeting (AGM) or the date of written resolution passed in lieu of AGM.

(註 Note 9)

5 註冊辦事處地址 Address of Registered Office

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong

(註 Note 10)

6 電郵地址 E-mail Address

(註 Note 3)

提交人的資料 Presenter's Reference

姓名 Name: Panocean Secretarial Services Limited
地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong
電話 Tel: 2851 1823 傳真 Fax: 2851 1826
電郵地址 E-mail Address:
檢號 Reference: JC/2481/05
附明編號 2/2004 (修訂) (2004 年 2 月)
Specification No. 2/2004 (Revision) (Feb. 2004)

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Form

AR1

公司編號 Company Number

435844

7 按揭及押記 Mortgages and Charges

截至本申報表日期，所有須根據《公司條例》第 80 及第 82 條規定向公司註冊處處長登記的按揭及押記的未償還總額

Total Amount outstanding as of the Date of this Return on all mortgages and charges which are required to be registered with the Registrar of Companies pursuant to sections 80 and 82 of the Companies Ordinance

(Nil)

(註 Note 11) 8 無股本公司的成員數目 Number of Member(s) of a Company Not Having a Share Capital
(有股本的公司毋須填報此項 Company having a share capital need not complete this section)

截至本申報表日期的成員數目
Number of member(s) as at the Date of this Return

(Nil)

(註 Note 12) 9 股本 Share Capital
(無股本的公司毋須填報第 9 及第 10 項 Company not having a share capital need not complete sections 9 & 10)

截至本申報表日期 As at the Date of this Return					
法定股本 Authorized Share Capital		已發行股本 Issued Share Capital			
股份類別 Class of Shares	總面值 Total Nominal Value †	已發行 股份數目 Number of Shares Issued (a)	每股已 發行股份 的面值 Nominal Value of Each Share Issued † (b)	已發行股份的 總面值 Total Nominal Value of Shares Issued † (a) x (b)	已發行股份的 已繳股款總值 (不包括溢價) Total Paid up Value of Shares Issued † (excluding premium)
Ordinary	HKD10,000.00	10,000	HKD1.00	HKD10,000.00	HKD10,000.00
總值 Total	HKD10,000.00	10,000		HKD10,000.00	HKD10,000.00

† 請註明貨幣單位(例如：港元、美元)
Please specify the currency (e.g. HKD, USD)

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公司編號 Company Number

435844

10 有股本公司的成員詳情 Details of Member(s) of a Company Having a Share Capital
(如未能盡錄於下列表格內，請用續頁A填報 Use Continuation Sheet A if there is insufficient space)

截至本申報表日期的成員詳情 Details of Member(s) as at the Date of this Return

股份類別 Class of Shares

Ordinary

如公司的股份自上一份周年申報表日期以來(如屬首份周年申報表，則自公司成立為法團以來)有任何轉讓，有關詳情亦請一併填報；股份受讓人的姓名／名稱請在「備註」一欄註明。
If there have been any transfers of the company's shares since the date of the last Annual Return (or since incorporation if this is the first Annual Return), please also provide details of the transfers; the name of the transferee should be stated in the 'Remarks' column.

姓名／名稱 Name	地址 Address	股份 Shares			備註 Remarks
		現時持有量 Current Holding	轉讓 Transferred		
			數目 Number	日期 Date	
黃然 HUANG, Ran	Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	5,000			
陳軍 CHEN, Jun	Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China	5,000			
詹曉坤 ZHAN, Xiao Kun	No. 88 Fu Ning Nong, Jia Ding Town, Jia Ding District, Shanghai, China	Nil	5,000	020/2/2007	Transferred to CHEN, Jun
總數 Total		10,000			

表格
Form **AR1**

公司編號 Company Number

435844

11 秘書 Secretary

A. 個人秘書 Individual Secretary

(如超過一名個人秘書，請用續頁 B 填報 Use Continuation Sheet B if more than 1 individual secretary)

中文姓名
Name in Chinese

英文姓名
Name in English

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

別名
Alias

(註 Note 14)

香港住址
Hong Kong
Residential
Address

(註 Note 15)

電郵地址
E-mail Address

(註 Note 16)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

b 海外護照
Overseas Passport

簽發國家 Issuing Country

號碼 Number

B. 法人團體秘書 Corporate Secretary

(如超過一名法人團體秘書，請用續頁 B 填報 Use Continuation Sheet B if more than 1 corporate secretary)

(註 Note 17)

中文名稱
Name in Chinese

英信秘書服務有限公司

(註 Note 17)

英文名稱
Name in English

Panocean Secretarial Services Limited

(註 Note 18)

香港地址
Hong Kong
Address

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C.,
Hong Kong

(註 Note 15)

電郵地址
E-mail Address

(Nil)

公司編號 Company Number

(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

227964

表格 Form AR1

公司編號 Company Number

435844

12 董事 Director

A. 個人董事 Individual Director

(如超過兩名個人董事，請用橫頁 C 填報 Use Continuation Sheet C if more than 2 individual directors)

(註 Note 19)

1 身份 Capacity

董事 Director

候補董事 Alternate Director

代替 Alternate to N/A

中文姓名 Name in Chinese

黃然

英文姓名 Name in English

HUANG Ran
姓氏 Surname 名字 Other Names

前用姓名 Previous Names

(Nil)

別名 Alias

(Nil)

(註 Note 20)

住址 Residential Address

Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China
People's Republic of China
國家 Country

(註 Note 21)

電郵地址 E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

N/A

b 海外護照 Overseas Passport

People's Republic of China G04957151
簽發國家 Issuing Country 號碼 Number

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公司編號 Company Number

435844

12 董事 Director (續上頁 cont'd)

(註 Note 19)

2 身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

N/A

中文姓名
Name in Chinese

陳軍

英文姓名
Name in English

CHEN,

Jun

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

(Nil)

別名
Alias

(Nil)

(註 Note 20)

住址
Residential
Address

Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China

China

國家 Country

(註 Note 21)

電郵地址
E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

N/A

中華人民共和國居民身份證號碼

310222196702070417

b 海外護照
Overseas Passport

N/A

N/A

簽發國家 Issuing Country

號碼 Number

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Form **AR1**

公司編號 Company Number

435844

12 董事 Director (續上頁 cont'd)

B. 法人團體董事 Corporate Director

(如超過兩名法人團體董事，請用續頁 D 填報 Use Continuation Sheet D if more than 2 corporate directors)

(註 Note 19)

1 身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

中文名稱
Name in Chinese

英文名稱
Name in English

(註 Note 23)

地址
Address

國家 Country

(註 Note 21)

電郵地址
E-mail Address

公司編號 Company Number

(只適用於在香港註冊的法人團體)

(Only applicable to body corporate registered in Hong Kong)

(註 Note 19)

2 身份
Capacity

董事
Director

候補董事
Alternate Director

代替 Alternate to

中文名稱
Name in Chinese

英文名稱
Name in English

(註 Note 23)

地址
Address

國家 Country

(註 Note 21)

電郵地址
E-mail Address

公司編號 Company Number

(只適用於在香港註冊的法人團體)

(Only applicable to body corporate registered in Hong Kong)

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公司編號 Company Number

435844

12 董事 Director (請上頁 cont'd)

C. 備任董事 Reserve Director

(只適用於只有一名成員而該成員同時亦是唯一董事的私人公司 Only applicable to a private company with only one member who is also the sole director of the company)

中文姓名
Name in Chinese

英文姓名
Name in English

--	--

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

別名
Alias

(註 Note 20)

住址
Residential
Address

--	--

國家 Country

(註 Note 21)

電郵地址
E-mail Address

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

b 海外護照
Overseas Passport

--	--

簽發國家 Issuing Country

號碼 Number

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AR1

公司編號 Company Number

435844

13 登記冊 Registers

公司備存下列登記冊的地址(如並非備存於第 5 項的註冊辦事處內)
Address where the following registers of the company are kept (if not kept at the Registered Office in Section 5)

登記冊 Register	地址 Address
a 成員登記冊 Register of Members	N/A
b 債權證持有人登記冊 (如有的話) Register of Debenture Holders (if any)	N/A

(註 Note 24) 14 隨表提交的帳目所涵蓋的會計結算始末日期
Period Covered by Accounts Submitted with this Form
(私人公司毋須填報此項 A private company need not complete this section)

日 DD	月 MM	年 YYYY	至	日 DD	月 MM	年 YYYY
------	------	--------	---	------	------	--------

15 證明書 Certificate

(此項證明只適用於私人公司。如不適用，請刪除此項。)
(This Certificate should only be completed in respect of a private company. If not applicable, please delete.)

本人證明公司自上一份周年申報表日期以來(如屬首份周年申報表，則自成立為法團以來)，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證；同時如成員數目於本申報表日期超過五十，則所超出的成員，全是根據《公司條例》第 29(1)(b)條不須計算入該五十名額內的人士。
I certify that the company has not, since the date of the last Annual Return (or since incorporation if this is the first Annual Return), issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 as at the Date of this Return, the excess are persons who under section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.

本申報表包括 _____ 張續頁 A、_____ 張續頁 B、_____ 張續頁 C 及 _____ 張續頁 D。
This Return includes _____ (Nil) Continuation Sheet(s) A, _____ (Nil) Continuation Sheet(s) B, _____ (Nil) Continuation Sheet(s) C and _____ (Nil) Continuation Sheet(s) D.

簽署 Signed:

姓名 Name: HUANG, Ran
董事 Director / 秘書 Secretary*

日期 Date: 15 / 07 / 2007
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply

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公司註冊處
Companies Registry

周年申報表
Annual Return

(《公司條例》第 107(1)條)
(Companies Ordinance s. 107(1))

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表格
Form AR1

重要事項 Important Notes

- 填表前請參閱〈填表須知〉。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

(註 Note 8)

2 商業名稱 Business Name

N/A

3 公司類別 Type of Company

請在適用的空格內加上 ✓ 號。 Please tick the relevant box

- 有股本的私人公司
Private company having a share capital
- 其他
Others

4 本申報表日期 Date of this Return

本申報表列載公司截至右列日期為止的資料
The information in this return is made up to

15	07	2008
日 DD	月 MM	年 YYYY

(如屬有股本的私人公司，本申報表應列載截至公司成立為法團的周年日期的資料。如屬其他公司，所列載的資料則應截至公司周年大會日期或以代替周年大會的書面決議的日期為止。)

For a private company having a share capital, the information in this return should be made up to the anniversary of the date of incorporation. For other companies, the information should be made up to the date of the annual general meeting (AGM) or the date of written resolution passed in lieu of AGM.

(註 Note 9)

5 註冊辦事處地址 Address of Registered Office

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong

(註 Note 10)

6 電郵地址 E-mail Address

(註 Note 3)

提交人的資料 Presenter's Reference

姓名 Name: Panocean Secretarial Services Limited
地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong
電話 Tel: 2851 1823 傳真 Fax: 2851 1826
電郵地址 E-mail Address:
編號 Reference:

指明編號 2/2008 (修訂) (2008 年 7 月)
Specification No. 2/2008 (Revision) (July 2008)

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11/08/2008

0435844

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公司編號 Company Number

435844

7 按揭及押記 Mortgages and Charges

截至本申報表日期，所有須根據（公司條例）第 80 及第 82 條規定向公司註冊處處長登記的按揭及押記的未償還總額

Total amount outstanding as of the date of this return on all mortgages and charges which are required to be registered with the Registrar of Companies pursuant to sections 80 and 82 of the Companies Ordinance

(Nil)

(註 Note 11) 8 無股本公司的成員數目 Number of Member(s) of a Company Not Having a Share Capital
(有股本的公司無須填報此項 Company having a share capital need not complete this section)

截至本申報表日期的成員數目

Number of Member(s) as at the Date of this Return

(Nil)

(註 Note 12) 9 股本 Share Capital
(無股本的公司無須填報第 9 及第 10 項 Company not having a share capital need not complete sections 9 & 10)

截至本申報表日期 As at the Date of this Return					
股份類別 Class of Shares	法定股本 Authorized Share Capital	已發行股本 Issued Share Capital			
	總面值 Total Nominal Value †	已發行 股份數目 Number of Shares Issued (a)	每股已 發行股份 的面值 Nominal Value of Each Share Issued † (b)	已發行股份的 總面值 Total Nominal Value of Shares Issued † (a) x (b)	已發行股份的 已繳股款總值 (不包括溢價) Total Paid up Value of Shares Issued † (excluding premium)
Ordinary	HKD10,000.00	10,000	HKD1.00	HKD10,000.00	HKD10,000.00
總值 Total	HKD10,000.00	10,000		HKD10,000.00	HKD10,000.00

† 請註明貨幣單位(例如：港元、美元)
Please specify the currency (e.g. HKD, USD)

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指明編號 2/2008 (修訂) (2008 年 7 月)
Specification No. 2/2008 (Revision) (July 2008)

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公司編號 Company Number

435844

10 有股本公司的成員詳情 Details of Member(s) of a Company Having a Share Capital

(有股本的公司必須填報此項。如未能盡錄於下列表格內，請用續頁A填報。 Company having a share capital must complete this section. Use Continuation Sheet A if there is insufficient space.)

截至本申報表日期的成員詳情 Details of Member(s) as at the Date of this Return

股份類別 Class of Shares

Ordinary

姓名/名稱 Name	地址 Address	股份 Shares		備註 Remarks	
		現時持有量 Current Holding	轉讓* Transferred*		
			數目 Number		日期 Date
黃然 HUANG, Ran	Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	5,000			
陳軍 CHEN, Jun	Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China	5,000			
總數 Total		10,000			

* 如公司的股份自上一份周年申報表日期以來(如屬首份周年申報表，則自公司成立為法團以來)有任何轉讓，有關詳情亦請一併申報；股份受讓人的姓名/名稱請在「備註」一欄註明。

* If there have been any transfers of the company's shares since the date of the last annual return (or since incorporation if this is the first annual return), please also provide details of the transfers; the name of the transferee should be stated in the 'Remarks' column.

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公司編號 Company Number

435844

11 秘書 Secretary

A. 個人秘書 Individual Secretary

(如超過一名個人秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 individual secretary)

中文姓名
Name in Chinese

英文姓名
Name in English

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

別名
Alias

(註 Note 14)

香港住址
Hong Kong
Residential
Address

(註 Note 15)

電郵地址
E-mail Address

(註 Note 16)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

b 護照
Passport

簽發國家 Issuing Country

號碼 Number

B. 法人團體秘書 Corporate Secretary

(如超過一名法人團體秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 corporate secretary)

(註 Note 17)

中文名稱
Name in Chinese

美信秘書服務有限公司

(註 Note 17)

英文名稱
Name in English

Panocean Secretarial Services Limited

(註 Note 18)

香港地址
Hong Kong
Address

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C.,
Hong Kong

(註 Note 15)

電郵地址
E-mail Address

(Nil)

公司編號 Company Number

(只適用於在香港註冊的法人團體)

(Only applicable to body corporate registered in Hong Kong)

227964

表格
Form

AR1

公司編號 Company Number

435844

12 董事 Directors

A. 個人董事 Individual Director

(如超過一名個人董事，請用續頁C填解 Use Continuation Sheet C if more than 1 individual director)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

(註 Note 19)

身份
Capacity董事
Director候補董事
Alternate Director

代替 Alternate to

N/A

中文姓名
Name in Chinese

黃然

英文姓名
Name in English

HUANG

Ran

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

(Nil)

別名
Alias

(Nil)

(註 Note 20)

住址
Residential
AddressRoom 501, Unit 4, Block 4, 23 Cha Dao Kou West
Road, Xi Hu District, Nanchang, Jiangxi Province,
ChinaPeople's Republic of
China

國家 Country

(註 Note 21)

電郵地址
E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

N/A

b 護照
Passport

People's Republic of China

G04957151

簽發國家 Issuing Country

號碼 Number

表格 Form AR1

公司編號 Company Number

435844

12 董事 Directors (續上頁 cont'd)

B. 法人團體董事 Corporate Director

(如超過兩名法人團體董事，請用續頁D續報 Use Continuation Sheet D if more than 2 corporate directors)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

(註 Note 19)

1 身份 Capacity

董事 Director

候補董事 Alternate Director

代替 Alternate to

[Empty box for alternate name]

中文名稱 Name in Chinese

[Empty box for Chinese name]

英文名稱 Name in English

[Empty box for English name]

(註 Note 23)

地址 Address

[Empty box for address]

國家 Country

(註 Note 21)

電郵地址 E-mail Address

[Empty box for email address]

公司編號 Company Number

(只適用於在香港註冊的法人團體) (Only applicable to body corporate registered in Hong Kong)

[Empty box for company number]

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

(註 Note 19)

2 身份 Capacity

董事 Director

候補董事 Alternate Director

代替 Alternate to

[Empty box for alternate name]

中文名稱 Name in Chinese

[Empty box for Chinese name]

英文名稱 Name in English

[Empty box for English name]

(註 Note 23)

地址 Address

[Empty box for address]

國家 Country

(註 Note 21)

電郵地址 E-mail Address

[Empty box for email address]

公司編號 Company Number

(只適用於在香港註冊的法人團體) (Only applicable to body corporate registered in Hong Kong)

[Empty box for company number]

表格
Form **AR1**

公司編號 Company Number

435844

12 董事 Directors (續上頁 cont'd)

C. 備任董事 Reserve Director

(只適用於只有一名成員而該成員同時亦是唯一董事的私人公司 Only applicable to a private company with only one member who is also the sole director of the company)

中文姓名
Name in Chinese

英文姓名
Name in English

--	--

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

別名
Alias

(註 Note 20)

住址
Residential
Address

--	--

國家 Country

(註 Note 21)

電郵地址
E-mail Address

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

b 護照
Passport

--	--

簽發國家 Issuing Country

號碼 Number

AR1

公司編號 Company Number

435844

13 登記冊 Registers

公司備存下列登記冊的地址(如並非備存於第 5 項的註冊辦事處內)
Address where the following registers of the company are kept (if not kept at the registered office stated in Section 5)

登記冊 Register	地址 Address
a 成員登記冊 Register of Members	N/A
b 債權證持有人登記冊 (如有時) Register of Debenture Holders (if any)	N/A

(註 Note 24) 14 隨本表格提交的帳目所涵蓋的會計期
Period Covered by Accounts Submitted with this Form
(私人公司無須填報此項 A private company need not complete this section)

日 DD	月 MM	年 YYYY	至 To	日 DD	月 MM	年 YYYY
------	------	--------	------	------	------	--------

15 證明書 Certificate

(此項證明只適用於私人公司，如不適用，請刪去此項。)
(This certificate should only be completed in respect of a private company. If not applicable, please delete.)

本人證明公司自上一份周年申報表日期以來(如屬首份周年申報表，則自成立為法團以來)，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證；同時如成員數目於本申報表日期超過五十，則所超出的成員，全是根據《公司條例》第 29(1)(b)條不須計算入該五十名額內的人士。
I certify that the company has not, since the date of the last annual return (or since incorporation if this is the first annual return), issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 as at the date of this return, the excess are persons who under section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.

(註 Note 25)

提示 Advisory Note

所有公司董事均應閱讀公司註冊處編製的《有關董事責任的非法定指引》的最新版本，並熟悉該指引所概述的董事一般責任。
All directors of the company are advised to read the latest version of the 'Non-Statutory Guidelines on Directors' Duties' published by the Companies Registry and acquaint themselves with the general duties of directors outlined in the Guidelines.

本申報表包括下列續頁。 This Return includes the following Continuation Sheet(s).

續頁 Continuation Sheet(s)	A	B	C	D
頁數 Number of pages	(Nil)	(Nil)	1	(Nil)

(註 Note 5) 簽署 Signed :



姓名 Name : HUANG, Ran
董事 Director / 秘書 Secretary *

日期 Date : 15 / 07 / 2008
日 DD / 月 MM / 年 YYYY

* 請刪去不適用者 Delete whichever does not apply

第八頁 Page 8

表格
Form **AR1**

(續頁 C Continuation Sheet C)

本申報表日期 Date of Return

15	07	2008
日 DD	月 MM	年 YYYY

公司編號 Company Number

435844

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

(註 Note 19)

身份

Capacity

董事

Director

候補董事

Alternate Director

代替 Alternate to

N/A

中文姓名

Name in Chinese

陳軍

英文姓名

Name in English

CHEN,

Jun

姓氏 Surname

名字 Other Names

前用姓名

Previous Names

(Nil)

別名

Alias

(Nil)

(註 Note 20)

住址

Residential
Address

Room 601, No. 28, 366 Long, De Yuan Road,
Nan Xiang Town, Jia Ding District, Shanghai,
China

China

國家 Country

(註 Note 21)

電郵地址

E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼

Hong Kong Identity Card Number

N/A

中華人民共和國居民身份證號碼

310222196702070417

b 護照

Passport

N/A

N/A

簽發國家 Issuing Country

號碼 Number



公司註冊處
Companies Registry

周年申報表
Annual Return
(《公司條例》第 107(1)條)
(Companies Ordinance s. 107(1))

存案 Filed

表格
Form AR1

重要事項 Important Notes

- 填表前請參閱《填表須知》。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

(註 Note 8)

2 商業名稱 Business Name

N/A

3 公司類別 Type of Company

請在適用的空格內加上 ✓ 號 Please tick the relevant box

- 有股本的私人公司
Private company having a share capital
- 其他
Others

4 本申報表日期 Date of this Return

本申報表列載公司截至右列日期為止的資料
The information in this return is made up to

15	07	2009
日 DD	月 MM	年 YYYY

(如屬有股本的私人公司，本申報表應列載截至公司成立為法團的周年日期的資料。如屬其他公司，所列載的資料則應截至公司周年大會日期或以代替周年大會的書面決議的日期為止。)

For a private company having a share capital, the information in this return should be made up to the anniversary of the date of incorporation. For other companies, the information should be made up to the date of the annual general meeting (AGM) or the date of written resolution passed in lieu of AGM.

(註 Note 9)

5 註冊辦事處地址 Address of Registered Office

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong

(註 Note 10)

6 電郵地址 E-mail Address

(註 Note 3)

提交人的資料 Presentor's Reference

姓名 Name: Panocean Secretarial Services Limited

地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 2851 1823 傳真 Fax: 2851 1826

電郵地址 E-mail Address:

檔號 Reference:

指明編號 2/2008 (修訂) (2008年7月)
Specification No. 2/2008 (Revision) (July 2008)

請勿填寫本欄 For Official Use



22100488040
AR1L 0435844
31/07/2009

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公司編號 Company Number

435844

7 按揭及押記 Mortgages and Charges

截至本申報表日期，所有須根據《公司條例》第 80 及第 82 條規定向公司註冊處處長登記的按揭及押記的未償還總額
 Total amount outstanding as of the date of this return on all mortgages and charges which are required to be registered with the Registrar of Companies pursuant to sections 80 and 82 of the Companies Ordinance

(Nil)

(註 Note 11) **8 無股本公司的成員數目 Number of Member(s) of a Company Not Having a Share Capital**
 (有股本的公司無須填報此項 Company having a share capital need not complete this section)

截至本申報表日期的成員數目
 Number of Member(s) as at the Date of this Return

(Nil)

(註 Note 12) **9 股本 Share Capital**
 (無股本的公司無須填報第 9 及第 10 項 Company not having a share capital need not complete sections 9 & 10)

截至本申報表日期 As at the Date of this Return					
股份類別 Class of Shares	法定股本 Authorized Share Capital 總面值 Total Nominal Value †	已發行股本 Issued Share Capital			
		已發行 股份數目 Number of Shares Issued (a)	每股已 發行股份 的面值 Nominal Value of Each Share Issued † (b)	已發行股份的 總面值 Total Nominal Value of Shares Issued † (a) x (b)	已發行股份的 已繳股款總值 (不包括溢價) Total Paid up Value of Shares Issued † (excluding premium)
Ordinary	HKD10,000.00	10,000	HKD1.00	HKD10,000.00	HKD10,000.00
總值 Total	HKD10,000.00	10,000		HKD10,000.00	HKD10,000.00

† 請註明貨幣單位(例如：港元、美元)
 Please specify the currency (e.g. HKD, USD)

AR1

公司編號 Company Number

435844

10 有股本公司的成員詳情 Details of Member(s) of a Company Having a Share Capital
 (有股本的公司必須填報此項。如未填滿錄於下列表格內，請用續頁 A 填報。 Company having a share capital must complete this section. Use Continuation Sheet A if there is insufficient space.)

截至本申報表日期的成員詳情 Details of Member(s) as at the Date of this Return

股份類別 Class of Shares

Ordinary

姓名 / 名稱 Name	地址 Address	股份 Shares		備註 Remarks	
		現時持有量 Current Holding	轉讓* Transferred *		
			數目 Number		日期 Date
黃然 HUANG, Ran	Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	5,000			
陳軍 CHEN, Jun	Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China	5,000			
總數 Total		10,000			

* 如公司的股份自上一份周年申報表日期以來(如屬首份周年申報表，則自公司成立為法團以來)有任何轉讓，有關詳情亦請一併申報；股份受讓人的姓名/名稱請在「備註」一欄註明。
 * If there have been any transfers of the company's shares since the date of the last annual return (or since incorporation if this is the first annual return), please also provide details of the transfers; the name of the transferee should be stated in the 'Remarks' column.

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公司編號 Company Number

435844

11 秘書 Secretary

A. 個人秘書 Individual Secretary

(如超過一名個人秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 individual secretary)

中文姓名
Name in Chinese英文姓名
Name in English

姓氏 Surname

名字 Other Names

前用姓名
Previous Names別名
Alias

(註 Note 14)

香港住址
Hong Kong
Residential
Address

(註 Note 15)

電郵地址
E-mail Address

(註 Note 16)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Numberb 護照
Passport

簽發國家 Issuing Country

號碼 Number

B. 法人團體秘書 Corporate Secretary

(如超過一名法人團體秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 corporate secretary)

(註 Note 17)

中文名稱
Name in Chinese

美信秘書服務有限公司

(註 Note 17)

英文名稱
Name in English

Panocan Secretarial Services Limited

(註 Note 18)

香港地址
Hong Kong
AddressRoom 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C.,
Hong Kong

(註 Note 15)

電郵地址
E-mail Address

(Nil)

公司編號 Company Number

(只適用於在香港註冊的法人團體)

(Only applicable to body corporate registered in Hong Kong)

227964

公司編號 Company Number

435844

Directors

個人董事 Individual Director

(註 Note 1) 每名個人董事，請用續頁 C 填報 Use Continuation Sheet C if more than 1 individual director

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

董事 Director
 候補董事 Alternate Director

代替 Alternate to

N/A

中文姓名
Name in Chinese

黃然

英文姓名
Name in English

HUANG

Ran

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

(Nil)

別名
Alias

(Nil)

(註 Note 20)

住址
Residential Address

Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China

People's Republic of China

國家 Country

(註 Note 21)

電郵地址
E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

N/A

b 護照
Passport

People's Republic of China

G04957151

簽發國家 Issuing Country

號碼 Number

表格
Form

AR1

公司編號 Company Number

435844

12 董事 Directors (續上頁 cont'd)

B. 法人團體董事 Corporate Director

(如超過兩名法人團體董事，請用續頁D填報 Use Continuation Sheet D if more than 2 corporate directors)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

1	身份 Capacity	<input type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to

中文名稱
Name in Chinese英文名稱
Name in English

(註 Note 23)

地址
Address

國家 Country

(註 Note 21)

電郵地址
E-mail Address

公司編號 Company Number

(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

(註 Note 19)

2	身份 Capacity	<input type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to

中文名稱
Name in Chinese英文名稱
Name in English

(註 Note 23)

地址
Address

國家 Country

(註 Note 21)

電郵地址
E-mail Address

公司編號 Company Number

(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

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表格
Form

AR1

公司編號 Company Number

435844

12 董事 Directors (續上頁 cont'd)

C. 備任董事 Reserve Director

(只適用於只有一名成員而該成員同時亦是唯一董事的私人公司 Only applicable to a private company with only one member who is also the sole director of the company)

中文姓名
Name in Chinese

英文姓名
Name in English

姓氏 Surname

名字 Other Names

前用姓名
Previous Names

別名
Alias

(註 Note 20)

住址
Residential
Address

國家 Country

(註 Note 21)

電郵地址
E-mail Address

(註 Note 22)

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Number

b 護照
Passport

簽發國家 Issuing Country

號碼 Number

表格 Form AR1

公司編號 Company Number
435844

13 登記冊 Registers

公司備存下列登記冊的地址(如並非備存於第 5 項的註冊辦事處內)
Address where the following registers of the company are kept (if not kept at the registered office stated in Section 5)

登記冊 Register	地址 Address
a 成員登記冊 Register of Members	N/A
b 債權證持有人登記冊 (如有的話) Register of Debenture Holders (if any)	N/A

14 隨本表格提交的帳目所涵蓋的會計期
Period Covered by Accounts Submitted with this Form
(私人公司無須填報此項 A private company need not complete this section)

日 DD	月 MM	年 YYYY	至 To	日 DD	月 MM	年 YYYY
------	------	--------	------	------	------	--------

15 證明書 Certificate

(此項證明只適用於私人公司。如不適用，請刪去此項。)
(This certificate should only be completed in respect of a private company. If not applicable, please delete.)

本人證明公司自上一份周年申報表日期以來(如屬首份周年申報表，則自成立為法團以來)，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證；同時如成員數目於本申報表日期超過五十，則所超出的成員，全是根據《公司條例》第 29(1)(b)條不須計算入該五十名額內的人士。
I certify that the company has not, since the date of the last annual return (or since incorporation if this is the first annual return), issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 as at the date of this return, the excess are persons who under section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.


提示 Advisory Note

所有公司董事均應閱讀公司註冊處編製的《有關董事責任的非法定指引》的最新版本，並熟悉該指引所概述的董事一般責任。
All directors of the company are advised to read the latest version of the 'Non-Statutory Guidelines on Directors' Duties' published by the Companies Registry and acquaint themselves with the general duties of directors outlined in the Guidelines.

本申報表包括下列續頁。 This Return includes the following Continuation Sheet(s).

續頁 Continuation Sheet(s)	A	B	C	D
頁數 Number of pages	(Nil)	(Nil)	1	(Nil)

For and on behalf of
美信秘書服務有限公司
Panocean Secretarial Services Limited

簽署 Signed: 
Authorized Signature(s)

姓名 Name: Panocean Secretarial Services Limited 日期 Date: 15/07/2009
董事 Director / 秘書 Secretary * 日 DD / 月 MM / 年 YYYY

* 請刪去不適用者 Delete whichever does not apply

表格
Form **AR1**

(續頁 C Continuation Sheet C)

本申報表日期 Date of Return

15	07	2009
日 DD	月 MM	年 YYYY

公司編號 Company Number

435844

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to N/A
----------------	--	---	------------------------

中文姓名 Name in Chinese	陳軍		
-------------------------	----	--	--

英文姓名 Name in English	CHEN,	Jun
	姓氏 Surname	名字 Other Names

前用姓名 Previous Names	(Nil)
------------------------	-------

別名 Alias	(Nil)
-------------	-------

(註 Note 20)

住址 Residential Address	Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China	China
		國家 Country

(註 Note 21)

電郵地址 E-mail Address	(Nil)
------------------------	-------

(註 Note 22)

身份證明 Identification		
a 香港身份證號碼 Hong Kong Identity Card Number	N/A	
中華人民共和國居民身份證號碼	310222196702070417	
b 護照 Passport	N/A	N/A
	簽發國家 Issuing Country	號碼 Number



周年申報表 Annual Return

(《公司條例》第 107(1)條)
(Companies Ordinance s. 107(1))

存案 Filed

表格
Form **AR1**

重要事項 Important Notes

填表前請參閱《填表須知》。
請用黑色墨水列印。

Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

2 商業名稱 Business Name

N/A

3 公司類別 Type of Company

請在適用的空格內加上 ✓ 號 Please tick the relevant box

- 有股本的私人公司 Private company having a share capital
 其他 Others

4 本申報表日期 Date of this Return

本申報表列載公司截至右列日期為止的資料
The information in this return is made up to

15	07	2010
日 DD	月 MM	年 YYYY

(如屬有股本的私人公司，本申報表應列載截至公司成立為法團的周年日期的資料。如屬其他公司，所列載的資料則應截至公司周年大會日期或以代替周年大會的書面決議的日期為止。)

For a private company having a share capital, the information in this return should be made up to the anniversary of the date of incorporation. For other companies, the information should be made up to the date of the annual general meeting (AGM) or the date of written resolution passed in lieu of AGM.

(註 Note 9) 5 註冊辦事處地址 Address of Registered Office

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong

(註 Note 10) 6 電郵地址 E-mail Address

(註 Note 3) 提交人的資料 Presenter's Reference

姓名 Name: Panoclean Secretarial Services Limited
地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 2851 1823 傳真 Fax: 2851 1826

電郵地址 E-mail Address:

檔號 Reference:

指明編號 2/2008 (修訂) (2008年7月)
Specification No. 2/2008 (Revision) (July 2008)

請勿填寫本欄 For Official Use



22300481058
AR1L 0435844
24/08/2010

AR1

公司編號 Company Number

435844

7 按揭及押記 Mortgages and Charges

截至本申報表日期，所有須根據《公司條例》第 80 及第 82 條規定向公司註冊處處長登記的按揭及押記的未償還總額

Total amount outstanding as of the date of this return on all mortgages and charges which are required to be registered with the Registrar of Companies pursuant to sections 80 and 82 of the Companies Ordinance

(Nil)

(註 Note 11)

8 無股本公司的成員數目 Number of Member(s) of a Company Not Having a Share Capital
(有股本的公司無須填報此項 Company having a share capital need not complete this section)

截至本申報表日期的成員數目

Number of Member(s) as at the Date of this Return

(Nil)

(註 Note 12)

9 股本 Share Capital

(無股本的公司無須填報第 9 及第 10 項 Company not having a share capital need not complete sections 9 & 10)

截至本申報表日期 As at the Date of this Return					
股份類別 Class of Shares	法定股本 Authorized Share Capital 總面值 Total Nominal Value †	已發行股本 Issued Share Capital			
		已發行 股份數目 Number of Shares Issued (a)	每股已 發行股份 的面值 Nominal Value of Each Share Issued † (b)	已發行股份的 總面值 Total Nominal Value of Shares Issued † (a) x (b)	已發行股份的 已繳股款總值 (不包括溢價) Total Paid up Value of Shares Issued † (excluding premium)
Ordinary	HKD10,000.00	10,000	HKD1.00	HKD10,000.00	HKD10,000.00
總值 Total	HKD10,000.00	10,000		HKD10,000.00	HKD10,000.00

† 請註明貨幣單位(例如：港元、美元)
Please specify the currency (e.g. HKD, USD)

第二頁 Page 2

AR1

公司編號 Company Number

435844

10 有股本公司的成員詳情 Details of Member(s) of a Company Having a Share Capital
 (有股本的公司必須填報此項。如未能盡錄於下列表格內，請用續頁A 填報。 Company having a share capital must complete this section. Use Continuation Sheet A if there is insufficient space.)

截至本申報表日期的成員詳情 Details of Member(s) as at the Date of this Return

股份類別 Class of Shares Ordinary

姓名／名稱 Name	地址 Address	股份 Shares		備註 Remarks	
		現時持有量 Current Holding	轉讓* Transferred*		
			數目 Number		日期 Date
黃然 HUANG, Ran	Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	5,000			
陳軍 CHEN, Jun	Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China	5,000			
總數 Total		10,000			

* 如公司的股份自上一份周年申報表日期以來(如屬首份周年申報表，則自公司成立為法團以來)有任何轉讓，有關詳情亦請一併申報；股份受讓人的姓名／名稱請在「備註」一欄註明。
 * If there have been any transfers of the company's shares since the date of the last annual return (or since incorporation if this is the first annual return), please also provide details of the transfers; the name of the transferee should be stated in the 'Remarks' column.

公司編號 Company Number

435844

Secretary

個人秘書 Individual Secretary

(如超過一名個人秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 individual secretary)

中文姓名
Name in Chinese英文姓名
Name in English

姓氏 Surname

名字 Other Names

前用姓名
Previous Names別名
Alias香港住址
Hong Kong
Residential
Address電郵地址
E-mail Address

身份證明 Identification

a 香港身份證號碼
Hong Kong Identity Card Numberb 護照
Passport

簽發國家 Issuing Country

號碼 Number

B. 法人團體秘書 Corporate Secretary

(如超過一名法人團體秘書，請用續頁B填報 Use Continuation Sheet B if more than 1 corporate secretary)

(註 Note 17)

中文名稱
Name in Chinese

美信秘書服務有限公司

(註 Note 17)

英文名稱
Name in English

Panocean Secretarial Services Limited

(註 Note 18)

香港地址
Hong Kong
AddressRoom 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C.,
Hong Kong

(註 Note 15)

電郵地址
E-mail Address

(Nil)

公司編號 Company Number

(只適用於在香港註冊的法人團體)

(Only applicable to body corporate registered in Hong Kong)

227964

AR1

公司編號 Company Number

435844

董事 Directors

A. 個人董事 Individual Director

(如超過一名個人董事，請用續頁 C 填報 Use Continuation Sheet C if more than 1 individual director)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

身份 Capacity 董事 Director 候補董事 Alternate Director

代替 Alternate to
N/A

中文姓名 Name in Chinese 黃然

英文姓名 Name in English
HUANG 姓氏 Surname Ran 名字 Other Names

前用姓名 Previous Names (Nil)

別名 Alias (Nil)

(註 Note 20)

住址 Residential Address
Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China
People's Republic of China
國家 Country

(註 Note 21)

電郵地址 E-mail Address (Nil)

(註 Note 22)

身份證明 Identification
a 香港身份證號碼 Hong Kong Identity Card Number N/A

b 護照 Passport
People's Republic of China 簽發國家 Issuing Country G04957151 號碼 Number

AR1

公司編號 Company Number

435844

董事 Directors (續上頁 cont'd)

B. 法人團體董事 Corporate Director

(如超過兩名法人團體董事，請用續頁D填報 Use Continuation Sheet D if more than 2 corporate directors)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

1 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

(註 Note 23)

地址 Address

國家 Country

(註 Note 21)

電郵地址 E-mail Address

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

(註 Note 19)

2 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

(註 Note 23)

地址 Address

國家 Country

(註 Note 21)

電郵地址 E-mail Address

公司編號 Company Number
(只適用於在香港註冊的法人團體)
(Only applicable to body corporate registered in Hong Kong)

AR1

公司編號 Company Number

435844

董事 Directors (續上頁 cont'd)

備任董事 Reserve Director

(只適用於只有一名成員而該成員同時亦是唯一董事的私人公司 Only applicable to a private company with only one member who is also the sole director of the company)

中文姓名 Name in Chinese

英文姓名 Name in English (Surname, Other Names)

前用姓名 Previous Names

別名 Alias

(註 Note 20)

住址 Residential Address (Country)

(註 Note 21)

電郵地址 E-mail Address

(註 Note 22)

身份證明 Identification (a) 香港身份證號碼 Hong Kong Identity Card Number

(b) 護照 Passport (Issuing Country, Number)

表格
Form

AR1

公司編號 Company Number

435844

13 登記冊 Registers

公司備存下列登記冊的地址(如並非備存於第 5 項的註冊辦事處內)
Address where the following registers of the company are kept (if not kept at the registered office stated in Section 5)

登記冊 Register

地址 Address

a 成員登記冊
Register of Members

N/A

b 債權證持有人登記冊
(如有)
Register of Debenture
Holders (if any)

N/A

(註 Note 24)

14 隨本表格提交的帳目所涵蓋的會計期

Period Covered by Accounts Submitted with this Form

(私人公司無須填報此項 A private company need not complete this section)

日 DD	月 MM	年 YYYY	至 To	日 DD	月 MM	年 YYYY
------	------	--------	------	------	------	--------

15 證明書 Certificate

(此項證明只適用於私人公司。如不適用，請刪去此項。)
(This certificate should only be completed in respect of a private company. If not applicable, please delete.)

本人證明公司自上一份周年申報表日期以來(如屬首份周年申報表，則自成立為法團以來)，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證；同時如成員數目於本申報表日期超過五十，則所超出的成員，全是根據《公司條例》第 29(1)(b)條不須計算入該五十名額內的人士。
I certify that the company has not, since the date of the last annual return (or since incorporation if this is the first annual return), issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 as at the date of this return, the excess are persons who under section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.

(註 Note 25)

提示 Advisory Note

所有公司董事均應閱讀公司註冊處編製的《有關董事責任的非法定指引》的最新版本，並熟悉該指引所概述的董事一般責任。
All directors of the company are advised to read the latest version of the 'Non-Statutory Guidelines on Directors' Duties' published by the Companies Registry and acquaint themselves with the general duties of directors outlined in the Guidelines.


本申報表包括下列續頁。 This Return includes the following Continuation Sheet(s).

續頁 Continuation Sheet(s)	A	B	C	D
頁數 Number of pages	(Nil)	(Nil)	1	(Nil)

For and on behalf of
美信秘書服務有限公司
Panocean Secretarial Services Limited

(註 Note 5)

簽署 Signed :


Authorized Signature(s)

姓名 Name : Panocean Secretarial Services Limited
董事 Director / 秘書 Secretary *

日期 Date : 15/07/2010

日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply

表格 Form **AR1**

(續頁 C Continuation Sheet C)

本申報表日期 Date of Return

15	07	2010
日 DD	月 MM	年 YYYY

公司編號 Company Number

435844

個人董事詳情 (第 12A 項) Details of Individual Director (Section 12A)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

(註 Note 19)

身份 Capacity

董事 Director

候補董事 Alternate Director

代替 Alternate to

N/A

中文姓名 Name in Chinese

陳軍

英文姓名 Name in English

CHEN,	Jun
姓氏 Surname	名字 Other Names

前用姓名 Previous Names

(Nil)

別名 Alias

(Nil)

(註 Note 20)

住址 Residential Address

Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China	China
	國家 Country

(註 Note 21)

電郵地址 E-mail Address

(Nil)

(註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

N/A

中華人民共和國居民身份證號碼

310222196702070417

b 護照 Passport

N/A	N/A
簽發國家 Issuing Country	號碼 Number

存案 Filed

秘書及董事更改通知書(委任/離任)
Notification of Change of Secretary and Director
(Appointment/Cessation)

(《公司條例》第158(4)、(4AA)及(9A)條)
(Companies Ordinance s. 158(4), (4AA) & (9A))

表格 Form D2A



重要事項 Important Notes

- 填表前請參閱(填表須知)
請用黑色墨水列印
Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number
435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

2 更改詳情 Details of Change

A. 秘書/董事的離任 Cessation to Act as Secretary/Director

(如有超過一名秘書/董事離任,請用續頁A填報 Use Continuation Sheet A if more than 1 secretary/director ceased to act)

請在適用的空格內加上✓號 Please tick the relevant box(es)

Capacity Secretary Director Alternate Director
代替 Alternate to N/A

個人秘書/董事的姓名 Name of Individual Secretary/Director

陳軍 CHEN, Jun
中文姓名 Name in Chinese 英文姓氏 Surname in English 英文名字 Other Names in English

中華人民共和國居民身份證號碼 310222196702070417

身份證明 Identification N/A N/A
香港身份證號碼 HK Identity Card Number 護照號碼 Passport Number

或 OR

法人團體秘書/董事的中文及英文名稱
Chinese and English Names of Corporate Secretary/Director

[Empty box for corporate names]

離任原因 Reason for Cessation Resignation/Others Deceased

離任日期 Date of Cessation 30 07 2010
日 DD 月 MM 年 YYYY

請述明上述離任董事/候補董事在離任日期後,是否繼續擔任公司的候補董事/董事職位
Please indicate whether the director/alternate director who is ceasing to act will continue to hold office as alternate director/director in the company after the date of cessation
是 Yes 否 No

提交人的資料 Presenter's Reference

姓名 Name: Panocan Secretarial Services Limited
地址 Address: Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong
電話 Tel: 2851 1823 傳真 Fax: 2851 1826
電郵地址 E-mail Address:
檔號 Reference:

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D2A
10/08/2011 0435844

D2A

公司編號 Company Number

435844

更改詳情 Details of Change (續上頁 cont'd)

個人秘書/董事的委任 Appointment of Individual Secretary/Director

(如委任超過一名個人秘書/董事，請用續頁B填餉) (Use Continuation Sheet B if more than 1 individual secretary/director is appointed)

請在適用的空格內加上✓號 Please tick the relevant box(es)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

中文姓名 Name in Chinese

英文姓名 Name in English

姓氏 Surname

名字 Other Names

前用姓名 Previous Names

別名 Alias

住址 Residential Address

國家 Country

(*轉交地址及郵政信箱號碼均不獲接受) Care of addresses and post office box numbers are not acceptable

(註 Note 12) 電郵地址 E-mail Address

(註 Note 14) 身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

b 護照 Passport

簽發國家 Issuing Country

號碼 Number

委任日期 Date of Appointment

日 DD

月 MM

年 YYYY

(註 Note 15) 請述明董事/候補董事在獲得上述委任時，是否公司現任的候補董事/董事 Please indicate whether the director/alternate director whose appointment is reported above is already an existing alternate director/director in the company at the time of the above appointment 是 Yes 否 No

(註 Note 16) 提示 Advisory Note

所有公司董事均應閱讀公司註冊處編製的《有關董事責任的非法定指引》的最新版本，並熟悉該指引所概述的董事一般責任。 All directors of the company are advised to read the latest version of the 'Non-Statutory Guidelines on Directors' Duties' published by the Companies Registry and acquaint themselves with the general duties of directors outlined in the Guidelines.

(註 Note 18) 出任董事職位同意書 Consent to Act as Director

本人同意出任公司的董事/候補董事*，並確認本人已年滿18歲。 I consent to act as a director/alternate director* of this company and confirm that I have attained the age of 18 years.

簽署 Signed :

*請刪去不適用者 Delete whichever does not apply

D2A

公司編號 Company Number

435844

更改詳情 Details of Change (續上頁 cont'd)

法人團體秘書/董事的委任 Appointment of Corporate Secretary/Director

(如委任超過一名法人團體秘書/董事, 請用續頁C填餉) (Use Continuation Sheet C if more than 1 corporate secretary/director is appointed)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

地址 Address

國家 Country

(* 英文, 地址及郵政信箱號碼恕不接受 Care of addresses and post office box numbers are not acceptable)

電郵地址 E-mail Address

公司編號 Company Number

(只適用於在香港註冊的法人團體) (Only applicable to body corporate registered in Hong Kong)

委任日期 Date of Appointment

日 DD 月 MM 年 YYYY

(註 Note 21) 請述明董事/候補董事在獲得上述委任時, 是否公司現任的候補董事/董事 是 Yes

Please indicate whether the director/alternate director whose appointment is reported above is already an existing alternate director/director in the company at the time of 否 No the above appointment

(註 Note 22) **提示 Advisory Note**

所有公司董事均應閱讀公司註冊處編製的(有關董事責任的非法定指引)的最新版本, 並熟悉該指引所概述的董事一般責任。

All directors of the company are advised to read the latest version of the 'Non-Statutory Guidelines on Directors' Duties' published by the Companies Registry and acquaint themselves with the general duties of directors outlined in the Guidelines.

(註 Note 22) **出任董事職位同意書 Consent to Act as Director**

本人謹代表上述公司確認, 上述公司同意出任公司的董事/候補董事*。

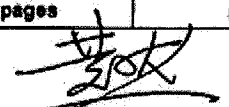
I, acting on behalf of the above named company, confirm that the above company consents to act as a director/alternate director* of this company.

簽署 Signed : _____

法人團體董事的董事/秘書/獲授權人士*
Director/Secretary/Authorized Person of the Corporate Director*

本通知書包括下列續頁。 This Notification includes the following Continuation Sheet(s):

續頁 Continuation Sheet(s)	A	B	C
頁數 Number of pages	(Nil)	(Nil)	(Nil)

(註 Note 5) 簽署 Signed : 

姓名 Name : HUANG, Ran 日期 Date : 30 / 07 / 2011

董事 Director/秘書 Secretary* 日 DD / 月 MM / 年 YYYY

* 請刪去不適用者 Delete whichever does not apply

存案 Filed



秘書及董事辭職通知書
Notification of Resignation of
Secretary and Director

(公司條例第 157D(2)條(備用))
(Companies Ordinance s. 157D(2) Proviso)

表格
Form D4

重要事項 Important Notes

- 備表前請參閱〈填表須知〉。
請用黑色墨水列印。
Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

2 辭職秘書／董事的資料 Particulars of the Resigning Secretary/Director

請在有關空格內加／號 Please tick the relevant box(es)

身份 Capacity 秘書 Secretary 董事 Director 候補董事 Alternate Director

代替 Alternate to

N/A

個人秘書／董事的姓名 Name of Individual Secretary/Director

陳軍

CHEN,

Jun

中文姓名 Name in Chinese

英文姓氏 Surname in English

英文名字 Other Names in English

中華人民共和國居民身份證號碼 310222196702070417

身份證明
Identification

N/A

N/A

香港身份證號碼 HK Identity Card Number 海外護照號碼 Overseas Passport Number

或 OR

法人團體秘書／董事的中文及英文名稱
Chinese and English Names of Corporate Secretary/Director

辭職日期
Date of Resignation

30

07

2010

日 DD

月 MM

年 YYYY

請述明上述離任董事／候補董事在離任日期後，是否繼續擔任公司的
候補董事／董事職位
Please indicate whether the Director/Alternate Director ceasing to act will
continue to hold office as Alternate Director/Director in the Company after
the date of cessation

是 Yes

否 No

3 提交人的資料 Presenter's Reference

姓名 Name: Panocean Secretarial Services Limited

地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 2851 1823 傳真 Fax: 2851 1826

電郵地址 E-mail Address:

橫號 Reference:

指明編號 2/2004 (修訂) (2004年2月)
Specification No. 2/2004 (Revision) (Feb. 2004)

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10/06/2011

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表格
Form

D4

公司編號 Company Number

435844

3 辭職通知 Notice of Resignation

請在有關空格內加 ✓ 號 Please tick the relevant box

- 按照上述公司的章程細則或本人與該公司訂立的協議的規定，本人須向該公司發出辭職通知；本人亦已按照有關的規定發出該辭職通知。
I am required by the articles of the above-named Company or by an agreement made with the Company to give notice of resignation to the Company and I have given such notice of resignation in accordance with the relevant requirement.
- 按照上述公司的章程細則或本人與該公司訂立的協議的規定，本人須向該公司發出辭職通知，本人並未按照有關規定發出通知，但已藉郵遞方式將辭職通知書送交公司的註冊辦事處，或將該通知書留交該辦事處。
I am required by the articles of the above-named Company or by an agreement made with the Company to give notice of resignation to the Company. I have not given the notice of resignation in accordance with the requirement but have sent the notice of resignation by post to, or by leaving it at, the registered office of the Company.
- 按照上述公司的章程細則或本人與該公司訂立的任何協議，本人不須向該公司發出辭職通知。
I am not required by the articles of the above-named Company or by any agreement made with the Company to give notice of resignation to the Company.

簽署 Signed :



姓名 Name :

CHEN, Jun

辭職的秘書/董事*
Resigning Secretary/Director*

日期 Date :

30/07/2010

日 DD / 月 MM / 年 YYYY

* 請刪去不適用者 Delete whichever does not apply

第二頁 Page 2



公司註冊處
Companies Registry

周年申報表
Annual Return

(《公司條例》第 107(1)條)
(Companies Ordinance s. 107(1))

存案 Filed

表格
Form AR1

重要事項 Important Notes

- 填表前請參閱《填表須知》。
請用黑色墨水列印。
- Please read the accompanying notes before completing this form.
Please print in black ink.

公司編號 Company Number

435844

1 公司名稱 Company Name

SONIC JITA ENGINEERING LIMITED

(註 Note 8)

2 商業名稱 Business Name

N/A

3 公司類別 Type of Company

請在適用的空格內加上 ✓ 號 Please tick the relevant box

- 有股本的私人公司
Private company having a share capital
- 其他
Others

4 本申報表日期 Date of this Return

本申報表列載公司截至右列日期為止的資料
The information in this return is made up to

15	07	2011
日 DD	月 MM	年 YYYY

(如屬有股本的私人公司，本申報表應列載截至公司成立為法團的周年日期的資料。如屬其他公司，所列載的資料則應截至公司周年大會日期或以代替周年大會的書面決議的日期為止。)

For a private company having a share capital, the information in this return should be made up to the anniversary of the date of incorporation. For other companies, the information should be made up to the date of the annual general meeting (AGM) or the date of written resolution passed in lieu of AGM.

(註 Note 9)

5 註冊辦事處地址 Address of Registered Office

Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong

(註 Note 10)

6 電郵地址 E-mail Address

(註 Note 3)

提交人的資料 Presenter's Reference

姓名 Name: Panocan Secretarial Services Limited
地址 Address: Room 1708, Kai Tak Commercial Building,
317-319 Des Voeux Road C., Hong Kong

電話 Tel: 傳真 Fax:

電郵地址 E-mail Address:

檔號 Reference:

指明編號 2/2008 (修訂) (2008 年 7 月)
Specification No. 2/2008 (Revision) (July 2008)

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表格
Form
AR1

公司編號 Company Number

435844

7 按揭及押記 Mortgages and Charges

截至本申報表日期，所有須根據《公司條例》第 80 及第 82 條規定向公司註冊處處長登記的按揭及押記的未償還總額

Total amount outstanding as of the date of this return on all mortgages and charges which are required to be registered with the Registrar of Companies pursuant to sections 80 and 82 of the Companies Ordinance

(Nil)

(註 Note 11) 8 無股本公司的成員數目 Number of Member(s) of a Company Not Having a Share Capital
(有股本的公司無須填報此項 Company having a share capital need not complete this section)

截至本申報表日期的成員數目

Number of Member(s) as at the Date of this Return

(Nil)

(註 Note 12) 9 股本 Share Capital
(無股本的公司無須填報第 9 及第 10 項 Company not having a share capital need not complete sections 9 & 10)

截至本申報表日期 As at the Date of this Return					
股份類別 Class of Shares	法定股本 Authorized Share Capital 總面值 Total Nominal Value †	已發行股本 Issued Share Capital			
		已發行 股份數目 Number of Shares Issued (a)	每股已 發行股份 的面值 Nominal Value of Each Share Issued † (b)	已發行股份的 總面值 Total Nominal Value of Shares Issued † (a) x (b)	已發行股份的 已繳股款總值 (不包括溢價) Total Paid up Value of Shares Issued † (excluding premium)
Ordinary	HKD10,000.00	10,000	HKD1.00	HKD10,000.00	HKD10,000.00
總值 Total	HKD10,000.00	10,000		HKD10,000.00	HKD10,000.00

† 請註明貨幣單位(例如：港元、美元)
Please specify the currency (e.g. HKD, USD)

表格
Form AR1

公司編號 Company Number

435844

- 13) 10 有股本公司的成員詳情 Details of Member(s) of a Company Having a Share Capital
(有股本的公司必須填報此項。如未能填報於下列表格內，請用續頁A填報。 Company having a share capital must complete this section. Use Continuation Sheet A if there is insufficient space.)

截至本申報表日期的成員詳情 Details of Member(s) as at the Date of this Return

股份類別 Class of Shares

Ordinary

姓名/名稱 Name	地址 Address	股份 Shares			備註 Remarks
		現時持有量 Current Holding	轉讓* Transferred*		
			數目 Number	日期 Date	
黃然 HUANG, Ran	Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	10,000			
陳軍 CHEN, Jun	Room 601, No. 28, 366 Long, De Yuan Road, Nan Xiang Town, Jia Ding District, Shanghai, China	(Nil)	5,000	30/7/2010	Transferred to HUANG, Ran
總數 Total		10,000			

* 如公司的股份自上一份周年申報表日期以來(如屬首份周年申報表，則自公司成立為法團以來)有任何轉讓，有關詳情亦請一併申報；股份受讓人的姓名/名稱請在「備註」一欄註明。

* If there have been any transfers of the company's shares since the date of the last annual return (or since incorporation if this is the first annual return), please also provide details of the transfers; the name of the transferee should be stated in the 'Remarks' column.

表格 Form AR1

公司編號 Company Number

435844

11 秘書 Secretary

A. 個人秘書 Individual Secretary

(如超過一名個人秘書，請用續頁 B 填妥 Use Continuation Sheet B if more than 1 individual secretary)

中文姓名 Name in Chinese

英文姓名 Name in English

姓氏 Surname

名字 Other Names

前用姓名 Previous Names

別名 Alias

(註 Note 14)

香港住址 Hong Kong Residential Address

(註 Note 15)

電郵地址 E-mail Address

(註 Note 16)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

b 護照 Passport

簽發國家 Issuing Country

號碼 Number

B. 法人團體秘書 Corporate Secretary

(如超過一名法人團體秘書，請用續頁 B 填妥 Use Continuation Sheet B if more than 1 corporate secretary)

(註 Note 17)

中文名稱 Name in Chinese 美信秘書服務有限公司

(註 Note 17)

英文名稱 Name in English Panocean Secretarial Services Limited

(註 Note 18)

香港地址 Hong Kong Address Room 1708, Kai Tak Commercial Building, 317-319 Des Voeux Road C., Hong Kong

(註 Note 15)

電郵地址 E-mail Address (Nil)

公司編號 Company Number

(只適用於在香港註冊的法人團體)

(Only applicable to body corporate registered in Hong Kong)

227964

表格 Form AR1

435844

12 董事 Directors

A. 個人董事 Individual Director

(如超過一名個人董事，請用續頁C填報 Use Continuation Sheet C if more than 1 individual director)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

(Note 19)

身份 Capacity	<input checked="" type="checkbox"/> 董事 Director	<input type="checkbox"/> 候補董事 Alternate Director	代替 Alternate to N/A
----------------	--	---	----------------------------

中文姓名 Name in Chinese	黃然		
-------------------------	----	--	--

英文姓名 Name in English	HUANG, <small>姓氏 Surname</small>	Ran <small>名字 Other Names</small>
-------------------------	-------------------------------------	--------------------------------------

前用姓名 Previous Names	(Nil)
------------------------	-------

別名 Alias	(Nil)
-------------	-------

(註 Note 20)

住址 Residential Address	Room 501, Unit 4, Block 4, 23 Cha Dao Kou West Road, Xi Hu District, Nanchang, Jiangxi Province, China	People's Republic of China <small>國家 Country</small>
---------------------------	--	---

(註 Note 21)

電郵地址 E-mail Address	(Nil)
------------------------	-------

(註 Note 22)

身份證明 Identification		
a 香港身份證號碼 Hong Kong Identity Card Number	N/A	
b 護照 Passport	People's Republic of China <small>簽發國家 Issuing Country</small>	G04957151 <small>號碼 Number</small>

435844

12 董事 Directors (填上頁 cont'd)

B. 法人團體董事 Corporate Director

(如超過兩名法人團體董事，請用續頁 D 填報 Use Continuation Sheet D if more than 2 corporate directors)

請在適用的空格內加上 ✓ 號 Please tick the relevant box(es)

(註 Note 19)

1 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

(註 Note 23)

地址 Address 國家 Country

(註 Note 21)

電郵地址 E-mail Address

公司編號 Company Number (只適用於在香港註冊的法人團體) (Only applicable to body corporate registered in Hong Kong)

(註 Note 19)

2 身份 Capacity 董事 Director 候補董事 Alternate Director 代替 Alternate to

中文名稱 Name in Chinese

英文名稱 Name in English

(註 Note 23)

地址 Address 國家 Country

(註 Note 21)

電郵地址 E-mail Address

公司編號 Company Number (只適用於在香港註冊的法人團體) (Only applicable to body corporate registered in Hong Kong)

表格 Form **AR1**

公司編號 Company Number

435844

12 董事 Directors (續上頁 cont'd)

C. 備任董事 Reserve Director
(只適用於只有一名成員而該成員同時亦是唯一董事的私人公司 Only applicable to a private company with only one member who is also the sole director of the company)

中文姓名 Name in Chinese

英文姓名 Name in English
姓氏 Surname 名字 Other Names

前用姓名 Previous Names

別名 Alias

(註 Note 20)

住址 Residential Address
國家 Country

(註 Note 21)

電郵地址 E-mail Address

(註 Note 22)

身份證明 Identification

a 香港身份證號碼 Hong Kong Identity Card Number

b 護照 Passport
簽發國家 Issuing Country 號碼 Number

表格
Form **AR1**

公司編號 Company Number

435844

13 登記冊 Registers

公司備存下列登記冊的地址(如並非備存於第 5 項的註冊辦事處內)
Address where the following registers of the company are kept (if not kept at the registered office stated in Section 5)

登記冊 Register

地址 Address

a 成員登記冊
Register of Members

N/A

b 債權證持有人登記冊
(如有的話)
Register of Debenture
Holders (if any)

N/A

(註 Note 24) **14 隨本表格提交的帳目所涵蓋的會計期**
Period Covered by Accounts Submitted with this Form
(私人公司無須填報此項 A private company need not complete this section)

			至			
日 DD	月 MM	年 YYYY	To	日 DD	月 MM	年 YYYY

15 證明書 Certificate

(此項證明只適用於私人公司，如不適用，請刪去此項。)
(This certificate should only be completed in respect of a private company. If not applicable, please delete.)

本人證明公司自上一份周年申報表日期以來(如屬首份周年申報表，則自成立為法團以來)，並無發出任何文件，邀請公眾人士認購公司任何股份或債權證；同時如成員數目於本申報表日期超過五十，則所超出的成員，全是根據(公司條例)第 29(1)(b)條不須計算入該五十名額內的人士。
I certify that the company has not, since the date of the last annual return (or since incorporation if this is the first annual return), issued any invitation to the public to subscribe for any shares or debentures in the company and that if the number of members is in excess of 50 as at the date of this return, the excess are persons who under section 29(1)(b) of the Companies Ordinance are not to be included in the calculation of 50.

(註 Note 25)

提示 Advisory Note

所有公司董事均應閱讀公司註冊處編製的《有關董事責任的非法定指引》的最新版本，並熟悉該指引所概述的董事一般責任。
All directors of the company are advised to read the latest version of the 'Non-Statutory Guidelines on Directors' Duties' published by the Companies Registry and acquaint themselves with the general duties of directors outlined in the Guidelines.

本申報表包括下列續頁。 This Return includes the following Continuation Sheet(s).

續頁 Continuation Sheet(s)	A	B	C	D
頁數 Number of pages	(Nil)	(Nil)	(Nil)	(Nil)

(註 Note 5) 簽署 Signed :

姓名 Name : HUANG, Ran
董事 Director / 秘書 Secretary *

日期 Date : 15/07/2011
日 DD / 月 MM / 年 YYYY

*請刪去不適用者 Delete whichever does not apply

1998 No.A

IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE

HUA DAO SHIPPING
(FAR EAST) LIMITED 1st Plaintiff

BM SHIPPING GROUP SRL. 2nd Plaintiff

and

SINO-WOOD PARTNERS LIMITED Defendant

WRIT OF SUMMONS

Dated the - 4 APR 1998
day of 1998

Filed the - 4 APR 1998
day of 1998

RICHARDS BUTLER
Solicitors for the Plaintiffs
20th Floor, Alexandra House
Chater Road, Hong Kong

Tel: 2810 8008
Fax: 2810 1607

Our Ref: DAS\WJGB\k\AH269-001

STATEMENT OF CLAIM

1. At all material times the 1st Plaintiff was a Hong Kong registered shipping and forwarding company providing, inter alia, agency and transshipment services and the 2nd Plaintiff was a shipping company based in Genoa, Italy.
2. The Defendant was at all material times a trading company registered in Hong Kong.
3. By an agreement dated 1st October 1997 between the 2nd Plaintiff the parent company of the 1st Plaintiff and Sonic Jita Engineering Company Limited ("Sonic Jita") an associated company of the Defendant (the "Freight Agreement") it was agreed that freight and transshipment services would be supplied by the 2nd Plaintiff to Sonic Jita in respect of a cargo of one complete plywood manufacturing line (the "Cargo") shipped from Kotka, Finland to Gaoyao, the PRC via Hong Kong.
4. Pursuant to the Freight Agreement, the 2nd Plaintiffs arranged shipment of the Cargo from Kotka to Hong Kong on board the vessel "MED GENOA" and the Defendant, assuming the liability of Sonic Jita under the Freight Agreement, paid the 2nd Plaintiff in full for the ocean freight from Kotka to Hong Kong.
5. It was a term of the Freight Agreement that Sonic Jita would pay the transshipment costs to the 2nd Plaintiffs within three days of the receipt by the Defendant of the bills of lading issued on transshipment and the transshipment cost invoices.
6. The 1st Plaintiff arranged the transshipment of the Cargo at Hong Kong and then arranged onward shipment from Hong Kong to Gaoyao, such services being set out in the 1st Plaintiff's invoices nos. HDS970130 and HDS970135 dated 29th December 1997 totalling HK\$397,413.01 and issued to the Defendant on behalf of the 2nd Plaintiff. The amounts of the invoices were calculated by reference to measurements made of the Cargo at Kotka, Finland.
7. The Defendant disputed the Cargo measurements and declined to settle the 1st Plaintiff's invoices in full. However, the Defendant acknowledged liability to the 1st Plaintiff for at least part of the transshipment cost on 26th January 1998 and made a part payment of US\$100,000 to the 1st Plaintiff.
8. In a meeting dated on or around 16th February 1998 between inter alia Mr. Guido Ferrando, a Director of the 1st Plaintiff and Mr. Wilson Kam, a manager of the Defendant, the Defendant produced a schedule entitled "Freight Calculation for Gaoyao Project" setting out the amounts it claimed to owe to the 1st and/or 2nd Plaintiffs in respect of the transshipment. These calculation of these amounts was based on the Defendant's own measurements of the Cargo carried out at Gaoyao in the absence of the 1st and 2nd Plaintiffs. The 1st and/or 2nd Plaintiffs agreed to accept the amount set out in the schedule, US\$204,363.70, as an initial payment leaving the balance of the amount owed by the Defendant and/or Sonic Jita to the 1st and/or 2nd Plaintiffs to be resolved in arbitration.

9. Wrongfully and in breach of the agreement set out in paragraph 7 above the Defendant have failed to pay the Plaintiffs the agreed amount or any further amount at all in respect of the transshipment and the 1st and 2nd Plaintiffs have suffered loss and/or damage as a result of the Defendant's breach.

Particulars

A. The 1st Plaintiff rendered invoices in respect of the services it provided to the Defendant.

<u>DATE</u>	<u>REFERENCE</u>	<u>AMOUNT</u>
29.12.96	HDS970130	US\$366,413.99
29.12.97	HDS970135	US\$ 27,999.02
		Total: US\$394,413.01
Less sum already paid		US\$100,000.00
Less amount in dispute to be referred to arbitration		<u>US\$ 90,094.31</u>
Balance owed to the 1st and/or 2nd Plaintiff		= <u>US\$204,363.70</u>

B. The Plaintiff claims interest pursuant to Section 48 of the Supreme Court Ordinance for such periods and at such rate as this Honourable Court deems fit.

AND THE PLAINTIFF CLAIMS:-

1. US\$204,363.70;
2. Alternatively damages;
3. Interest;
4. Costs; and
5. Further or other relief;



RICHARDS BUTLER
Solicitors for the Plaintiff

This Writ was issued by Richards Butler of 20th Floor, Alexandra House, Chater Road, Hong Kong, Solicitors for the Plaintiff, whose addresses are (1) is Units 1-10, 14/F., Boss Commercial Centre, 28 Ferry Street, Kowloon and (2) 5, G. da Verrazzano, 54036 Marina di Carrara, Italy.

This is Exhibit "RRR" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong



**STAMP OFFICE, INLAND REVENUE DEPARTMENT,
HONG KONG SPECIAL ADMINISTRATIVE REGION**

3/F, Revenue Tower,
5 Gloucester Road, Wan Chai, Hong Kong.
Telephone No. 2594 3201
Web Site: www.ird.gov.hk

STAMPING PROCEDURES AND EXPLANATORY NOTES

Stamping of Shares Transfer

Contract Notes

Contract notes are required to be executed and stamped within a specified period (see para. 5 below) after any sale or purchase of Hong Kong stocks is effected. While there is no specified format of such instruments, the Stamp Duty Ordinance requires that a Contract Note should contain the following particulars -

- a) whether the person effecting the sale or purchase of the Hong Kong stock is acting as principal or agent and, if as agent, the name of the principal;
- b) the date of the transaction and of the making of the contract note;
- c) the quantity and description of such Hong Kong stock;
- d) the price per unit of such Hong Kong stock and the amount of the consideration or, in the case of an exchange, particulars of the property for which such Hong Kong stock is exchanged; and
- e) the date of settlement.

2. Contract notes are stamped by reference to the price paid. If the price paid is considered substantially below the market value of the shares, stamp duty will be assessed based on the market value of the shares as at the date of sale and purchase/ transfer of the shares. For quoted shares, the last closing price of the stock in the Stock Exchange of Hong Kong will normally be accepted as the value of the share transferred for the purpose of calculating stamp duty. In the case of unquoted shares, the value of the stock has to be ascertained from the latest accounts of the company. Other supplementary information may also be enquired if so warranted.

3. Contract notes are NOT required in the case of transferring shares as a gift. In such a scenario, the instrument of transfer is chargeable to a fixed duty of \$5 plus the full ad valorem stamp by reference to the value of shares transferred.

Supporting Documents Required

4. While stamp duty on transactions on quoted shares are usually collected through the Stock Exchange and the contract notes are made and stamped by the stock brokers with authorization from the Collector of Stamp Revenue, contract notes and instruments of transfer of unquoted shares should be presented to the Stamp Office for stamping. To enable the Stamp Office to assess the proper amount of stamp duty payable, the following documents and information should be submitted together with the transfer documents -

- (a) the Memorandum and Articles of Association of the company of which shares are being transferred;
- (b) a certified true copy of the Agreement for Sale and Purchase of the shares if there is any, or otherwise, a confirmation by way of a letter signed by either the vendor or purchaser that no such an agreement exists;
- (c) a statement on whether the Company has acquired any landed property, rights to acquire landed property or investments and, if so, with a completed schedule of property in the proforma as attached;

- (d) the following documents if the company involved has commenced business -
- the latest audited accounts of the company;
 - certified management accounts of the company made up to a date close to the date of transfer, if the audited accounts are not made up to a date within 6 months prior to the date of this transaction;
 - a certified copy of the Return of Allotments for increase of share capital (if relevant); and
 - a certified copy of the resolution of meetings of directors for dividends paid or payable (if relevant); and
- (e) where the company is a recently incorporated one which has not yet commenced business and that no audited accounts have been prepared, a written confirmation is required.

Time for Stamping

5. Stamp duty is payable within the following specified time :-

<i>Nature of Document</i>	<i>Time for Stamping</i>
Contract Note for sale or purchase of any Hong Kong stock	<u>2 days</u> after the sale or purchase, if effected in Hong Kong ; <u>30 days</u> after the sale or purchase, if effected elsewhere
Transfer operating as a voluntary disposition inter vivos (i.e. gift)	<u>7 days</u> after execution; <u>30 days</u> after execution if executed outside Hong Kong
Transfer of any other kind	<u>before</u> execution; <u>30 days</u> after execution if executed outside Hong Kong

[For the current rates of stamp duty, a separate information sheet is available from the Stamp Office.]

Late Penalty

6. Late stamping is subject to the payment of penalty as follows:-

<i>Stamping Delay</i>	<i>Penalty</i>
not exceeding 1 month	2 times the amount of stamp duty
exceeding 1 month but not exceeding 2 months	4 times the amount of stamp duty
in any other case	10 times the amount of stamp duty

Any request for remission of late penalty should be made in writing with full explanations of the delay and supporting evidence. The Collector may remit wholly or partly the penalty payable depending on individual circumstances.

How to stamp and Enquiries

7. The documents may be presented to the Stamp Office in person or be sent in by post. The service hours of the Stamp Office are as follows:-

Monday to Friday 8:45 a.m. to 5:00 p.m.

STAMP OFFICE
March 2006
U3/SOG/PN04A(8/2009)



稅務局 印花稅署
香港灣仔告士打道5號
稅務大樓3樓

INLAND REVENUE DEPARTMENT, STAMP OFFICE
3/F, Revenue Tower, 5 Gloucester Road,
Wan Chai, Hong Kong.

電話號碼 Tel. No. : 2594 3201 圖文傳真 Fax No. 2519 6740
電郵 E-mail : taxsd@ird.gov.hk 網址 Web Site: www.ird.gov.hk
[當辦理私人公司股份轉讓的加蓋印花手續時，若該公司在股份轉讓或最近的審核結算日時持有物業的話，必須填寫此表格。]

[This form should be completed when applying for stamping of share transfers of private companies which own/have owned landed properties at the time of transfer or the latest audited accounting date.]

致：印花稅署署長

To: Collector of Stamp Revenue

物業附表 Schedule of Landed Properties

有關股份轉讓 Relating to Transfer of Share(s)

公司名稱 Name of Company :

I. 該公司和其附屬公司在以下日期所持有的物業資料 Details of landed property(ies) held by the company and its subsidiary(ies) as at the following date:

附1. 的審核會計報告結算日期 Cut-off Date of the latest audited accounts now submitted :

業主 Owner(s)	物業地址: Address of property (約份和/或地段編號詳情 D.D. &/or Lot No. Details) 註 Note **	物業種類 Type of Property			請 Please [✓]		業權 Interest Held		購買日期 Date of Purchase	買入價 Purchase Cost	帳面價 Net Book Value Per Account
		空地 Bare Site	村屋 Village House	分層大廈 Building	其他 Others	全部 Whole (100%)	部分 Part (列明持有的百分率 State % held)				
經營核帳目所示買價 Cost as per audited account Total :											

II. 該公司和/或其附屬公司在以下結算日期至股份轉讓日期期間內購買和/或出售的物業的詳情 (如有的話) :-

Details of property(ies) purchased and/or sold by the company and/or its subsidiary(ies) during the period from the above cut-off date to the date of shares transfer, if any:-

業主 Owner(s)	物業詳細地址: Address of property (約份和/或地段編號詳情 D.D. &/or Lot No. Details) 註 Note **	物業種類 Type of Property			請 Please [✓]		業權 Interest Held		購買/出售日期 Date of Purchase/Sale	買價/售價 Purchase Cost/ Selling Price
		空地 Bare Site	村屋 Village Home	分層大廈 Building	其他 Others	全部 Whole (100%)	部分 Part (列明持有的百分率 State % held)			

**** 註 :**

(1) 列明物業的詳細地址，並在可能情況下，使用差餉物業估價署署長所編配的正式門牌號數。如屬新界的地盤或郊區物業，須提供約份和地段編號詳情，並請指明地盤所在和批編號（如知悉的話）。

(2) **個人資料收集聲明**

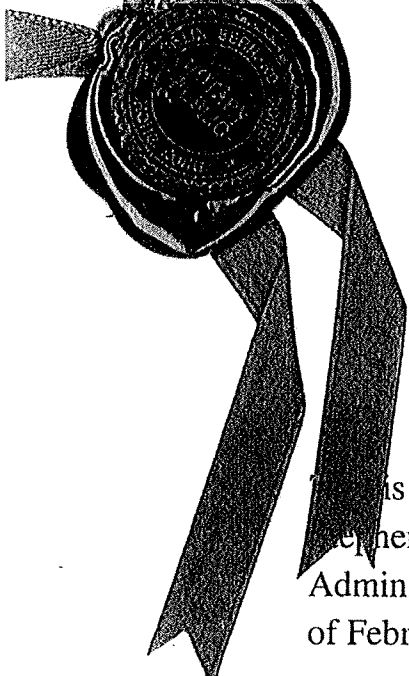
- 你所提供的資料將用作本局執行稅務法例的有關事宜。
- 本局可能會把部分資料交給法例授權可接收的其他人士。
- 除《個人資料(私隱)條例》另訂的豁免外，你有權要求查閱或改正個人資料。
- 查閱或改正個人資料的要求應以書面向印花稅署總監提出，其地址載於表格上；同時請註明你於本局的檔案號碼。

**** Note:**

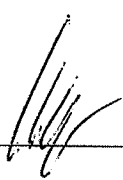
(1) Full address should be stated. Whenever possible, please use official building number(s) as allotted by the Commissioner of Rating and Valuation. For sites or rural properties in New Territories, D.D. and Lot No. details must be provided; please also specify the site area and New Grant No., if known.

(2) **Personal Information Collection Statement**

- The information provided by you will be used for purposes relating to the administration of tax laws in this Department.
- This Department may give some of the information to other parties authorized by law to receive it.
- Subject to exemptions under the Personal Data (Privacy) Ordinance, you have the right to request access to or correction of personal data.
- A request for access to or correction of personal data should be addressed to the Superintendent of Stamp Office, whose address is shown on the form. Please also quote your file number in this Department.

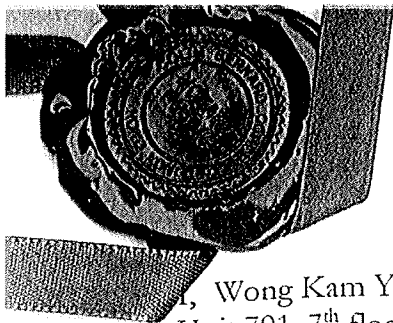


This Exhibit "SSS" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong



DECLARATION

I, Wong Kam Yee, female, holder of Hong Kong Identity Card No. D152096(3), of Unit 701, 7th floor, Ka Wah Bank Centre, 232 Des Vouex Road Central, Hong Kong, solemnly and sincerely declare that:


1. I am conversant with the English and Chinese languages and have been translating documents from Chinese to English and English to Chinese since 1981. During this period I have translated many thousands of pages of documents some of which have been exhibited to affidavits for the purposes of legal proceedings in the Courts in Hong Kong and some of which have been in the form of reports or attachments to reports for Government authorities and law enforcement in Hong Kong and China.
2. I hereby certify that the attached documents marked "B" on the upper right hand corner is a true and correct English translation of the attached Chinese documents marked "A" on the upper right hand corner.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Ordinance.


Declared at Messrs. Boase Cohen &)
Collins, Rooms 2303-7, Dominion)
Centre, 43-59 Queen's Road East,)
Hong Kong, this 29th day of February)
2012:-

Wong Kam Yee

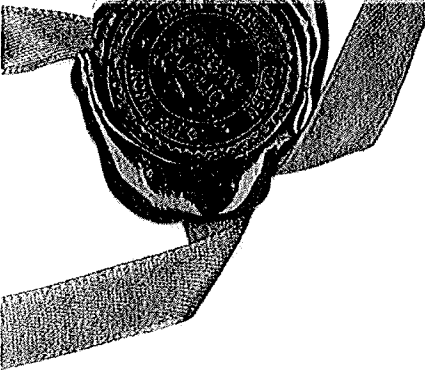
Before me,


COLIN BERNARD COHEN
 Notary Public, Hong Kong SAR
 2303-7 Dominion Centre
 43-59 Queen's Road East
 Wanchai, Hong Kong

I, COLIN BERNARD COHEN, Notary Public of Rooms 2303-7, Dominion Centre, 43-59 Queen's Road East, Hong Kong, certify that Wong Kam Yee came to me today and indicated to me that she is competent to translate the aforementioned documents from Chinese to English.

Signed this 29th day of February 2012. 

COLIN BERNARD COHEN
 Notary Public, Hong Kong SAR
 2303-7 Dominion Centre
 43-59 Queen's Road East
 Wanchai, Hong Kong



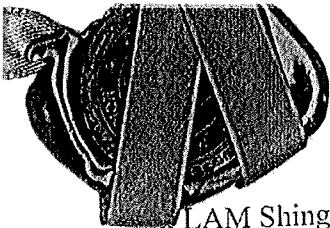
This is Exhibit "TTT" mentioned and referred to in the Affidavit of Stephen Gowan Chandler, sworn before me in the Hong Kong Special Administrative Region of the People's Republic of China this 29th day of February 2012.



A Notary Public

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

DECLARATION



LAM Shing Ming (林城明), male, holder of Hong Kong Identity Card G085965(5), of Diners Professional Translation Services Limited, Room 902, 9/F., Far East Consortium Bldg., 121 Des Voeux Road, Central, Hong Kong, solemnly and sincerely declare that:

- 1. I am conversant with the English and Chinese languages. I have a Masters of Arts in translation from the Chinese University of Hong Kong and I am a member of the Chartered Institute of Linguists.
- 2. I hereby certify that the attached documents marked "B" on the upper right hand corner is a true and correct English translation of the attached Chinese documents marked "A" on the upper right hand corner.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the Oaths and Declarations Ordinance.

Declared at Messrs. Boase Cohen & Collins,)
Rooms 2303-7, Dominion Centre, 43-59)
Queen's Road East, Hong Kong, this 29th)
day of February 2012:-)

Lam Shing Ming

Before me,

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

I, COLIN BERNARD COHEN, Notary Public of Rooms 2303-7, Dominion Centre, 43-59 Queen's Road East, Hong Kong, certify that LAM Shing Ming came to me today and indicated to me that he is competent to translate the aforementioned documents from Chinese to English.

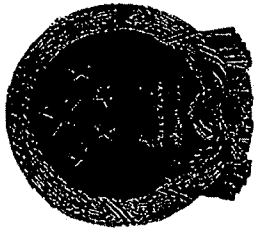
Signed this 29th day of February 2012.

COLIN BERNARD COHEN
Notary Public, Hong Kong SAR
2303-7 Dominion Centre
43-59 Queen's Road East
Wanchai, Hong Kong

副本

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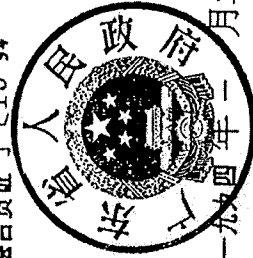
企业名称	中文	湛江雷州桉树资源发展有限公司	1
	英文	ZHANJIANG LEIZHOU EUCALYPT RESOURCES DEVELOPMENT CO. LTD.	
企业地址		湛江市赤坎区康顺路31号康顺大厦	
企业类型		中外合资经营企业	
经营年限		30年	
投资者名称 (中、英文) 和注册地 (国家或地区)		甲方: 国营雷州林业局 中国 乙方: 香港嘉汉木业集团有限公司 香港 SING-WOOD PARTNERS, LIMITED	
投资总额		2500 万美元	1000 万美元
投资者 出资额		甲方: 出资 470.00 万美元 出资比例 47.00% 乙方: 出资 530.00 万美元 出资比例 53.00%	
经营范围		营林、木材加工、木制品、林产化工产品生产与销售。产品50%外销。	



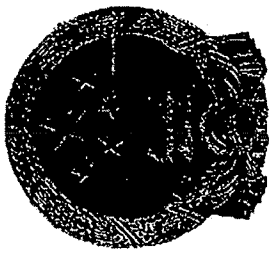
中华人民共和国外商投资企业

批准证书

外经贸 湛合资证字〔19 94 〕 065 号



一九九四年二月二十八日

 <p style="text-align: center;"> Certificate of Approval for Establishment of Foreign-Funded Enterprises in the People's Republic of China Wai Jing Mao Zhan He Zi Zheng Zi [1994] No. 065 [chopped: People's Government of Guangdong Province] 28 January 1994 </p>		Chinese	湛江雷州桉树资源发展有限公司
		English	Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.
Company name		Company address	
		Kangshun Building, 31 Kangshun Road, Chikan District, Zhanjiang City	
Type of company		Chinese-foreign joint venture	
Duration of operation		30 years	
Names of investors (in both Chinese and English) and registered addresses (country or region)		Party A: State-Owned Leizhou Forestry Bureau China Party B: Sino-Wood Partners, Limited, Hong Kong	
Total investment		US\$25 million	Registered capital US\$10 million
Contribution made by the investors		Party A: contributed US\$4.7 million with a capital contribution ratio of 47.00% Party B: contributed US\$5.3 million with a capital contribution ratio of 53.00%	
Business scope		Silviculture, wood processing, production and sale of woodwork and forest chemical products; 50% of the products are for export.	

合资经营湛江雷州桉树资源发展有限公司

章 程

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第一章 总 则

第一条：根据《中华人民共和国中外合资经营企业法》，中国广东国营雷州林业局（以下简称甲方）与香港嘉汉木业集团有限公司（以下简称乙方）于一九九三年十二月八日在中国湛江市签订的建立合资经营湛江雷州桉树资源发展有限公司（以下简称合营公司）合同，按照合同的内容制定本公司章程。

第二条：合营公司名称：湛江雷州桉树资源发展有限公司

合营公司法定地址：湛江市赤坎区康顺路31号康顺大厦

第三条：甲乙双方的名称、法定地址为：

甲方：国营雷州林业局

地址：广东省遂溪县城月镇

乙方：香港嘉汉木业集团有限公司

地址：香港湾仔港湾路30号新鸿基中心2408室

第四条：合营公司的组织形式为有限责任公司

第五条：合营公司为中国法人，受中国法律管辖和保护，其一切活动必须遵守中国的法律、法令、法规和有关条例规定。

第二章 宗旨、经营范围

第六条：合营公司宗旨为：

<1>、采用先进而适用的生产技术和科学的管理方法，充分和合理地开发桉树资源和其他林木资源，首期兴建大型中密度纤维板生产项目（以下简称MDF）；在创造经济效益的同时，利用甲方现有的先进的营林技术和合营公

司的资金优势，使林业资源得到有计划的改造更新，逐步扩大用材基地林建设，大幅度提高林木生长量；注意保护自然环境，在企业发展的同时，与自然保持协调、平衡、混然一体。

〈2〉、合营公司企业强化企管效能，以整体品质管理及ISO-9000为企管模式，努力提高产品质量和企业形象，并在质量和价格等方面具有国际市场竞争能力，出口创汇，提高经济效益，使双方都获得利益。

〈3〉、合营公司视用材林基地为绿色车间，力求不断发展、创新、勇于实践，在不断发展生产的同时，注重科研工作，建成集科研、营林和林产加工一体化的合资企业。

第七条：合营公司经营范围为：营林、木材加工、木制品、林产化工产品生产与经营。

第八条：合营公司生产规模为：年产5万立方米MDF，营造12万亩基地林，年产MDF用材8万M³。

随着生产经营的发展，生产规模可逐渐增加，产品向多种类、系列化方向发展。

第九条：合营公司的产品50%外销，50%内销。

第三章 投资总额和注册资本

第十条：合营公司的首期投资总额为2500万美元。

合营公司注册资本为1000万美元。

第十条：合营公司注册资本为1000万美元。

出资比例为：甲方认缴注册资本470万美元，占注册资本总额的47%，乙方认缴注册资本530万美元，占注册资本总额的53%。注册资本以外的资金仍由甲乙双方按各自出资比例投入。

第十一条：出资方式：甲乙双方包括注册资本在内的出资方式为：

甲方以5.3万亩林地使用权，作价462万美元，和其地上的林木资源，作价301万美元、林产工业总厂的资产估价128万美元及工厂生产和建设用

地152291 m²使用权作价273万美元四部分资产的总值和100万元人民币现金折11万美元, 合共1175万美元作为资金投入。乙方以现金出资1325万美元。19

甲乙双方的出资(或作为出资的实物), 在合营公司营业执照签发之日起, 二十四个月内投入完毕, 其中第一期在头三个月内投入15%以上。

第十二条: 双方出资额:

(1)、甲方: 首期按出资比例以实物资产价值共1175万美元(以认可会计师事务所的核定数为准)作资金投入转入合营公司中。在乙方投入建设MDF项目不足部分资金的同时, 甲方同期按出资比例以部分林地使用权及其地上的林木资源作价投入。

(2)、乙方: 首期按出资比例投入现金1325万美元, 主要用于MDF项目建设。建设MDF项目所需的资金, 除乙方首期投入的1325万美元外, 不足部分仍由乙方按项目建设需要以现金分期投入; 甲方按出资比例同期以林地使用权及其地上的林木资源作价投入。

第十三条: 出资时间:

双方首期的出资(或作为出资的实物)在合营公司营业执照签发及认可会计师事务所签发之甲方投资的资产核算报告之日起一个月内, 乙方投入现金100万美元, 甲方同时投入人民币100万元, 作为合营公司营运及筹建MDF项目之用。MDF项目建设的其余资金按MDF项目可行性研究报告的资金投入计划分期投入。

第十四条: 甲乙双方应按合同规定的期限缴清各自出资额(或作为出资的实物)。

第十五条: 甲乙双方缴付出出资额后, 合营公司聘请在中国注册的会计师事务所验资, 出具验资报告后, 由合营公司据以发给出资证明书。出资证明书主要内容是: 合营公司名称、成立日期、合资者名称及出资额、出资日期、发给出资证明书日期等。

第十六条: 合营期内, 合营公司不得减少注册资本数额

第十七条: 任何一方转让其出资额, 不论全部或部分都须经另一方同意, 一方转让时, 另一方有优先购买权。

合营公司注册资本的增加、转让，应由董事会一致通过后，并报原审批机构批准，向原登记机构办理变更登记手续。

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第四章 董 事 会

第十八条：合营公司设董事会，董事会是合营公司的最高权力机构。

第十九条：董事会决定合营公司的一切重大事宜，其职权主要如下：

决定和批准总经理的重要报告（如生产规划、年度营业报告、资金、借款等）；

批准年度财务报告、收支预算、年度利润分配方案；

制定公司的重要规章制度；

决定聘用总经理、总工程师、总会计师、审计师等高级职员；

负责合营公司终止和期满时的清算工作；

其他应由董事会决定的重大事宜。

第二十条：董事会由七名董事组成，其中甲方委派三名，乙方委派四名，董事任期为3年，经委派可以连任。

第二十一条：董事会设董事长一名，由乙方委派，副董事长一名，由甲方委派。

第二十二条：甲、乙方在委派和更换董事人选时，应书面通知董事会。

第二十三条：董事会会议每年召开一次。经三分之一以上的董事提议，可以召开董事会临时会议。

第二十四条：董事会会议原则上在合营公司所在地举行。

第二十五条：董事会会议由董事长召集并主持，董事长缺席时由副董事长召集并主持。

第二十六条：董事长应在董事会开会前不少于两个星期以书面通知各董事，写明会议内容、时间和地点。

出席董事会会议的法定人数必须为全体董事的三分之二以上，否则，其通过的决议无效。

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第二十七条：董事因故不能出席董事会会议时，可以书面委托代理人出席董事会。如届时未出席也未委托他人出席，则作为弃权。

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第二十八条：出席董事会会议，须作详细的书面记录，并由全体出席会议的董事签字；代理人出席时由代理人签字。记录文字使用中文，该记录由公司存档。

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第三十条：下列事项须经出席董事会会议的董事一致通过方可作出决议。

1. 合营公司章程的修改；
2. 合营公司的终止、解散；
3. 合营公司注册资本的增加、转让；
4. 合营公司重大的经济活动如建设新项目，与其他经济组织的合并等。

第三十一条：其他事项采取过半数通过作出决议。

第五章 经营管理机构

第三十二条：合营公司设经营管理机构，下设若干管理部门。

第三十三条：合营公司设总经理一人，由甲方推荐，副总经理二人，由双方推荐。正副总经理由董事会聘请。

第三十四条：总经理直接对董事会负责，执行董事会的各项决议，组织领导合营公司的日常生产、技术和经营管理工作。副总经理协助总经理工作，当总经理不在时，代理行使总经理的职责。

第三十五条：总经理、副总经理的任期为3年。经董事会聘请，可以连任。

第三十六条：董事长或副董事长、董事经董事会聘请，可兼任合营公司总经理、副总经理及其他高级职员。

第三十七条：总经理、副总经理不得兼任其他经济组织的总经理或副总经理，不得参与其他经济组织对本合营公司的商业竞争行为。

第三十八条：合营公司设总工程师、总会计师和审计师各一名，由董事

会聘请。

第三十九条：总工程师、总会计师、审计师由总经理领导。

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第四十条：总经理、副总经理、总工程师、总会计师、审计师和其他高级职员请求辞职时，应提前向董事会提出书面报告。

以上人员如有营私舞弊或严重失职行为的，经董事会决议，可随时解聘。如触犯刑律的，要依法追究刑事责任。

第六章 财务会计

第四十一条：合营公司的财务会计按照中华人民共和国财政部制定的有关财务会计制度规定办理。

第四十二条：合营公司会计年度采用日历年制，自一月一日起至十二月三十一日止为一个会计年度。

第四十三条：合营公司的一切凭证、帐簿、报表、用中文书写。

第四十四条：合营公司采用人民币为记帐本位币。人民币同其他货币折算，按中华人民共和国国家外汇管理局公布的汇价计算。

第四十五条：合营公司在中国银行或其他银行开立人民币及外币帐户。

第四十六条：合营公司采用国际通用的权责发生制和借贷记帐法记帐。

第四十七条：合营公司财务会计帐册上应记载如下内容：

1. 合营公司所有的现金收入、支出数量；
2. 合营公司所有的物资出售及购入情况；
3. 合营公司注册资本及负债情况；
4. 合营公司注册资本的缴纳时间、增加及转让情况。

第四十八条：合营公司财务部门应在每一个会计年度头二月编制上一个会计年度的资产负债表和损益计算书，经审计师审核签字后，提交董事会会议通过。

第四十九条：合营公司各方有权自费聘请审计师查阅合营公司帐簿，查

第七章 利润分配

第五十条：合营公司按照《中华人民共和国外商投资企业和外国企业所得税法》的规定，由董事会决定其固定资产的折旧年限。

第五十一条：合营公司的一切外汇事宜，按照《中华人民共和国外汇管理暂行条例》和有关规定办理。

第五十二条：合营公司从缴纳所得税后利润中提取储备基金、企业发展基金和职工奖励及福利基金。提取的比例由董事会根据当年的经营情况确定。

第五十三条：合营公司依法缴纳所得税和提取各项基金后的利润，按照甲方占47%，乙方占53%的比例进行分配。

第五十四条合营公司每年分配利润一次。于次年头二个月内公布上一会计年度利润分配方案及各应分的利润额。

第八章 职工

第五十六条：合营公司职工的招收、招聘、辞退、辞职、工资、福利、劳动保护、劳动纪律等事宜，按照《中华人民共和国中外合资经营劳动管理规定》及其实施办法办理。

第五十七条：合营公司所需要的职工，优先在甲方在职人员中公开招聘，或由当地劳动部门推荐或经劳动部门同意后，由合营公司公开招聘，择优录用。

第五十八条：合营公司招收的员工，一律实行合同制，由合营公司与员工签订劳动合同。

第五十九条：合营公司有权对违反合营公司的规章制度和劳动纪律的职

工，给予警告、记过、降薪的处分，情节严重的，可予以开除。对开除处分的职工须报甲方或当地劳动部门备案。

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第六十条：职工的工资待遇，参照中国有关规定，根据合营公司具体情况，由董事会确定，并在劳动合同中具体规定。

合营公司随着生产的发展，职工业务能力和技术水平的提高，逐年增加职工的工资。

第六十一条：职工的福利、奖金、劳动保护，安全生产和保险等事宜，合营公司将分别在各项制度中加以规定，确保职工在正常条件下从事各项生产和工作。

第九章 工会组织

第六十二条：合营公司职工有权按照《中华人民共和国工会法》的规定，建立工会组织，开展工会活动。

第六十三条：合营公司每月按合营公司职工实际工资总额的百分之二拨交工会经费。合营公司工会按照中华全国总工会制定的《工会经费管理办法》使用工会经费。

第十章 期限、终止、清算

第六十四条：合营期限为30年。自营业执照签发之日起计算。

第六十五条：甲、乙方如一致同意延长合同期限，经董事会会议作出决议，应在合营期满前六个月向原审批机构提交书面申请，经批准后方可延长，并向原登记机构办理变更登记手续。

第六十六条：甲、乙方如一致认为终止合同符合各方最大利益时，可提前终止合同。

合营公司提前终止，需经董事会召开全体会议作出决定，并报原审批机

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构批准。

第六十七条： 发生下情况之一时，甲、乙方任何一方有权依法终止合同。

- 1、合同期限届满，合资一方不同意续办时；
- 2、公司发生严重亏损，无力继续经营；
- 3、合资一方不履行合同规定的义务致使企业无法继续经营；
- 4、因自然灾害、战争等不可抗力遭受严重损失，无法继续经营；
- 5、企业未达到经营目的，同时又无发展前途。

第六十八条： 合营期满或提前终止合同时，董事会应提出清算程序、原则和清算委员会人选，组成清算委员会，对合营公司财产进行清算。原甲方作为出资提供的场地使用权、林地使用权不属清算范围，合营期满或提前终止合同时，无偿归甲方所有。

第六十九条： 清算委员会任务是对合营公司的财产、债权、债务进行全面清查，编制资产负债表和财产目录，制定清算方案，提请董事会通过执行。

第七十条： 清算期间，清算委员会代表公司起诉或应诉。

第七十一条： 清算费用和清算委员成员的酬劳从合营公司现存财产中先支出。

第七十二条： 清算委员会对合营公司的债务全部清偿后，其剩余的财产按甲乙双方在注册资本中的实际出资比例进行分配。

第七十三条： 清算结束后，合营公司应向审批机构提出报告，并向原登记机构办理注销登记手续，缴回营业执照，同时对外公布。

第七十四条： 合营公司结业后，其各种帐册，由甲方保存。

第十一章 规章制度

第七十五条： 合营公司董事会制定的规章制度有：

- 1、经营管理制度，包括所属各个管理部门的职权与工作程序；
- 2、职工守则；

- 3、职工考勤、升级与奖惩制度；
- 4、职工福利制度；
- 5、财务制度；
- 6、公司解散时的清算程序；
- 7、其他必要的规章制度。

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第十二章 附 则

第七十三条： 本章程的修改，必须经董事会会议一致通过决议，并报原审批机构批准。

第七十四条： 本章程用中文书写。

第七十五条： 本章程须经中华人民共和国对外经济贸易部(或其委托的审批机构)批准才能生效。修改时间。

第七十六条： 本章程于一九九三年十二月八日由甲、乙双方的授权代表在中国广东省湛江市签字。

甲
代



(签字、盖章)

乙 方：



(签字、盖章)

Articles of Association
of
Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.,
an Equity Joint Venture

Chapter 1 General Provisions

Article 1: These Articles of Association are formulated pursuant to *Law of the People's Republic of China on Chinese-Foreign Joint Ventures* and Contract for the Establishment of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. ("the Company"), an Equity Joint Venture, entered into by Guangdong State-Owned Leizhou Forestry Bureau ("Party A") and Sino-Wood Partners, Limited ("Party B") on 8 December 1993 in Zhanjiang, China.

Article 2: Name of the Joint Venture Company: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

Legal address of the Joint Venture Company: Kangshun Building, 31
Kangshun Road, Chikan District, Zhanjiang

Article 3: Names and legal addresses of Party A and Party B:

Party A: State-Owned Leizhou Forestry Bureau

Address: Chengyue Town, Suixi County, Guangdong Province

Party B: Sino-Wood Partners, Limited

Address: Room 2408, Sun Hung Kai Centre, 30 Harbour Road, Wanchai,
Hong Kong

Article 4: The Joint Venture Company is a limited-liability company.

Article 5: The Joint Venture Company is a PRC legal person which shall be governed and protected by PRC laws and all its activities shall comply with the PRC laws, statutes and relevant regulations.

Chapter 2 Objective and Scope of Business

Article 6: The objectives of the Joint Venture Company are:

(1). Establishing large-scale medium density fibreboard production project (MDF) in the first phase by fully and reasonably developing eucalypts and other trees with advanced and applicable production technology and scientific management; while creating economic benefits, trying to upgrade forest resources in a planned manner, gradually expand construction of forests in timber base and substantially improve the growth of forest trees with Party A's existing advanced silviculture technology and the Joint Venture Company's capital strength; paying attention to environmental protection and ensuring that the Joint Venture Company is developing in harmony with nature.

(2). Strengthening the management effectiveness of the Joint Venture Company, taking total quality management (TQM) and ISO-9000 as the Joint Venture Company's management model, striving to improve product quality and corporate image, becoming competitive in the international market in terms of quality and price, earning foreign exchange and increasing profitability, so as to benefit both Parties.

(3). The Joint Venture Company regards the timber base as a green workshop, seeks constant development and innovation, is bold in practice, attaches equal importance to production and scientific research, and integrates scientific research, silviculture and forest products processing.

Article 7: Business scope of the Joint Venture Company: Silviculture, wood processing, production and sale of woodwork and forest chemical products.

Article 8: Production scale of the Joint Venture Company: Annual output of 50,000 m³ MDF and 80,000 m³ MDF timber, and 120,000 mu forest base.

Following the development of the Joint Venture Company, it may gradually expand the production scale and diversify and launch different series of products.

Article 9: The products of the Joint Venture Company are sold in equal proportion on domestic and overseas markets.

Article 10: The initial total investment of the Joint Venture Company is US\$25 million.

The registered capital of the Joint Venture Company is US\$10 million.

Article 10: The registered capital of the Joint Venture Company is US\$10 million.

The ratio of capital contribution is: Party A shall contribute US\$4.7 million, accounting for 47% of the total registered capital; Party B shall contribute US\$5.3 million, accounting for 53% of the total registered capital. Funds other than the registered capital shall be invested by Party A and Party B in proportion to their respective contributions.

Article 11: Form of capital contribution: Forms of capital contribution including registered capital contribution made by Party A and Party B are:

Party A shall contribute a total of US\$11.75 million, consisting of the total value of the right to use 53,000 mu woodland valued at US\$4.62 million, the forest resources on the said land valued at US\$3.01 million, assets of the forest product industry factory valued at US\$1.28 million and the right to use the 152,291 m² land for factory production and construction valued at US\$2.73 million as well as RMB1 million cash (US\$110,000). Party B shall contribute US\$13.25 million in cash.

Party A and Party B shall complete their capital contributions (or contribution in kind) within 24 months after issuance of the business licence, with more than 15% to be paid up in the first three months for the first phase.

Article 12: Respective contributions made by the Parties:

(1). Party A shall invest a total of US\$11.75 million (the amount shall be subject to verification by an authorised accounting firm) in kind in the Joint Venture Company in the first phase in accordance with its ratio of capital contribution. As Party B makes up the funds for MDF project, Party A shall invest part of its right to use the woodland and the forest resources on it, which are valued as agreed, in accordance with its ratio of capital contribution.

(2). Party B shall invest US\$13.25 million in cash in the MDF project in

accordance with its ratio of capital contribution in the first phase. In regard to the funds needed for MDF project, besides the US\$13.25 million invested by Party B in the first phase, the insufficiencies shall be made up by Party B with cash by instalments based on actual needs. Party A shall invest its right to use woodland and the forest resources on it, which are valued as agreed, in accordance with its ratio of capital contribution in the same phase.

Article 13: Schedule of capital contribution

As for the capital contribution (or contribution in kind) in the first phase, Party B shall invest US\$1.00 million in cash and Party A shall invest RMB1.00 million for the operation of the Joint Venture Company and MDF project planning within one month from the date of issuance of the business licence of the Joint Venture Company and issuance of the asset accounting report on Party A's investment by an authorised accounting firm. The remaining funds needed for MDF project shall be invested by instalments in accordance with the investment plan based on the feasibility study report of MDF project.

Article 14: Parties A and B shall pay up their respective capital contribution (or contribution in kind) in full according to the time limit specified in the Contract.

Article 15: After Parties A and B have paid up their capital contribution in full, the Joint Venture Company shall retain a certified public accountant registered in China to verify the capital and issue a capital verification report, based on which the Joint Venture Company shall issue a capital contribution certificate, whose main contents include: Name of the Joint Venture Company, date of establishment, names of investors and their amount of capital contribution, date of capital contribution, and date of issuance of capital contribution certificate, etc.

Article 16: During the term of the joint venture, the Joint Venture Company shall not reduce the amount of its registered capital.

Article 17: If a party transfers its capital contribution, whether in part or in whole, it shall be subject to the consent of the other party. When a party makes such a transfer, the other party shall have the pre-emptive right of purchase.

Increase or transfer of registered capital of the Joint Venture Company shall be subject to the unanimous adoption of the Board of Directors and approval by the

original examination and approval authority, and the Joint Venture Company shall process the formalities of registration of change with the original registration authority.

Chapter 4 Board of Directors

Article 18: The Joint Venture Company shall have a Board of Directors which shall be the highest authority of the Joint Venture Company.

Article 19: The Board of Directors makes decisions on all major issues of the Joint Venture Company, and its duties and functions are as follows:

- decide on and approve important reports submitted by the general manager (such as production planning, annual business report, capital, borrowings, etc.);
- approve the annual financial report, income and expense budget, and annual profit distribution scheme;
- formulate important regulations and systems of the Company;
- decide the appointment of senior officers such as general manager, chief engineer, chief accountant, auditor, etc.
- take charge of the liquidation work of the Joint Venture Company upon its termination and expiration;
- other important matters which shall be decided by the Board of Directors.

Article 20: The Board of Directors shall be composed of seven directors. Three of the directors shall be appointed by Party A and four of the directors by Party B. The term of office of the directors shall be 3 years and is renewable upon re-appointment.

Article 21: The Board of Directors shall have a chairman appointed by Party B and a vice-chairman appointed by Party A.

Article 22: When appointing or replacing candidates of directors, Party A and Party B shall inform the Board of Directors in writing.

Article 23: Meetings of the Board of Directors shall be held once a year. Upon

the proposal of more than one-third of the directors, interim meetings may be convened.

Article 24: In principle, meetings of the Board of Directors shall be held in the domicile of the Joint Venture Company.

Article 25: Meetings of the Board of Directors shall be called and presided over by the chairman. During the absence of the chairman, the meetings shall be called and presided over by the vice-chairman.

Article 26: The chairman shall inform all the directors in writing of the agenda, time, and venue of the board meeting at least 2 weeks prior to the meeting.

A quorum of the board meeting shall be constituted when over two-thirds of all the directors are present at the meeting. Otherwise, the resolutions passed shall be null and void.

Article 27: Should a director be unable to attend a Board meeting for any reason, he may authorize in writing a proxy to attend the meeting. If a director does not attend a Board meeting and fails to appoint a proxy to attend on his behalf, he shall be deemed to have forfeited his rights.

Article 28: Detailed minutes shall be recorded in writing for Board meetings and shall be signed by all the attending directors; and if the meeting is attended by a proxy, the minutes shall be signed by the proxy. The minutes shall be recorded in Chinese and shall be kept by the Company.

Article 30: Resolutions on the following issues shall only be made subject to the unanimous adoption by the directors attending a Board Meeting:

1. Amendments to the Articles of Association of the Joint Venture Company;
2. Termination and dissolution of the Joint Venture Company;
3. Increase and transfer of the registered capital of the Joint Venture Company;
4. Important economic activities of the Joint Venture Company such as constructing a new project and merger with other economic entities.

Article 31 Resolutions on other matters may be adopted by simple majority.

Chapter 5 Business Management Organisation

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Article 32: The Joint Venture Company shall set up a business management organisation which has several management departments thereunder.

Article 33: The Joint Venture Company shall have a general manager who is nominated by Party A and two deputy general managers who are nominated by both Parties. Both the general manager and two deputy general managers shall be appointed by the Board of Directors.

Article 34: The general manager shall be accountable to the Board of Directors directly and execute the various resolutions of the Board of Directors, organise and lead the day-to-day production, technical and operation management work of the Joint Venture Company. The deputy general managers shall assist the general manager in his duties. During the absence of the general manager, the deputy general managers shall exercise the general manager's duties on his behalf.

Article 35: The term of office of the general manager and deputy general managers shall be 3 years and is renewable upon re-appointment.

Article 36: Upon appointment by the Board of Directors, the chairman and vice-chairman of the board may concurrently serve as the general manager, deputy general managers, and other senior officers of the Joint Venture Company.

Article 37: The general manager and deputy general managers shall not serve concurrently as general manager or deputy general manager of other economic entities and shall not participate in other economic entities' acts of commercial competition against the Joint Venture Company.

Article 38: The Joint Venture Company shall have a chief engineer, chief accountant, and auditor, who shall be appointed by the Board of Directors.

Article 39: The chief engineer, chief accountant, and auditor shall be under the leadership of the general manager.

Article 40: When the general manager, deputy general managers, chief engineer, chief accountant, auditor, and other senior officers tender resignations, a written report shall be submitted to the Board of Directors in advance.

Where any of the aforesaid individuals conducts graft or commits serious dereliction of duty, they may be dismissed at any time upon resolution of the Board of Directors. In case of violation of the criminal law, they shall be investigated for criminal responsibility according to law.

Chapter 6 Finance and Accounting

Article 41: The Joint Venture Company's financial and accounting system shall be handled in accordance with the provisions of the relevant financial and accounting system formulated by the Ministry of Finance of the People's Republic of China.

Article 42: The accounting year of the Company shall follow the Gregorian calendar year system, i.e. an accounting year starts from 1 January and ends on 31 December.

Article 43: All vouchers, accounting books and statements of the Joint Venture Company shall be written in Chinese.

Article 44: The Joint Venture Company shall use Renminbi as the currency for accounting entries. Conversion between Renminbi and other currencies shall be based on the exchange rate announced by State Administration of Foreign Exchange of the People's Republic of China.

Article 45: The Joint Venture Company shall open a Renminbi account and foreign currency account with the Bank of China or any other bank.

Article 46: The Joint Venture Company shall adopt the internationally and generally accepted accrual basis and debit/credit bookkeeping method.

Article 47: The financial and accounting books of the Joint Venture Company shall record the following contents:

1. All cash revenues and expenses of the Joint Venture Company;
2. All material purchases and sales of the Joint Venture Company;
3. The Joint Venture Company's registered capital and liabilities;
4. The date of contribution, increase and transfer of the registered capital of the Joint Venture Company;

Article 48: The Finance Department of the Joint Venture Company shall

prepare the balance sheet and income statement of the preceding accounting year during the first two months of every accounting year, which shall be submitted to the Board of Directors for approval in the board meeting.

Article 49: Both parties to the Joint Venture Company shall have the right to, at their own expense, hire auditors to inspect the accounting books of the Joint Venture Company. The Joint Venture Company shall provide convenience at the time of inspection.

Chapter 7 Profit Distribution

Article 50: The Joint Venture Company shall comply with the provisions of the the *Profit Tax Law of the People's Republic of China for Foreign-Funded Enterprises and Foreign Enterprises* and let the Board of Directors decide the depreciation term of its fixed assets.

Article 51: The handling of all foreign exchange matters of the Joint Venture Company shall be handled in accordance with the *Foreign Exchange Control Regulations of the People's Republic of China* and its relevant stipulations.

Article 52: The Joint Venture Company shall withdraw from the after-tax profits to provide funding for the reserve fund, enterprise development fund, staff bonus and welfare fund. The withdrawal ratio shall be determined by the Board of Directors according to the business conditions of the prevailing year.

Article 53: After the Joint Venture Company has paid the profit tax according to law and withdrawn the various funds, the remaining profit shall be distributed according to the ratio of: 47% for Party A and 53% for Party B.

Article 54: The Joint Venture Company shall distribute profits once a year. It shall announce the profit distribution scheme for the previous accounting year and the profit amount distributable to the Parties within the first two months of the following year.

Article 56: Recruitment, employment, dismissal, resignation, wages, welfares, labour protection, labour discipline, etc. of the employees of the Joint Venture Company shall comply with the *Labour Management Provisions for Chinese-Foreign Equity Joint Ventures of the People's Republic of China* and its implementation measures.

Article 57: Employees required for the Joint Venture Company may be recruited openly first among the existing staff members of Party A. Alternatively, the same may be recommended by the local labour department or, subject to the consent of the labour department, recruited openly by the Joint Venture Company by selecting the best and qualified candidates.

Article 58: Employees recruited by the Joint Venture Company shall all follow the contract system in which the Joint Venture Company shall sign employment contracts with the employees.

Article 59: The Joint Venture Company shall have the right to impose disciplinary actions on employees who have violated the regulations and labour disciplines of the Joint Venture Company, giving them warnings, recording their demerits, and reducing their salaries. Such employees may be dismissed in case of serious offences. Dismissal of employees shall be reported to Party A or the local labour department for record.

Article 60: The wages and remuneration of employees shall be decided by the Board of Directors with reference to the relevant stipulations of the People's Republic of China and in consideration of the relevant conditions of the Joint Venture Company, and shall be specified in the employment contract accordingly.

Following the development of production and operation of the Joint Venture Company and the enhancement of the employees' business abilities and technical level, the Joint Venture Company shall increase the employees' wages on a yearly basis.

Article 61: Issues such as employees' welfare, bonus, labour protection,

occupational safety, and insurance shall be stipulated respectively in the various systems of the Joint Venture Company so as to ensure that the employees are engaged in production and working under normal conditions.

Chapter 9 Trade Union Organization

Article 62: Employees of the Joint Venture Company shall have the right to set up a trade union organization and launch trade union activities as stipulated in the *Laws on Trade Unions of the People's Republic of China*.

Article 63: The Joint Venture Company shall appropriate a monthly amount equivalent to 2% of the actual total wages of the employees for the expenditure for the trade union. The trade union of the Joint Venture Company shall make use of the said funding according to the *Measures for the Administration of Trade Union Expenditures* formulated by the China National Trade Union Federation.

Chapter 10 Term, Termination, and Liquidation

Article 64: The joint venture term shall be 30 years, commencing from the date of issuance of the Business License.

Article 65: If Party A and Party B both agree to extend the term of operation, subject to the decision of the Board of Directors by resolution, the term of the Joint Venture Company may be extended by submitting an application to the original examination and approval authority within six months prior to the expiry of the joint venture term. The extension shall be subject to the said approval and the formalities for the registration of alteration shall be completed with the original examination and approval authority.

Article 66: In the event that Party A and Party B unanimously believe that it is in the best interests of both Parties to terminate this Contract, this Contract may be terminated early.

The early termination of the Joint Venture Company shall be subject to the

decision of all the directors in a meeting of the Board of Directors, and shall be reported to the original examination and approval authority for approval.

Article 67: If any of the following circumstances occurs, either Party A or Party B shall have the right to terminate this Contract pursuant to law:

1. The term of this Contract expires and either of the joint venture parties does not agree to continue the operation;
2. The Company has incurred serious losses and is unable to continue operation;
3. Either party to the joint venture fails to perform the obligations stipulated in this Contract, making it impossible for the enterprise to continue operation;
4. Heavy losses have been suffered as a result of natural calamities, wars or other force majeure, making it impossible to continue operation;
5. The enterprise fails to reach its business objectives and there are no prospects for development.

Article 68: When the term of the joint venture expires or is terminated prematurely, the board of directors shall propose the procedures and principles of liquidation and the candidates of the liquidation committee, and form a liquidation committee to liquidate the property of the Joint Venture Company. The land use right and the right to use the forest land concerned originally contributed by Party A as investment shall be beyond the scope of liquidation, and shall be turned over to Party A without consideration upon expiry or premature termination of the term of the joint venture.

Article 69: The tasks of the liquidation committee are to take comprehensive inventory of all property, claims, and debts of the Joint Venture Company, prepare a balance sheet and a catalogue of property, and formulate a liquidation plan for submission to the board of directors for adoption and implementation.

Article 70: During the liquidation, the liquidation committee shall sue and shall be sued on behalf of the Company.

Article 71: The costs of liquidation and the remuneration of the liquidation committee members shall be paid out of the existing property of the Joint Venture Company.

Article 72: After full settlement of the debts of the Joint Venture Company by the liquidation committee, the remaining property shall be distributed between Party A and Party B in proportion to their respective actual contributions to the registered capital.

Article 73: Upon completion of the liquidation, the Joint Venture Company shall submit a report to the examination and approval authority, go through the procedure for cancellation of registration with the original examination and approval authority, surrender its business license, and also make a public announcement thereof.

Article 74: After closure of the Joint Venture Company, all of its accounting books shall be retained by Party A.

Chapter 11 Rules and Regulations

Article 75: The rules and regulations formulated by the Joint Venture Company include the following:

1. Operation and management system, which includes the duties, power and work procedures of the various management departments thereunder;
2. Rules for the employees;
3. Employees' punctuality, attendance, promotion, incentive and penalty systems;
4. Employees' welfare system;
5. Financial system;
6. Liquidation procedures upon the dissolution of the Company;
7. Other required rules and regulations.

Chapter 12 Supplementary Provisions

Article 73: Amendments to these Articles of Association shall be subject to the unanimous adoption by the Board of Directors by way of resolution and submitted to the original examination and approval authority for approval.

Article 74: These Articles of Association shall be written in the Chinese language.

Article 75: These Articles of Association shall take effect only after approval by the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry). The same approval is required in case of amendments.

Article 76: These Articles of Association were signed by the legal representatives of Party A and Party B on 8 December 1993 in Zhangjiang, Guangdong Province, China.

Party A:

**[chopped: State-Owned Leizhou
Forestry Bureau China]**

Representative: *[signed]*

(Signature, Chop)

Party B:

**[chopped: Sino-Wood Partners,
Limited]**

Representative: *[signed]*

(Signature, Chop)

湛江市对外经济贸易委员会文件

湛外经贸资批字 [1999] 88号

关于初步同意湛江雷州桉树资源发展有限公司 调减投资总额和注册资本的复函

湛江雷州桉树资源发展有限公司：

你公司的申请及董事会决议收悉。鉴于你公司的实际情况，经研究，我委初步同意你公司总投资额由2500万美元减至200万美元，注册资本由1000万美元减至140万美元。请你公司在收到本文之日起10日内通知债权人，并于30日内在省级以上报纸上至少公告3次。之后，再将你公司的公告证明和债务清偿或债务担保情况有关资料提交我委，我委再决定批准或不批准。

特此函复



一九九九年十二月二十八日

抄送：本委外资管理科

Document of Zhanjiang Committee of Foreign Trade and Economic Cooperation

Zhan Wai Jing Mao Zi Pi Zi [1999] No. 88

Reply concerning preliminary approval on reduction of total investment and registered capital of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.:

We have received your application and resolutions of board of directors. Given the actual conditions of your company and after deliberation, we preliminarily allow your company to reduce the total investment from US\$25 million to US\$2.00 million and reduce the registered capital from US\$10 million to US\$1.40 million. After you receive this document, please inform the creditor within 10 days and make public announcements on newspapers above provincial level for at least three times within 30 days. Thereafter, we shall decide whether to approve or not after receiving your company's announcement certificate and relevant data on debt paying or debt assurance.

Best regards

[chopped: Zhanjiang Committee of Foreign
Trade and Economic Cooperation]

28 December 1999

Cc: Foreign Capital Management Department of the Committee

中华人民共和国

企业法人

营业执照

(副本)

注册号：企独粤湛总副字第000571号

今后每年1月1日至4月30日年检
请按时参加，不再另行通知。

该企业经核准登记注册，具有
法人资格，准予开业。

编号：No 808802

企业名称 (中文)：湛江雷州桉树资源发展有限公司
(外文)

住所：湛江市海滨五路159号

企业类型：独资经营 (港资)

经营范围：营林、木材加工、木制品、林产化工产品生产与销售。

注册资本：140万美元

董事长：陈德源

副董事长

总经理：潘家杰

副总经理：陈惠玲

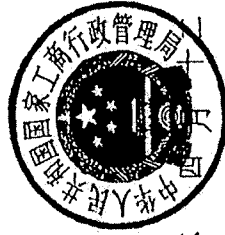
分支机构

经营期限：自一九九四年一月二十九日至二〇二四年一月二十八日

执照正本有效期至：自二〇〇〇年四月十二日至二〇二四年一月二十八日

中华人民共和国
国家工商行政管理局

局长 王公厚



二〇〇〇年四月十二日

本副本有效期至

二〇〇年四月十一日

Business Licence of
Enterprise Legal Person
of the People's Republic of China
(Copy)

Registration No.: **Qi Du Yue Zhan Zong Fu Zi No. 000571**

This Business License shall be subject to annual inspection
from 1 January to 30 April each year without further notice.

The enterprise shall have the qualification of a
legal person and be allowed to operate business upon
approval and registration.

No. 808802

Company name
(Chinese) 湛江雷州桉树资源发展有限公司
(English) Zhanjiang Leizhou Eucalypt Resources
Development Co., Ltd.

Address 159 Fifth Haidian Road, Zhanjiang
Type of business Solely funded (with Hong Kong investment)
Business scope Silviculture, wood processing, production and
sale of woodwork and forest chemical products

Registered capital US\$1.40 million
Chairman Chen Deyuan

Vice Chairman
General Manager Pan Jiajie
Deputy General
Manager Chen Huiling
Branches

Operation term: From 29 January 1994 to 28 January 2024
Validity period of the original business licence: From 12 April 2000 to 28
January 2024

Wang Zhongfu, Director of State Administration for
Industry & Commerce of the People's Republic of China

**[chopped: State Administration for Industry &
Commerce of the People's Republic of China]**
12 April 2000

This Copy shall be valid until 11 April 2001

雷州資源發展有限公司董事會決議

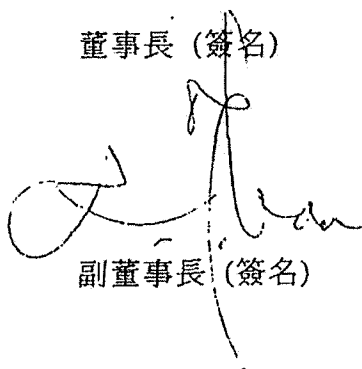
一九九八年六月三日

8

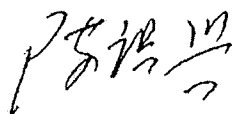
✓ 鑒於目前的實際情況，全體董事一致同意，國營雷州林業局退出雷州資源發展有限公司。同時全體董事一致同意下列各項決議：

1. 把雷州林業局原已折價投入“雷州資源發展有限公司”的資產全部退回給雷州林業局。合資公司由香港嘉漢木業有限公司獨資經營或另找合作伙伴。
2. 雷州林業局所欠合資公司的款項，由雷州林業局作出還款計劃還給合資公司。
3. 中方參予合資公司的工作人員，原則上都回原單位工作。
4. 合資公司工作人員的工薪，計算到一九九八年五月底止。
5. 本決議報經原審批機構批准後合資公司的債權、債務及公司開辦以來的一切費用與退出單位雷州林業局無關，由合資公司負責。

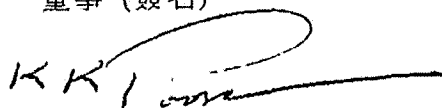
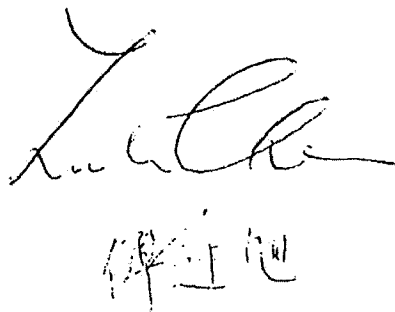
董事長 (簽名)



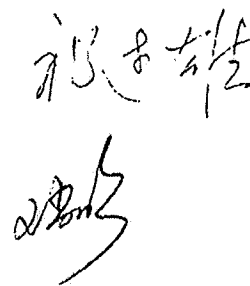
副董事長 (簽名)



董事 (簽名)

傅連池



祝子強

**Resolutions of Board of Directors of
Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.**

3 June 1998

Given the actual current situation, all directors unanimously agree on State-Owned Leizhou Forestry Bureau's withdrawal from Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. Meanwhile, all directors unanimously agree on the following resolutions:

1. Returning to Leizhou Forestry Bureau the assets (converted into an agreed monetary sum) invested in "Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd." by Leizhou Forestry Bureau. The Joint Venture Company may be solely operated by Sino-Wood Partners, Limited or operated with another partner.
2. Leizhou Forestry Bureau shall return the monies it owes the Joint Venture Company to the Joint Venture Company in a planned manner.
3. Workers of the Chinese party who works at the Joint Venture Company shall in principle go back to their original posts.
4. Salaries of workers in the Joint Venture Company shall not be calculated after the end of May 1998.
5. After these resolutions are approved by the original examination and approval authority, the creditor's rights, debts of the Joint Venture Company and all expenses incurred after the company's establishment shall have nothing to do with Leizhou Forestry Bureau (which has withdrawn from the joint venture) and shall be borne by the Joint Venture Company.

Signature of Chairman
[signed]

Signature of Vice-Chairman
[signed]

Signatures of directors
[5 signatures]

粤西会验字[1995]185号

验资报告

湛江雷州桉树资源发展有限公司：

粤西会计师事务所接受贵单位的委托，根据《中华人民共和国合资经营企业法》、《中华人民共和国外商投资企业财务管理规定》等规定，以及湛江市对外经济贸易委员会湛经贸批字[1994] 021号文关于合资经营“湛江雷州桉树资源发展有限公司”章程第二章第十、十一条，并按照《注册会计师验资规则(试行)》的规定，检查验证了湛江雷州桉树资源发展有限公司截止至一九九五年十月三十一日止的所有者权益及相关的资产与负债。

经检查验证后确认，湛江雷州桉树资源发展有限公司截止至一九九五年十月三十一日的投入资本额：人民币95,481,503.29元，美金1,000,000.00元，外币汇率(1:8.6993)，折合人民币

8,699,300元。投入资本总额人民币104,180,803.29元，留存收益人民币-8,709,107.28元，因此贵公司所有者权益总额为：人民币玖仟伍佰肆拾柒万壹仟陆佰玖拾陆元零壹分。

根据合资经营“湛江雷州桉树资源发展有限公司合同书”第五章第十、十一条规定：国营雷州林业局（甲方）应投资1175万美元，占投资总额的47%。

嘉汉木业集团有限公司（乙方）应投资1325万美元，占投资总额的53%。

实际投资：

甲方投资95,481,503.29元，折合美金11,640,000元，占投资总额的46.56%。

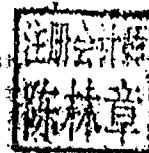
乙方投入美金1,000,000元，折合人民币8,699,300元，占投资总额的0.04%。

企业所有者与所有者权益有关的资产总额为：人民币95,528,198.10元，负债总额为人民币56,502.09元。有关具体情况，见本报告所附的截至一九九五年十月三十一日《所有者权益和资产、负债验证表》及《所有者权益和资产、负债验证过程表》。

粤西会计师事务所



注册会计师：



地址：湛江市霞山岭南路四号

一九九五年十一月十六日

所有者权益和资产、负债验证表

1995年10月31日

货币单位:人民币元

粤西会验一表

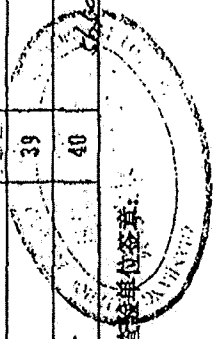
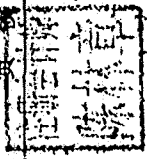
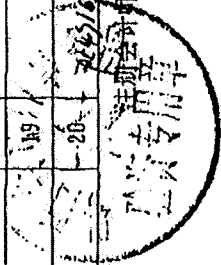
被查验单位名称: 湛江粤西会计师事务所有限公司

项 目	行次	确 认 数	项 目	行次	确 认 数
所有者权益(注册资本) ^{美元}	1		资产	21	
投入资金(资本)	2		流动资产	22	
中方(甲方) 国营粤西林业公司	3	8,448,103.09	货币资金	23	6,181,491.66
外方(乙方) 嘉汉木业集团有限公司	4	8,699,300.00	应收及预付款	24	27,446,490.68
	5		存货	25	0.00
	6		其他流动资产	26	5,328,206.48
	7		流动资产合计	27	8,703,045.32
	8		专项资产	28	
	9		长期投资	29	
	10		固定资产	30	10,338,816.73
	11		在建工程	31	
	12		无形资产及其他资产	32	76,487,336.05
积累基金	13		资产合计	33	95,528,198.10
权益类基金	14		负 债	34	
未分配利润(权益部分)	15	-8,799,107.08	流动负债	35	5,602.09
	16		其中: 负债类基金	36	
	17		未分配利润(负债部分)	37	
	18		长期负债	38	
	19			39	
所 有 者 权 益 合 计	20	7,648,996.01	合 计	40	8,602.09

编制单位: 粤西会计师事务所

注册会计师签字:

被查验单位签字:



Yuexi Certified Public Accountants

Yue Xi Kuai Yan Zi [1995] No. 185

Capital Verification Report

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

As entrusted by your company, Yuexi Certified Public Accountants has checked and verified owner's equity and relevant assets and liabilities as of 31 October 1995 of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. in accordance with *Law of the People's Republic of China on Chinese-Foreign Joint Ventures*, *Regulations of the People's Republic of China on Financial Management of Enterprises with Foreign Investment*, Document Zhan Jing Mao Pi Zi (1994) No. 021 of Zhanjiang Committee of Foreign Trade and Economic Cooperation concerning Articles 10-11 of Chapter 2 of Articles of Association of "Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.", an Equity Joint Venture, and *Capital Verification Rules for Certified Public Accountants (Trial)*.

After check and verification, it is confirmed that the amount of capital invested by Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. as of 31 October 1995 is: RMB95,481,503.29; US\$1,000,000.00, which is equivalent to RMB8,699,300 (foreign currency exchange rate: 1:8.6993). The total capital invested is RMB104,180,803.29 and the retained earnings is RMB-8,709,107.28. So the total owner's equity of your company is: ninety five million four hundred and seventy one thousand six hundred and ninety six yuan and one cent.

According to the stipulations of Articles 10-11 of Chapter 5 of the

Contract for the Establishment of Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd., an Equity Joint Venture, State-Owned Leizhou Forestry Bureau (Party A) shall invest US\$11.75 million, accounting for 47% of the total investment.

Sino-Wood Partners, Limited (Party B) shall invest US\$13.25 million, accounting for 53% of the total investment.

Actual investment:

Party A has invested RMB95,481,503.29, equivalent to US\$11,640,000 and accounting for 46.56% of the total investment.

Party B has invested US\$1,000,000, equivalent to RMB8,699,300 and accounting for 0.04% of the total investment.

Total assets related to owner's equity of the owner of the company are: RMB95,528,198.10; and the total liabilities are RMB56,502.09. For details, please refer to the attached *Verification of Owner's Equity, Assets and Liabilities* and *Verification Process of Owner's Equity, Assets and Liabilities* as of 31 October 1995.

Yuexi Certified Public Accountants
[chopped:
Yuexi Certified Public Accountants
Special Chop for Capital Verification]

Certified Public Accountant:
[chopped:
Certified Public Accountant
Chen Lin]

Address: 4 Lingnan Road, Xiashan
District, Zhanjiang

16 November 1995

Verification of Owner's Equity, Assets and Liabilities

31 October 1995

Yue Xi Kuai Yan Table 1

Name of the company inspected:

Currency unit: RMB

Zhangjiang Leizhou Eucalypt Resources Development Co., Ltd.

Item	Line	Numbers confirmed	Item	Line	Numbers confirmed
Owner's equity (registered capital: US\$10 million)	1		Assets	21	
Invested funds (capital)	2		Current Assets	22	
The Chinese party (Party A): State-Owned Leizhou Forestry Bureau	3	95,481,503.29	Monetary Fund	23	618,158.16
The foreign party (Party B): Sino-Wood Partners, Limited	4	8,699,300.00	Receivables and prepayments	24	2,746,590.68
	5		Inventory	25	9,000.00
	6		Other current assets	26	5,328,296.48
	7		Total of Current Assets	27	8,702,945.32
	8		Special assets	28	
	9		Long-Term Investment	29	
	10		Fixed Assets	30	10,338,816.73
	11		Projects under Construction	31	
	12		Intangible Assets and Other Assets	32	76,487,336.05
Accumulated funds	13		Total Assets	33	95,528,198.10
Equity funds	14		Liabilities	34	
Undistributed profits (equity)	15	- 8,709,107.28	Current Liabilities	35	56,502.09
	16		Including: liabilities-type funds	36	
	17		Undistributed Profits(Liabilities Parts)	37	
	18		Long-Term Liabilities	38	
	19			39	
Total of owner's equity	20	71,471,696.01	Total of Liabilities	40	56,502.09

Prepared by: Yuexi Certified Public Accountants

Signature and seal of certified public accountant:

Signature and seal of the company inspected:

[chopped]

[chopped]

Yuexi Certified Public Accountants

Certified Public Accountant

Special Chop for Capital Verification

Chen Lin

B

614

Verification Process of Owner's Equity, Assets and Liabilities

31 October 1995

Yue Xi Kuai Yan Table 2

Name of the company inspected:

Currency unit:

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

RMB

Item	Line	Numbers reported	Numbers confirmed			Explanation of calculation and confirmation
			Amount	Percentage specified in the contract	Actual percentage	
Paid-Up Capital (Capital)	1					
Actual Receipt of Capital: Chinese Party (Party A)	2	95,481,503.29	95,481,503.29	47	46.56	
Foreign Party (Party B)	3	8,699,300.00	8,699,300.00	53	0.04	
	4					
	5					
Total	6	104,180,803.29	104,180,803.29	100	46.6	
Accumulated Fund	7					
Interests-type Fund	8					
Savings Fund	9					
Enterprise Development Fund	10					
Undistributed Profits	11	- 8,709,107.28	- 8,709,107.28			
Total Owners' Equity	12	95,471,696.01	95,471,696.01			
ASSETS	CURRENT ASSETS	Monetary Fund	13	618,158.16	618,158.16	
		Receivables and prepayments	14	2,746,590.68	2,746,590.68	
		Inventory	15	9,000.00	9,000.00	
		Other current assets	16	5,328,296.48	5,328,296.48	
		Total of Current Assets	17	8,702,045.32	8,702,045.32	
	SPECIAL ASSETS	Long-Term Investment	18			
		Fixed Assets	19	10,338,816.73	10,338,816.73	
		Projects under Construction	20			
		Intangible Assets and Other Assets	21	76,487,336.05	76,487,336.05	
		Total Assets	22	95,528,198.10	95,528,198.10	
LIABILITIES	Current Liabilities	23	56,502.09	56,502.09		
	Including: liabilities-type funds	24				
	Undistributed Profits	25				
	Long-Term Liabilities	26				
	Total Liabilities	27	56,502.09	56,502.09		

Prepared by: Yuexi Certified Public Accountants
[chopped:
Yuexi Certified Public Accountants
Special Chop for Capital Verification]

Signature and seal of certified public accountant:
[chopped:
Certified Public Accountant
Chen Lin]

Signature and seal of the company inspected:
[chopped]

粤西会计师事务所

审计报告

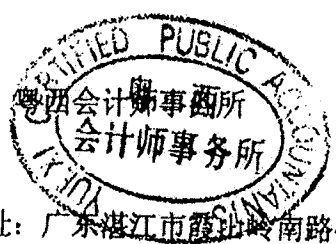
粤西会审字[1997]第014号

湛江雷州桉树资源发展有限公司：

我们接受委托，审计了贵公司1996年12月31日的资产负债表及该年度的财务状况变动表。这些会计报表由贵公司负责，我们的责任是对这些会计报表发表审计意见。我们的审计是依据《中国注册会计师独立审计准则》进行的。在审计过程中，我们结合贵公司的实际情况，实施了包括抽查会计记录等我们认为必要的审计程序。

经审查，由于龙门林场木片销售收入的所有权问题，双方未明确归属。因此，贵公司转入龙门林场的管理费5,871,331.00元（1994年为1,111,331.00元，1995年1至6月为4,760,000.00元）应冲减。同时，存货中的木片生产成本材料费11,246,177.48元，应转回林木资产户，场地使用费1,739,850.00元，应转回无形资产户。

我们认为，除以上情况有待调整之外，上述会计报表符合《企业会计准则》和《外商投资企业会计制度》的有关规定，在所有重大方面公允地反映了贵公司1996年12月31日的财务状况及1996年度资金变动情况，会计处理方法的选用遵循了一贯性原则。



中国注册会计师：

一九九七年二月三日

地址：广东湛江市霞山岭南路4号

附送贵公司编制的下列会计报表：

- 1、1996年12月31日资产负债表
- 2、1996年度财务状况变动表

资 产 负 债 表


 西 6 西
 会 计 师 事 务 所
 单 位: 人 民 币

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企业名称: 湛江雷州桉树资源发展有限公司

1996年12月31日

资 产	行次	年 初 数	期 末 数	负 债 及 所 有 者 权 益	行次	年 初 数	期 末 数
流动资产:		17,684,034.12	19,450,288.78	流动负债:		200,742.69	2,696,114.40
现金	1	1,269.57	2,767.90	短期借款	42		
银行存款	2	619,418.12	360,618.61	应付票据	43		
备用金	3			应付账款	44		
有价证券	4			应付工资	45	38,467.21	60,407.50
应收票据	5			应交税金	46	1,500.00	1,500.00
应收账款	6			应付股利	47		
减: 坏账准备	7			预收账款	48		
预付账款	8			附属企业往来	49		
附属企业往来	9	394,684.00		其他应付款	50	160,775.48	2,634,206.84
其他应收款	10	2,760,804.95	4,323,930.99	预提费用	51		
待摊费用	11			职工奖励及福利基金	52		
存货	12	13,004,027.48	13,004,027.48	一年内到期的长期负债	53		
减: 存货变现损失准备	13			其他流动负债	54		
内部往来	14	903,830.00	1,758,943.80	流动负债合计	55	200,742.69	2,696,114.40
一年内到期的长期投资	15			长期负债:		0.00	0.00
其他流动资产	16			长期借款	56		
流动资产合计	17	17,684,034.12	19,450,288.78	应付公司债	57		
长期投资:		0.00	0.00	应付公司债溢价(折价)	58		
长期投资	18	0.00		一年以上的应付款项	59		
拨付所属资金	19			长期负债合计	60	0.00	0.00
一年以上的应收款项	20			其他负债:			
固定资产:		10,329,622.61	10,306,253.75	筹建期间汇兑收益	61		
固定资产原价	21	10,382,494.79	10,396,424.79	递延投资收益	62		
减: 累计折旧	22	52,872.18	90,171.04	递延税款贷项	63		
固定资产净值	23	10,329,622.61	10,306,253.75	其他递延贷项	64		
融资租入固定资产原价	24			待转销汇兑收益	65		
减: 租入资产累计折旧	25			其他负债合计	66	0.00	0.00
融资租入固定资产净值	26	0.00	0.00	负债合计	67	200,742.69	2,696,114.40
固定资产清理	27			所有者权益:			
林木资产:		18,454,766.52	18,454,766.52	资本总额(USD2500万美元)			
林木资产	28	18,454,766.52	18,454,766.52	实收资本(USD100万美元)	68	104,180,803.29	104,180,803.29
无形资产:		56,505,110.00	56,505,110.00	其中: 中方投资	69	95,481,503.29	95,481,503.29
场地使用权	29	56,505,110.00	56,505,110.00	外方投资(USD100万美元)	70	8,699,300.00	8,699,300.00
工业产权及专有技术	30			减: 已归还投资	71		
其他无形资产	31			资本公积	72		
无形资产合计	32	56,505,110.00	56,505,110.00	公司拨入资金	73		
其他资产:		1,408,012.73	2,160,498.64	储备基金	74		
开办费	33	1,288,500.48	2,048,377.53	企业发展基金	75		
筹建期间汇兑损失	34	119,512.25	112,121.11	利润归还投资	76		
递延投资损失	35			本年利润	77		
递延税款借项	36			未分配利润	78		
其他递延支出	37			货币换算差额	79		
待转销汇兑损失	38						
其他递延借项	39						
其他资产合计	40	1,408,012.73	2,160,498.64	所有者权益合计	80	104,180,803.29	104,180,803.29
资产总计	41	104,381,545.98	106,876,917.69	负债及所有者权益总计	81	104,381,545.98	106,876,917.69

附注: 1. 受托加工材料 ; 2. 受托代销商品 ; 3. 代管商品物资 ;
 4. 由企业负责的应收票据贴现 ; 5. 租入固定资产 ; 6. 本年支付的进口环节税金 ;

财务状况变动表

6. 续

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企业名称: 浙江湖州纺织印染发展有限公司

1996 年度

全年12个月

单位: 人民币

流动资金来源和运用		行次	金额	流动资金各项目变动	
				行次	金额
一、流动资金来源				一、流动资产本年增加数	
1. 本年利润		1		1. 现金	42
减: 冲减流动资金的费用和损失				2. 银行存款	43
1. 固定资产折旧		2	37,298.86	3. 有价证券	44
2. 无形资产及其他资产摊销 (减其他负债摊销)		3		4. 应收账款	45
3. 固定资产盘盈 (减盘盈)		4		5. 应付账款	46
4. 处理固定资产损失 (减收益)		5		减: 坏账准备	47
5. 长期投资溢价摊销 (减折价摊销)		6		6. 预交所得税	48
6. 应付公司债折价摊销 (减折价摊销)		7		7. 预付款项	49
7. 捐赠固定资产支出		8		8. 其他应付款	50
小 计		9	37,298.86	9. 待摊费用	51
2. 其他来源:				10. 存货	52
11. 固定资产清理收入 (减清理费用)		10		减: 存货变现损失准备	53
12. 收回长期投资		11			54
13. 投资转出固定资产		12			55
14. 减少无形资产		13			56
15. 增加长期借款		14			57
16. 发行公司债券		15			58
17. 增加其他负债		16			59
18. 增加储备基金和企业发展基金		17			60
19. 增加资本		18			61
20. 增加资本公积		19			62
21. 弥补亏损		20			63
小 计		21	0.00		64
流动资金来源合计		22	37,298.86	流动资产增加净额	65
					1,766,254.66
二、流动资金运用				二、流动负债本年增加数	
1. 利润分配:				1. 短期借款	66
1.1. 所得税		23		2. 应付票据	67
2. 职工工资及福利基金		24		3. 应付账款	68
3. 储备基金		25		4. 应付工资	69
4. 企业发展基金		26		5. 应付福利费	70
5. 股利		27		6. 应付股利	71
6. 购回长期投资入投资		28		7. 预收账款	72
7. 弥补亏损		29		8. 其他应付款	73
小 计		30	0.00	9. 预提费用	74
2. 其他运用				10. 职工工资及福利基金	75
31. 增加固定资产		31	13,930.00		76
32. 增加无形资产及其他资产		32	752,485.91		77
33. 增加长期投资		33			78
34. 偿还长期借款		34			79
35. 收回公司债券		35			80
36. 减少其他负债		36			81
37. 归还所有者投资 (扣除购回归还所有者投资)		37			82
38. 减少储备基金和企业发展基金		38			83
小 计		39	766,415.91		84
流动资金运用合计		40	766,415.91	流动负债增加净额	85
					2,495,371.71
流动资金增加净额		41	-729,117.05	流动资金增加净额	86
					-729,117.05

本表附表关系: 9=1-2-3-4-5-6-7+8 21=10+11-12-13-14-15-16-17+18-19+20 22=9+21
 30=23+24+25+26+27+28+29 39=31+32+33+34+35+36+37+38 41=22+40
 65=42+43+44+45+46+47+48+49+50+51+52+53+54+55+56+57+58+59+60+61+62+63+64
 85=66+67+68+69+70+71+72+73+74+75+76+77+78+79+80+81+82+83+84

Yuexi Certified Public Accountants

Audit Report

Yue Xi Kuai Shen Zi (1997) No. 014

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.:

We have upon your appointment audited your balance sheet as at 31 December 1996 and your statement of changes in financial position for the year then ended. You are responsible for the aforesaid financial statements while our responsibility is to provide audit opinions on the said financial statements. Our audit work is conducted in accordance with *China's Independent Auditing Standards*. In the audit process, we implemented the audit procedure we deemed necessary, including spot-check of accounting records, in the light of your actual situation.

Upon investigation, we found that both Parties did not clearly specify the ownership of sales income of wood chips in Longmen Forest Farm. Therefore, the RMB5,871,331.00 (RMB1,111,331.00 in 1994, and RMB4,760,000.00 from January to June 1995) management fee transferred by you to Longmen Forest Farm shall be offset. Meanwhile, the RMB11,246,177.48 material cost for producing wood chips in the item of inventory shall be stated as forest asset, and the RMB1,739,850.00 for the use of site shall be included into the item of intangible asset.

We are of the opinion that, except for the above matters to be adjusted, your accounting statements comply with *Accounting Standards for Business Enterprises* and *Accounting System for Business Enterprises with Foreign Investment*, and in all material aspects give a fair view of your financial position as at 31 December 1996 and your cash flow for the year then ended, and you have been consistent in your selection of accounting methods.

Yuexi Certified Public Accountants
[chopped:
Yuexi Certified Public Accountants]

Chinese CPA:
[chopped:
Certified Public Accountant
Chen Riqing]

Address: 4 Lingnan Road, Xiashan District,

3 February 1997

Zhanjiang City, Guagdong

Accounting statements prepared by your company:

1. Balance sheet as at 31 December 1996
2. Statement of changes in financial position in 19956

Balance Sheet

B

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[chopped: Yuexi Certified Public Accountants]

Name of enterprise:

Kuai Wai Table 01

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. 31 December 1996

Unit: RMB

Assets	Line	Opening balance	Ending balance	Liabilities and owners' equity	Line	Opening balance	Ending balance
Current assets:		17,684,034.12	19,450,288.78	Current liabilities:		200,742.69	2,696,114.40
Cash	1	1,269.57	2,767.90	Short-term loan	42		
Bank deposit	2	619,418.12	360,618.61	Notes payable	43		
Reserve fund	3			Accounts payable	44		
Securities	4			Salaries payable	45	38,467.21	60,407.56
Notes receivable	5			Taxes payable	46	1,500.00	1,500.00
Accounts receivable	6			Dividends payable	47		
Less: provision for bad debts	7			Advance receipts for goods	48		
Advance payments	8			Transactions between subsidiaries	49		
Transactions between subsidiaries	9	394,684.00		Other accounts payable	50	160,775.48	2,634,206.84
Other receivables	10	2,760,804.95	4,323,930.99	Accrued expenses	51		
Expenses to be amortized	11			Staff bonus and welfare	52		
Inventory	12	13,004,027.48	13,004,027.48	Long-term liabilities maturing within one year	53		
Less: Provision for loss on realisation of inventory	13			Other current liabilities	54		
Internal transactions	14	903,830.00	1,758,943.80	Total current liabilities	55	200,742.69	2,696,114.40
Long-term investments maturing within one year	15			Long-term liabilities:		0.00	0.00
Other current assets	16			Long-term loan	56		
Total current assets	17	17,684,034.12	19,450,288.78	Corporate bonds payable	57		
Long-term investments:		0.00	0.00	Corporate bond premium (discount)	58		
Long-term investments	18	0.00		Accounts payable for more than one year	59		
Funds to branches	19			Total long-term liabilities	60	0.00	0.00
Accounts payable for more than one year	20			Other liabilities:			
Fixed assets:		10,329,622.61	10,306,253.75	Exchange gain during start-up period	61		
Original cost of fixed assets	21	10,382,494.79	10,396,424.79	Deferred investment earnings	62		
Less: cumulative depreciation	22	52,872.18	90,171.04	Deferred tax credit	63		
Net value of fixed assets	23	10,329,622.61	10,306,253.75	Other deferred credits	64		
Original cost of fixed assets acquired under finance lease	24			Exchange gains to be written off	65		
Less: Accumulated depreciation of assets leased	25			Total other liabilities	66	0.00	0.00
Net value of fixed assets acquired under finance leases	26	0.00	0.00	Total liabilities	67	200,742.69	2,696,114.40
Disposal of fixed assets	27			Owners' equity:			
Forest assets:		18,454,766.52	18,454,766.52	Total capital (USD25 million)		-	-
Forest assets	28	18,454,766.52	18,454,766.52	Paid-up capital (USD1 million)	68	104,180,803.29	104,180,803.29
Intangible assets:		56,505,110.00	56,505,110.00	Including: Investments of Chinese party	69	95,481,503.29	95,481,503.29
Site use right	29	56,505,110.00	56,505,110.00	Investments of foreign party (USD1 million)	70	8,699,300.00	8,699,300.00
Industrial property rights and patent technologies	30			Less: investment repaid	71		
Other intangible assets	31			Capital reserve	72		
Total intangible assets	32	56,505,110.00	56,505,110.00	Funds from head office	73		
Other assets:		1,408,012.73	2,160,498.64	Reserve fund	74		
Organization cost	33	1,288,500.48	2,048,372.53	Corporate development fund	75		
Exchange loss during start-up period	34	119,512.25	112,121.11	Profit capitalised on return of investment	76		
Deferred investment losses	35			Profit for the current year	77		
Deferred tax debit	36			Undistributed profits	78		
Other deferred expenses	37			Currency translation difference	79		
Exchange losses to be written off	38						
Other deferred debits	39						
Other assets	40	1,408,012.73	2,160,498.64	Total owners' equity	80	104,180,803.29	104,180,803.29
Total assets	41	104,381,545.98	106,876,917.69	Total liabilities and owners' equity	81	104,381,545.98	106,876,917.69

Notes: 1. outsourced processing materials; 2. consigned commodities; 3. commodities held for others;
4. discounts of notes receivable to be undertaken by the enterprise; 5. fixed assets under operating lease; 6. import tax paid this year

Statement of Changes in Financial Position

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[chopped]

[chopped: Yuexi Certified Public Accountants]

Name of enterprise:

Kuai Wai [illegible] Table 03

Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. 1996

Unit: RMB

Source and use of current fund	Line	Amount	Change of various accounts of current fund	Line	Amount
I. Source of current fund		-	I. Increase of current assets in the year		
1. Profit for the current year	1		1. Cash	42	1,498.33
Add: Expenses and losses not affecting current fund		-	2. Bank deposits	43	-258,799.51
(1) Depreciation of fixed assets	2	37,298.86	3. Securities	44	
(2) Amortisation of intangible assets and other assets (less: amortisation of other liabilities)	3		4. Notes receivable	45	
(3) Less: fixed assets inventory shorts (less: inventory surplus)	4		5 Accounts receivable	46	
(4) Loss from disposal of fixed assets (less: gains)	5		Less: Provision for bad debt	47	
(5) Amortisation of premium on long term investments (less: discount amortisation)	6		6. Income tax prepaid	48	
(6) Discount amortisation of corporate bonds payable (less: discount amortisation)	7		7. Advance payment for goods	49	
(7) Expenditure on donation of fixed assets	8		8. Other receivables	50	2,023,555.84
Subtotal	9	37,298.86	9. Expenses to be amortised	51	
2. Other sources		-	10. Inventories	52	
(1) Revenue from disposal of fixed assets (less: disposal expenses)	10		Less: Provision for loss on change of inventory	53	
(2) Realisation of long-term investments	11			54	
(3) Investment translated into fixed assets	12			55	
(4) Decrease of intangible assets	13			56	
(5) Increase of long-term loans	14			57	
(6) Issue of corporate bonds	15			58	
(7) Increase of other liabilities	16			59	
(8) Increase of reserve fund and corporate development fund	17			60	
(9) Capital increase	18			61	
(10) Increase of capital reserve	19			62	
(11) Loss recovery	20			63	
Subtotal	21	0.00		64	
Total sources of current fund	22	37,298.86	Net increase of current assets	65	1,766,254.66
II. Use of current fund		-	II. Increase of current liability in the year		-
1. Profit distribution			1. Short-term loans	66	
(1) Income taxes	23		2. Notes payable	67	
(2) Staff bonus and welfare	24		3 Accounts payable	68	
(3) Reserve fund	25		4 Salaries payable	69	[illegible]
(4) Corporate development fund	26		5. Taxes payable	70	
(5) Dividend	27		Dividends payable	71	
(6) Profit capitalised on return of investment	28		7. Advance receipts for goods	72	
(7) Capital increase of enterprise [illegible]	29		8. Other payables	73	2,473,431.36
Subtotal	30	0.00	9 Accrued expenses	74	
2. Other uses		-	10. Staff bonus and welfare	75	
(1) Increase of fixed assets	31	13,930.00		76	
(2) Increase of intangible assets and other assets	32	752,485.91		77	
(3) Increase of long-term investment	33			78	
(4) Repayment of long-term loans	34			79	
(5) Recovery of corporate bonds	35			80	
(6) Decrease of other liabilities	36			81	
(7) Repayment of owners' investment (with profit capitalised on return of owners' investments deducted)	37			82	
(8) Decrease of reserve fund and corporate development fund	38			83	
Subtotal	39	766,415.91		84	
Total uses of current fund	40	766,415.91	Net increase of current liabilities	85	[illegible]
Net increase of current fund	41	[illegible]	Net increase of current fund	86	[illegible]

Correspondence relation of this table:

9+1+2+3+4+5+6+7+8 21+10+11+12+13+14+15+16+17+18+19+20 22+9+21
 30+23+24+25+26+27+28+29 39+31+32+33+34+35+36+37+38 41+27+40
 65+42+43+44+45+46+47+48+49+50+51+52+53+54+55+56+57+58+59+60+61+62+63+64 85+66+67+68+69+70+71+72+73+74+75+76+77+78+79+80+81+82+83+84+85+86+87+88+89+90+91+92+93+94+95+96+97+98+99+100

湛江雷州桉树资源发展有限公司

章 程

第一条 湛江雷州桉树资源发展有限公司原系由雷州林业局和香港嘉汉木业集团有限公司合资经营的企业。经湛江市对外经贸委 1994 年 1 月 28 日湛经贸资批字 (1994) 021 号文批准成立。由于各种原因, 公司成立至今尚未能正常运作。经雷州桉树资源发展有限公司董事会 1998 年 6 月 3 日决议和雷州林业局 1998 年 6 月 10 日雷林函 (1998) 25 号文, 雷州林业局同意退出雷州桉树资源发展有限公司, 其在雷州桉树资源发展有限公司中的出资及所有权利和义务, 香港嘉汉木业集团有限公司同意全部退回给雷州林业局。雷州林业局退出后, 湛江雷州桉树资源发展有限公司改由香港嘉汉木业集团有限公司全资经营, 即由中外合资企业改为外资企业, 根据《中华人民共和国外资企业法》及其实施细则, 特制定本章程。

第二条 外资公司名称为: 湛江雷州桉树资源发展有限公司 (下称外资公司)。

外资公司的法定地址改为: 海滨五路 159 号。

第三条 外资公司的投资者: 香港嘉汉木业集团有限公司。

法定地址: 香港湾仔港湾道 23 号鹰君中心 1409 室

第四条 外资公司为有限责任公司。

第五条 外资公司为中国法人, 受中国法律管辖和保护, 其一切活动必须遵守中国法律法令和有关条例规定。

第二章 宗旨、经营范围

第六条 外资公司宗旨为: 在中国发展林业、经营林业。

第七条 外资公司的经营范围: 营林, 木材加工, 木制品林

产化工产品生产销售。

第八条 外资公司生产规模为：营林八千公顷。木材加工，~~每年~~
~~产值~~约二百万美元。

第九条 外资公司的产品，50%在中国境内销售，50%在中国境外销售。

第三章 总投资额及注册资本

第十条 外资公司的总投资额为2500万美元。

第十一条 外资公司的注册资本为1000万美元。

第十二条 外资公司的资金由香港嘉汉木业集团有限公司全资投入。

第十三条 外资公司的资金，在外资公司营业执照变更之日起12个月内投入完毕，其中第一期在头三个月内投入15%以上。

第十四条 经营期限内，外资公司不得减少注册资本。

第十五条 外资公司注册资本的增加，转让须经董事会一致通过，并报原审批机关批准。

第四章 董事会

第十六条 外资公司设董事会，董事会是外资公司的最高权力机构。

第十七条 董事会决定外资公司的一切重大事宜，其职权主要如下：

- 1、决定和批准总经理提出的重要报告（如生产规划、年度营业报告、资金、借款等）；
- 2、批准年度财务报表，收支预算、年度利润分配方案；
- 3、通过外资公司的重要规章制度；
- 4、决定设立分支机构；
- 5、修改公司章程；

6、讨论决定外资公司停产，终（中）止或与另一个经济组织合并；

7、决定聘用总经理、总工程师、总会计师、审计师等高级职员；

8、负责外资公司终止和期满时的清算工作；

9、其它应由董事会决定的重大事宜；

第十八条 董事会由三名董事组成，均由香港嘉汉木业集团有限公司委派，董事任期为四年，经连续委派可以连任。

第十九条 董事会例会每年召开不少于两次。

第二十条 董事会会议由董事长召集并主持，董事长缺席时，由副董事长召集并主持。

第二十一条 董事长应在董事会开会前三十天书面通知各董事写明会议内容、时间和地点。

第二十二条 董事因故不能出席董事会会议，可以书面委托代理人出席董事会，如届时未出席也未委托他人出席，则作为弃权。

第二十三条 出席董事会会议的法定人数为全体董事的三分之二，不够三分之二人数时，其通过的决议无效。

第二十四条 董事会每次会议，须整理书面记录，并由全体出席的董事签字。代理人出席的由代理人签字。记录文字使用中文，书面记录由外资公司存档。

第二十五条 下列事项须经出席董事会会议的董事一致通过方可作出决议：

- 1、外资公司章程的修改；
- 2、外资公司注册资本的增加、转让；
- 3、外资公司中止、解散；
- 4、外资公司与其他经济组织合并。

第二十六条 第二十五条之外的其他事项须经出席董事会会议过半数董事通过方可作出决议。

第二十七条 外资公司的经营管理机构下设生产、技术、劳资、行政等部门。

第二十八条 外资公司设总经理一人，副总经理一人，正副总经理由董事会聘请。

第二十九条 总经理直接对董事会负责，执行董事会的各项决定，组织领导外资公司的日常生产，技术和经营管理工作。副总经理协助总经理工作，当总经理不在时，代理行使总经理的职责。

第三十条 外资公司日常工作中重要问题的决定，应由总经理和副总经理联合签署方能生效。需要联合签署的事项，由董事会具体规定。

第三十一条 总经理和副总经理的任期为四年，经董事会聘请可以连任。

第三十二条 外资公司的董事长、副董事长、董事经董事会聘请，可兼任外资公司总经理、副总经理及其他高级职员。

第三十三条 外资公司总经理、副总经理不得兼任其他经济组织的总经理或副总经理，不得参与其他经济组织对本外资公司的商业竞争行为。

第三十四条 外资公司设总工程师、总会计师和审计师各一人，由董事会聘请。

第三十五条 总会计师负责领导外资公司的财务会计工作，组织外资公司开展全面经济核算。

审计师负责外资公司的财务审计工作，审核外资公司财务的收支会计帐目，向总经理并向董事会提出报告。

第三十六条 总经理、副总经理、总工程师、总会计师、审计师和其他高级职员辞职时，应提前向董事会提出报告。

以上人员如有营私舞弊或严重失职行为的，经董事会决议，可随时解聘。如触犯刑律的，要依法追究刑事责任。

第三十七条 外资公司的财务会计按照中华人民共和国财政部制定的有关财务会计制度规定办理。

第三十八条 外资公司会计年度采用日历年制，自一月一日起至十二月三十一日止为一个会计年度。

第三十九条 外资公司的一切凭证、帐簿、报表用中文书写。用外文书写的，应当加注中文。

第四十条 外资公司采用人民币为记帐本位币，人民币同其他货币折算，按实际发生之日中华人民共和国国家外汇管理局公布的汇价计算。

第四十一条 外资公司在中国银行或中国其他银行开立人民币及外币帐户。

第四十二条 外资公司采用国际通用的权责发生制和借贷记帐法记帐。

第四十三条 外资公司财务会计帐册上应记载如下内容：

- 1、外资公司所有的现金收入、支出数量；
- 2、外资公司所有物资出售及购入情况；
- 3、外资公司注册资本及负债情况；
- 4、外资公司注册资本的缴纳时间、增加及转让情况；

第四十四条 外资公司财务部门应在每个会计年度头三个月编制上一个会计年度的资产负债表和损益计算书，经审计师审核签字后，提交董事会会议通过。

第四十五条 外资公司按照《中华人民共和国外商投资企业和外国企业所得税法》及其实施细则的规定，由董事会决定其固定资产的折旧年限。

第四十六条 外资公司的一切外汇事宜按照《中华人民共和国外汇管理条例》和有关规定办理。

第七章 利 润

第四十七条 外资公司从缴纳所得税后的利润中提取储备基金和职工奖励及福利基金。储备基金的提取比例不得低于税后利润的 10%，职工奖励及福利基金的提取比例由董事会确定。

第四十八条 外资公司依法缴纳所得税和提取各项基金后的利润，归投资方所得，但经董事会一致同意另有规定除外。

第八章 职 工

第四十九条 外资公司职工的雇用、解聘、辞职、工资福利、劳动保险、劳动保护、劳动纪律等事宜，按照中华人民共和国有关劳动法规办理。

第五十条 外资公司所需要的职工，可以由当地劳动部门推荐或者经劳动部门同意后，由外资公司公开招收，但一律通过考试择优录用。

外资公司在中国境内雇用职工，企业与职工双方应依照中国的法律、法规签订劳动合同。劳动合同中应订明雇用、辞退、报酬、福利、劳动保护、劳动保险等事宜。

第五十一条 外资公司有权对违犯外资公司规章制度和劳动纪律的职工给予警告，记过，降薪的处分，情节严重的，可予以开除。开除处分职工，须报当地劳动部门备案。

第五十二条 职工的工资待遇参照中国有关规定，根据外资公司情况，由董事会确定，并在劳动合同中具体规定。

外资公司随着生产的发展，职工业务能力和技术水平的提高，适当提高职工的工资。

第五十三条 职工的福利、奖金、劳动保护和劳动保险等事宜，外资公司将分别在各项制度中加以规定，确保职工在正常条件下从事生产和工作。

第九章 工会组织

第五十四条 外资公司职工有权按照《中华人民共和国工会法》的规定，建立工会组织，开展工会活动。

第五十五条 外资公司的工会组织是职工利益的代表，它的任务是：依法维护职工的民主权利和物质利益，协助外资公司安排和合理使用福利、奖励基金，组织职工学习政治、业务、科学、技术知识，开展文艺、体育活动，教育职工遵守劳动纪律，努力完成公司各项任务。

第五十六条 外资公司工会代表职工和外资公司签订劳动合同，并监督合同的执行。

第五十七条 外资公司工会负责人有权列席有关讨论公司发展规划，生产经营活动等问题的董事会会议，反映职工的意见和要求。

第五十八条 外资公司工会参加调解职工和外资公司之间发生的争议。

第五十九条 外资公司每月按外资公司职工实际工资总额百分之二拨交工会经费，外资公司工会按照中华全国总工会制定的《工会经费管理办法》使用工会经费。

第十章 期限、终止、清算

第六十条 外资公司经营期限为30年，自原营业执照签发之日起计算。

第六十一条 外资公司经营董事会会议作出决议可在经营期满前六个月向原审批机构申请延长经营期限。

第六十二条 外资公司如认为终止经营符合外资公司最大利益时，可申请提前终止经营。

第六十三条 外资公司提前终止经营，需董事会召开全体会议作出决定，并报送对外经济贸易合作部（或其委托的审批机构）

批准。

第六十四条 外资公司经营期满或提前终止经营时，董事会应提出清算程序，原则和清算委员会人选，组成清算委员会，对外资公司财产进行清算。

第六十五条 清算委员会的任务是对外资公司的财产、债权、债务进行全面清算，编制资产负债表和财产目录，制定清算方案，提请董事会通过后执行。

第六十六条 清算期间，清算委员会代表公司起诉或应诉。

第六十七条 清算费用和清算委员会成员的酬劳应从外资公司现存财产中优先支付。

第六十八条 清算委员会对外资公司的债务全部清偿后，其剩余的财产归投资者所有。

第六十九条 清算结束后，外资公司应向对外贸易经济合作部（或其委托的审批机构）提出报告，并向国家工商行政管理局办理注销登记手续，缴回营业执照，同时对外公告。

第七十条 外资公司结业后，其各种帐册由投资者保存。

第十一章 规章制度

第七十一章 外资公司通过董事会制定的规章制度有：

- 1、经营管理制度，包括所属各个管理部门的职权与工作程序；
- 2、职工守则；
- 3、劳动工资制度；
- 4、职工考勤、升级与奖励制度；
- 5、职工福利制度；
- 6、财务制度；
- 7、公司解散时的清算程序；
- 8、其他必要的规章制度；

第十二章 附 则


第七十二条 本章程的修改，必须经董事会会议一致通过决议，并报原审批机构批准。

第七十三条 本章程用中文书写。

第七十四条 本章程须经中华人民共和国对外贸易经济合作部（或其委托的审批机构）批准才能生效，修改时同。

香港嘉汉木业集团有限公司

授权代表：

A circular stamp with the company name in Chinese and English, and a handwritten signature in black ink over it.

一九九九年四月廿七日

Articles of Association
of
Zhangjiang Leizhou Eucalypt Resources Development Co., Ltd.

Article 1 Jointly funded by Leizhou Forestry Bureau and Sino-Wood Partners, Limited, Zhangjiang Leizhou Eucalypt Resources Development Co., Ltd. was established as an equity joint venture upon approval of Zhanjiang Committee of Foreign Trade and Economic Cooperation in its document Zhan Jing Mao Zi Pi Zi (1994) No. 021 dated 28 January 1994. For various reasons, the Company has not been normally operated till now. According to the resolutions dated 3 June 1998 of the board of directors of Leizhou Eucalypt Resources Development Co., Ltd. and Document Lei Lin Han (1998) No. 25 dated 10 June 1998 of Leizhou Forestry Bureau, Leizhou Forestry Bureau agreed to withdraw from Leizhou Eucalypt Resources Development Co., Ltd., and Sino-Wood Partners, Limited agreed to return to Leizhou Forestry Bureau all its capital contributions and rights and obligations in Leizhou Eucalypt Resources Development Co., Ltd. After the withdrawal of Leizhou Forestry Bureau, Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. was changed from a Chinese-Foreign equity joint venture to a Foreign-Funded Enterprise wholly funded by Sino-Wood Partners, Limited. These Articles of Association are formulated in accordance with *Law of the People's Republic of China on Foreign-Funded Enterprises* and the implementation rules thereof.

Article 2 Name of the Foreign-Funded Enterprise: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd. (the Foreign-Funded Enterprise).

Legal address of the Foreign-Funded Enterprise: 159 Fifth Haidian Road.

Article 3 Investor of the Foreign-Funded Enterprise: Sino-Wood Partners, Limited

Legal address: Room 1409, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong

Article 4 The Foreign-Funded Enterprise is a company with limited liabilities.

Article 5 The Foreign-Funded Enterprise is a PRC legal person, which shall be governed and protected by PRC laws and all its activities shall comply with the PRC laws, statutes and relevant regulations.

Chapter 2 Objective and Business Scope

Article 6 Objective of the Foreign-Funded Enterprise: To develop and manage forestry business in China.

Article 7 Business scope of the Foreign-Funded Enterprise: Silviculture, wood processing, production and sale of wood and forest chemical products.

Article 8 Manufacturing scale of the Foreign-Funded Enterprise: Forest of 8,000 hectares, and an annual output of about US\$2 million in terms of wood processing.

Article 9 The products of the Foreign-Funded Enterprise are sold in equal proportion on domestic and overseas markets.

Chapter 3 Total Investment and Registered Capital

Article 10 The total investment of the Foreign-Funded Company shall be US\$25 million.

Article 11 The registered capital of the Foreign-Funded Company shall be US\$10 million.

Article 12 The capital of the Foreign-Funded Company shall be wholly funded by Sino-Wood Partners, Limited, Hong Kong.

Article 13 The capital of the Foreign-Funded Company shall be contributed in full within 12 months from the date of change of the business license of the Foreign-Funded Company, including the phase-one contribution of over 15% within the first 3 months.

Article 14 During the term of operation, the Foreign-Funded Company shall not reduce its registered capital.

Article 15 Increase of the registered capital of the Foreign-Funded Company shall be subject to the unanimous adoption of the Board of Directors and approval by the original examination and approval authority

Article 16 The Foreign-Funded Company shall have a Board of Directors which shall be the highest authority of the Foreign-Funded Company.

Article 17 The Board of Directors makes decisions on all major issues of the Foreign-Funded Company, and its duties and functions are as follows:

1. decide on and approve important reports submitted by the general manager (such as production planning, annual business report, capital, borrowings, etc.);

2. approve the annual financial report, income and expense budget, and annual profit distribution scheme;

3. approve important rules and regulations of the Foreign-Funded Company;

4. decide on the establishment of branch office(s);

5. amend the Articles of Association of the Company;

6. discuss and decide on the cessation of production, termination (suspension) of the Foreign-Funded Company or merger with another economic entity;

7. decide the appointment of senior officers such as general manager, chief engineer, chief accountant, auditor, etc.

8. take charge of the liquidation work of the Foreign-Funded Company upon its termination and expiration;

9. other important matters which shall be decided by the Board of Directors.

Article 18 The Board of Directors shall be composed of three directors, all of whom shall be appointed by Sino-Wood Partners, Limited, Hong Kong. The term of office of the directors shall be 4 years and is renewable upon continuing appointment.

Article 19 Regular meetings of the Board of Directors shall be convened at least two times a year.

Article 20 Meetings of the Board of Directors shall be called and presided over by the chairman. During the absence of the chairman, the meetings shall be called and presided over by the vice-chairman.

Article 21 The chairman shall inform all the directors in writing of the agenda, time, and venue of the board meeting at least 30 days prior to the

meeting.

Article 22 Should a director be unable to attend a Board meeting for any reason, he may authorize in writing a proxy to attend the meeting. If a director does not attend a Board meeting and fails to appoint a proxy to attend on his behalf, he shall be deemed to have forfeited his rights.

Article 23 A quorum of the board meeting shall be constituted when two-thirds of all the directors are present at the meeting. When the number of directors present does not reach two-thirds, any resolution passed shall be null and void.

Article 24 Minutes of each Board meeting shall be properly prepared and signed by all the attending directors; and if the meeting is attended by a proxy, the minutes shall be signed by the proxy. The minutes shall be recorded in Chinese and shall be kept by the Foreign-Funded Company.

Article 25 Resolutions on the following issues shall only be made subject to the unanimous adoption by the directors attending a Board Meeting:

1. Amendments to the Articles of Association of the Foreign-Funded Company;
2. Increase and transfer of the registered capital of the Foreign-Funded Company;
3. Termination and dissolution of the Foreign-Funded Company;
4. Merger of the Foreign-Funded Company with another economic entity.

Article 26 Resolutions on any other matters beyond Article 25 shall only be made subject to the adoption by over 50% of the directors attending a Board Meeting:

Chapter 5 Business Management Organisation

Article 27 The Business Management Organisation of the Foreign-Funded Company shall have thereunder various departments such as production, technical, labour relations, and administration.

Article 28 The Foreign-Funded Company shall have a general manager and a deputy general manager. Both the general manager and deputy general manager shall be appointed by the Board of Directors.

Article 29 The general manager shall be accountable to the Board of Directors directly and execute the various decisions of the Board of Directors,

organise and lead the day-to-day production, technical and operation management work of the Foreign-Funded Company. The deputy general manager shall assist the general manager in his duties. During the absence of the general manager, the deputy general manager shall exercise the general manager's duties on his behalf.

Article 30 Decisions on important issues of the Foreign-Funded Company during its day-to-day operations shall be jointly signed by the general manager and deputy general manager before taking effect. Matters which required their joint signatures shall be specified by the Board of Directors.

Article 31 The term of office of the general manager and deputy general managers shall be 4 years and is renewable upon re-appointment by the Board of Directors.

Article 32 The chairman and vice-chairman of the Board of Directors of the Foreign-Funded Company may concurrently serve as the general manager, deputy general manager and other senior officers of the Foreign-Funded Company.

Article 33 The general manager and deputy general manager of the Foreign-Funded Company shall not serve concurrently as general manager or deputy general manager of other economic entities and shall not participate in other economic entities' acts of commercial competition against the Foreign-Funded Company.

Article 34 The Foreign-Funded Company shall have a chief engineer, chief accountant, and auditor, who shall be appointed by the Board of Directors.

Article 35 The chief accountant shall be responsible for leading the financial and accounting tasks of the Foreign-Funded Company and organising the Foreign-Funded Company in launching comprehensive costing control.

The auditor shall take charge of the financial and auditing tasks of the Foreign-Funded Company, audit the income and expenditure accounts relating to the finances of the Foreign-Funded Company, and submit reports to the general manager and to the Board of Directors.

Article 36 When the general manager, deputy general managers, chief engineer, chief accountant, auditor, and other senior officers tender resignations, a report shall be submitted to the Board of Directors in advance.

Where any of the aforesaid individuals conducts graft or commits serious dereliction of duty, they may be dismissed at any time upon resolution

of the Board of Directors. In case of violation of the criminal law, they shall be investigated for criminal responsibility according to law.

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Chapter 6 Finance and Accounting

Article 37 The Foreign-Funded Company's financial and accounting system shall be handled in accordance with the provisions of the relevant financial and accounting system formulated by the Ministry of Finance of the People's Republic of China.

Article 38 The accounting year of the Foreign-Funded Company shall follow the Gregorian calendar year system, i.e. an accounting year starts from 1 January and ends on 31 December.

Article 39 All vouchers, accounting books and statements of the Foreign-Funded Company shall be written in Chinese.

Article 40 The Foreign-Funded Company shall use Renminbi as the currency for accounting entries. Conversion between Renminbi and other currencies shall be based on the exchange rate announced by State Administration of Foreign Exchange of the People's Republic of China.

Article 41 The Foreign-Funded Company shall open a Renminbi account and foreign currency account with the Bank of China or any other bank in China.

Article 42 The Foreign-Funded Company shall adopt the internationally and generally accepted accrual basis and debit/credit bookkeeping method.

Article 43 The financial and accounting books of the Foreign-Funded Company shall record the following contents:

1. All cash revenues and expenses of the Foreign-Funded Company;
2. All material purchases and sales of the Foreign-Funded Company;
3. The Foreign-Funded Company's registered capital and liabilities;
4. The date of contribution, increase and transfer of the registered capital of the Foreign-Funded Company;

Article 44 The Finance Department of the Foreign-Funded Company shall prepare the balance sheet and income statement of the preceding accounting year during the first 3 months of every accounting year, which shall be submitted to the Board of Directors for approval in the board meeting.

Article 45 The Foreign-Funded Company shall comply with the

stipulations of the *Profit Tax Law for Foreign-Invested Enterprises and Foreign Enterprises of the People's Republic of China* and its detailed rules for implementation, and the Board of Directors shall determine the depreciation period of its fixed assets.

Article 46 The handling of all foreign exchange matters of the Foreign-Funded Company shall be handled in accordance with the *Foreign Exchange Control Regulations of the People's Republic of China* and its relevant stipulations.

Chapter 7 Profits

Article 47 The Foreign-Funded Company shall withdraw from the after-tax profits to provide funding for the reserve fund, enterprise development fund, staff bonus and welfare fund. The withdrawal ratio of the reserve fund shall not be lower than 10% of the after-tax profits, while the withdrawal ratio of the staff bonus and welfare fund shall be determined by the Board of Directors.

Article 48: After the Foreign-Funded Company has paid the profit tax according to law and withdrawn the various funds, the remaining profit shall belong to the investors unless otherwise unanimously agreed by the Board of Directors.

Chapter 8 Employees

Article 49 Issues such as the recruitment, layoff, resignation, wages, welfare, labour insurance, labour protection, labour discipline of the employees of the Foreign-Funded Company shall be handled in accordance with the relevant labour laws and regulations of the People's Republic of China.

Article 50 Employees required for the Foreign-Funded Company may be recommended by the local labour department or, subject to the consent of the labour department, recruited openly by the Foreign-Funded Company; however, all of them shall be hired by selecting the best candidates through examination.

The Foreign-Funded Company shall hire employees in the territory of China, and the enterprise and employees shall enter into employment contracts pursuant to the laws and regulations of China. The employment contract shall

specify such matters as the employment, resignation, remuneration, benefits, labour protection, and labour insurance.

Article 51 The Foreign-Funded Company shall have the right to impose disciplinary actions on employees who have violated the regulations and labour disciplines of the Foreign-Funded Company, giving them warnings, recording their demerits, and reducing their salaries. Such employees may be dismissed in case of serious offences. Dismissal of employees shall be reported to the local labour department for record.

Article 52 The wages and remuneration of employees shall be decided by the Board of Directors with reference to the relevant stipulations of the People's Republic of China and in consideration of the specific conditions of the Foreign-Funded Company, and shall be specified in the employment contract accordingly.

Following the development of production and operation of the Foreign-Funded Company and the enhancement of the employees' business abilities and technical level, the employees' wages shall be increased appropriately.

Article 53 Issues such as employees' benefits, bonus, labour protection, and labour insurance shall be stipulated respectively in the various systems of the Foreign-Funded Company so as to ensure that the employees are engaged in production and working under normal conditions.

Chapter 9 Trade Union Organization

Article 54 Employees of the Foreign-Funded Company shall have the right to set up a trade union organization and launch trade union activities as stipulated in the *Laws on Trade Unions of the People's Republic of China*.

Article 55 The trade union of the Foreign-Funded Company represents the interests of the employees. Its roles are: to protect the employees' democratic rights and material benefits according to the law; to assist the Foreign-Funded Company in the arrangement and the reasonable use of the welfare and incentive funds; to organise the employees to learn politics, business, science and technical knowledge; to launch artistic and sports activities; and to educate the employees to comply with labour disciplines and to diligently fulfill the various economic tasks of the Foreign-Funded Company.

Article 56 The trade union of the Foreign-Funded Company shall enter into employment contracts with the Foreign-Funded Company on behalf of the employees, and monitor the execution of the employment contracts.

Article 57 The person-in-charge of the trade union of the Foreign-Funded Company shall be entitled to attend relevant meetings concerning relevant issues such as the development plans, production and operation activities of the Company, to reflect the employees' opinions and requests.

Article 58 The trade union of the Foreign-Funded Company shall participate in mediating the disputes between the employees and the Foreign-Funded Company.

Article 59 The Foreign-Funded Company shall appropriate a monthly amount equivalent to 2% of the actual total wages of the employees for the expenditure for the trade union. The trade union of the Foreign-Funded Company shall make use of the said funding according to the *Measures for the Administration of Trade Union Expenditures* formulated by the China National Trade Union Federation.

Chapter 10 Term, Termination, and Liquidation

Article 60 The term of operation of the Foreign-Funded Company shall be 30 years, commencing from the date of issuance of the original Business License.

Article 61 Subject to a resolution of the Board of Directors, the term of the Foreign-Funded Company may be extended by submitting an application to the original examination and approval authority within six months prior to the expiry of the term of operation of the Foreign-Funded Company.

Article 62 In the event that the Foreign-Funded Company believes that it is in the best interests of the Foreign-Funded Company to terminate its operation, it may apply for terminating its operation early.

Article 63 The early termination of the Foreign-Funded Company shall be subject to the decision of all the directors in a meeting of the Board of Directors, and shall be submitted to the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry) for approval.

Article 64 When the term of the Foreign-Funded Company expires or

is terminated prematurely, the board of directors shall propose the procedures and principles of liquidation and the candidates of the liquidation committee, and form a liquidation committee to liquidate the property of the Foreign-Funded Company.

Article 65 The mission of the liquidation committee is to take comprehensive inventory of all property, claims, and debts of the Foreign-Funded Company, prepare a balance sheet and a catalogue of property, and formulate a liquidation plan for submission to the board of directors for adoption and implementation.

Article 66 During the liquidation, the liquidation committee shall sue and shall be sued on behalf of the Company.

Article 67 The costs of liquidation and the remuneration of the liquidation committee members shall be paid out of the existing property of the Foreign-Funded Company.

Article 68 After full settlement of the debts of the Foreign-Funded Company by the liquidation committee, the remaining property shall belong to the investor.

Article 69 Upon completion of the liquidation, the Foreign-Funded Company shall submit a report to the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry) for approval, go through the procedure for cancellation of registration with the State Administration for Industry and Commerce, surrender its business license, and also make a public announcement thereof.

Article 70 After closure of the Foreign-Funded Company, all of its accounting books shall be retained by the investor.

Chapter 11 Rules and Regulations

Article 71 The rules and regulations formulated by the Foreign-Funded Company include the following:

1. Operation and management system, which includes the duties, power and work procedures of the various management departments thereunder;
2. Rules for the employees;
3. Wage system;
4. Employees' punctuality, attendance, promotion, and incentive

systems;

5. Employees' welfare system;
6. Financial system;
7. Liquidation procedures upon the dissolution of the Company;
8. Other required rules and regulations.

Chapter 12 Supplementary Provisions

Article 72 Amendments to these Articles of Association shall be subject to the unanimous adoption by the Board of Directors by way of resolution and submitted to the original examination and approval authority for approval.

Article 73 These Articles of Association shall be written in the Chinese language.

Article 74 These Articles of Association shall take effect only after approval by the Ministry of Foreign Trade and Economic Cooperation (or the examination and approval authority appointed by the Ministry). The same approval is required in case of amendments.

Sino-Wood Partners, Limited, Hong Kong

**[chopped:Sino-Wood Partners, Limited,
Hong Kong]**

Legal Authorized: *[signed]*

27 April 1999

编号: _____

1

注册号: _____

外商投资企业注销登记申请书 A-302

湛江市 工商行政管理局:

根据《中华人民共和国公司登记管理条例》和《中华人民共和国企业法人登记管理条例》规定, 现向贵局申请注销登记, 请予审核批准。申请人对所填写内容和提交材料承担法律责任。

申请企业名称: 湛江雷州桉树资源发展有限公司

注册号: 企独 粤港总字第00057号

法定代表人签字: _____

申请企业盖章: 

2003年10月28日

广东省工商行政管理局制

2

外商投资企业注销登记 需提交的文件、证件清单

1. 注销登记申请书 原件 1 份；
2. 董事会决议 原件 1 份；
3. 清理债权债务完结的报告或清算组织负责清理债权债务
的文件 原件 1 份；
4. 批文(经营期限未到期的需提交) 原件 1 份；
5. 税务机关的完税证明 原件 1 份；
6. 海关出具的完税证明 原件 1 份。
7. 营业执照正、副本

申报注销经办人的姓名：祁志兰

申报注销经办人的电话：3385975

企业注销登记表

(申请人填写)

名 称	湛江雷州 ¹⁰⁰⁰ 爱源发源有限公司
住 所	湛江市人民大道中33号
法定代表人	陈德源
经营期限	自2010年一月廿九日至2010年一月廿八日
注销原因	另有项目经营运作
批准注销 部门及文号	
交回证照 印章记录	企业法人营业执照正本 (份; 企业法人营业执照副本 (份; 印章(公章、财务章、合同章等)各 枚
备 注	

Ref. No.: _____

Registration No.: _____

**Application for Cancellation of Registration of
Foreign-Funded Enterprises**

A302

Zhanjiang Industry and Commerce Administration Bureau:

In accordance with the *Regulations of the People's Republic of China on Administration of Registration of Companies* and *Regulations of the People's Republic of China on Administration of Registration of Enterprises Legal Person*, the Company hereby applies to your Bureau for cancellation of registration. The applicant shall bear legal liability for the information and materials provided.

Name of enterprise: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.

Registration No.: Qi Du Yue Zhan Zong Zi No. 000571

Signature of legal representative: [signed]

Seal of enterprise: [chopped: Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.]

28 October 2003

Prepared by Guangdong Provincial Industrial and Commercial
Administration Bureau

**Necessary Documents and Certificates Submitted for
Cancellation of Registration of Foreign-Funded Enterprises**

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1. Application for Cancellation of Registration One original;
2. Resolution of the board of directors One original;
3. A report on settlement of creditor's rights and debts or a document from the liquidation organisation in charge of settlement of creditor's rights and debts One original;
4. Approval documents (those with unexpired business term shall be submitted) One original;
5. Duty-paid proof from the taxation authority One original;
6. Duty-paid proof issued by the customs One original.
7. An original and copy of business licence

Person in charge of application for cancellation: *Qi Zhilan*

Telephone of person in charge of application for cancellation: 3385975

Form for Cancellation of Registration of Enterprises

(to be filled out by the applicant)

Name	<i>Zhanjiang Leizhou Eucalypt Resources Development Co., Ltd.</i>
Domicile	<i>33 Middle Renmin Road, Zhanjiang City</i>
Legal Representative	<i>Chen Deyuan</i>
Term of Operation	<i>From 29 January 1994 to 28 January 2024</i>
Reason for cancellation of registration	<i>No project progress or operation</i>
Department approving cancellation of registration and document No.	
Records of licences and seals returned	One original of Business License of Enterprise as Legal Person; One copy of Business License of Enterprise as Legal Person; Seals (official seals, financial seals, seals for contract, etc.)
Remarks	

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN
CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING
ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN ONTARIO,
SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known
as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT
POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E.
HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST,
PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES
(CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC
DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC.,
MERRILL LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON
PLACEMENTS CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC, and BANC OF
AMERICA SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF DANIEL E. H. BACH

I, Daniel E. H. Bach, of the City of Toronto, in the Province of Ontario, MAKE OATH

AND SAY:

1. I am a lawyer in the class actions department of Siskinds LLP ("Siskinds"), co-counsel for the Plaintiffs in this proceeding (the "Action"). I have been involved in overseeing the development of the record for the Plaintiffs' Part XXIII.1 leave motion. As such, I have knowledge of the matters to which I hereinafter depose. Where that knowledge is based on information obtained from others, I have so indicated and believe that information to be true.

2. I swear this affidavit in support of the Plaintiffs' motion for an order granting leave to pursue the cause of action available under Part XXIII.1 of the *Securities Act*, RSO 1990, c S.5, as amended (the "OSA").
3. The documents attached to this affidavit are provided on a compact disc as PDFs. That CD is attached hereto as **Exhibit "A."** Documents are numbered below, and can be found on that CD as "A-1 - [description of file].pdf" for Document "1," and so on.

DEFINITIONS

4. Unless otherwise stated or the context otherwise indicates, capitalized terms used in this affidavit have the meanings attributed to them in the Plaintiffs' Statement of Claim dated January 25, 2012 (the "Claim").

STATUS OF THIS ACTION

5. By way of a notice of action issued on June 20, 2011, the Trustees of the Labourers' Pension Fund commenced an action against Sino and certain of the other defendants (the "Labourers' Action") arising out the same allegations as those advanced in this Action.
6. On July 20, 2011, the Trustees of the Labourers' Pension Fund and the Trustees of the International Union of Operating Engineers commenced this Action by way of a notice of action. The notice of action was provided to Sino's counsel and others on July 21, 2011.
7. By way of a notice of action issued on November 14, 2011, Messers. Grant and Wong commenced an action (the "Grant-Wong Action") arising out of the same set of facts against Sino and certain of the other individual and corporate defendants.

8. On December 13, 2011, the plaintiffs in the Grant-Wong Action filed a statement of claim.
9. On January 6, 2012, Justice Perell granted the Plaintiffs carriage of the Action, consolidated the Action and the Grant-Wong Action, and discontinued the Labouers' Action.
10. On direction from court staff, the Plaintiffs filed an amended notice of action and a statement of claim on January 26, 2012. The statement of claim is substantially in the form of the Fresh as Amended Statement of Claim attached to this court's order of January 6, 2012.
11. On August 30, 2011, class counsel provided a statement of claim to counsel that were representing various defendants and began serving the other defendants personally. On September 1, 2011, it was sent to Horsley, Murray, Chan, Poon, Mak, Wang and Martin at Sino's registered address and to Pöyry (Beijing) Consulting Company Limited in China. The following defendants served notices of intent to defend on the dates indicated:

Ernst & Young LLP	September 6, 2011
William E. Ardell, James P. Bowland, James M.E. Hyde and Garry J. West	September 19, 2011
Sino-Forest Corporation	September 22, 2011
David J. Horsley	September 26, 2011
Credit Suisse Securities (Canada), Inc., TD Securities Inc., Dundee Securities Corporation, RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World	September 28, 2011

Markets Inc., Merrill Lynch Canada Inc., Canaccord Financial Ltd. and Maison Placements Canada Inc. (collectively the “underwriter defendants”)	
Allen T.Y. Chan	November 14, 2011
Simon Murray	January 5, 2012
Edmund Mak	January 27, 2012

12. Affleck Greene McMurtry LLP acts for BDO Limited and accepted service of the amended notice of action and statement of claim on January 31, 2012.
13. Counsel for the underwriter defendants has indicated they are also acting for the defendants Credit Suisse Securities (USA) LLC and Banc of America Securities LLC (whose name has since changed).
14. To date, the Plaintiffs have not been served with a notice of intent to defend from the defendants Banc of America, BDO, Credit Suisse USA, Pöyry, Martin, Poon and Wang.
15. Martin, Poon and Wang are currently senior executives or directors of Sino-Forest and have held such senior positions since at least 2007. Class counsel has made repeated attempts at personal service, alternative service and provided copies of the pleadings by mail.
16. Pöyry (Beijing) Consulting Company Limited has been represented by counsel in Ontario since at least September 14, 2011. John J. Pirie of Baker & McKenzie LLP wrote to class

counsel in respect of the action and advised that Baker & McKenzie LLP would respond once his client was properly served.

17. Class counsel also initiated service under the *Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters* (“*Hague Convention*”) on December 1 and 5, 2011 against Pöyry, Martin, Poon and Wang, but the central authorities in China have not yet confirmed service. These delays in service under the Hague Convention are out of the plaintiffs’ control.
18. To date, none of the Defendants has served a Statement of Defence.

PARALLEL ONTARIO ACTIONS

19. On June 6, 2011, the law firm of Rochon Genova LLP commenced an action (the “Smith Action”) against Sino and certain other defendants arising out of the same set of allegations as those advanced in this action.
20. On September 26, 2011, the law firm of Kim Orr Barristers commenced an action (the “Northwest Action”) against Sino and certain other defendants arising out of the same set of allegations as those advanced in this action.
21. By an order dated January 6, 2012, Justice Perell stayed the Smith Action and the Northwest Action. Carriage of the action has been granted to the Plaintiffs.

PARALLEL QUEBEC ACTION

22. On June 9, 2011, Siskinds Desmeules, a Quebec City law firm affiliated with Siskinds, filed a petition for an order authorizing the bringing of a class action and granting the status of representative in the Quebec Superior Court (the "Quebec Proceeding"). The petition in the Quebec Proceeding defines the proposed Class as:

all persons or entities domiciled in Quebec (other than the Defendants, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is an immediate member of the families of the individual named defendants) who purchased or otherwise acquired, whether in the secondary market, or under a prospectus or other offering document in the primary market, equity, debt or other securities of or relating to Sino-Forest Corporation, from and including March 19, 2007 to and including June 2, 2011.

23. I am advised by Simon Hebert, the lawyer at Siskinds Desmeules with carriage of the Quebec Proceeding, that he anticipates that, prior to the hearing of the Quebec Proceeding, the class definition will be revised so that it is limited to Quebec residents eligible to participate in a class proceeding under the Quebec *Code of Civil Procedure*, which expressly excludes entities employing more than 50 persons from participating in a class proceeding.
24. Taken together, it is our intention that the Quebec Proceeding and this action will pursue claims on behalf of a global class.
25. By virtue of our relationship with Siskinds Desmeules, we believe we can coordinate the progress of the Quebec Proceeding and this action in a complimentary manner.

PARALLEL UNITED STATES ACTION

26. On January 27, 2012, the Washington, DC-based law firm of Cohen Milstein Sellers & Toll PLLC commenced a proposed class action against Sino and certain other defendants in the New York Supreme Court (the "US Action"). The US action defines the Class as:

(i) all persons or entities who, from March 19, 2007 through August 26, 2011 (the "Class Period") purchased the common stock of Sino-Forest on the Over-the-Counter ("OTC") market and who were damaged thereby; and (ii) all persons or entities who, during the Class Period, purchased debt securities issued by Sino-Forest other than in Canada and who were damaged thereby.

PARALLEL SASKATCHEWAN ACTION

27. I understand that the Merchant Law Group LLP commenced a proposed class action against Sino and certain other defendants in the Saskatchewan Court of Queen's Bench styled as *Haigh v. Sino-Forest Corporation*. The class is defined as:

All persons and entities wherever they may reside who acquired securities of Sino during the Class Period either by primary distribution in Canada or an acquisition on the TSX or other secondary market in Canada, other than the Defendants, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is an immediate family member of an Individual Defendant.

28. I am not aware of any other civil actions having been commenced in Canada or elsewhere against any of the Defendants in relation to the facts pleaded in the Claim.

SINO'S PERFORMANCE FROM INCEPTION THROUGH 2010 COMPARED TO ITS PEERS

29. From 1994 to 2010, Sino's reported annual revenues increased from US\$20.5 million to US\$1.9 billion, or 9,291%, and its year-over-year reported revenues decreased only once,

in 2000. During that same period, Sino's reported net income increased from US\$3.0 million to US\$395.4 million, or 13,037%, and its year-over-year reported net annual income decreased only twice, in 2000 and 2001. Finally, from 1994 to 2010, Sino's reported total assets as at year-end increased from US\$30.6 million to US\$5.7 billion, or 18,616%. During that period, Sino's year-over-year reported assets never decreased.

30. Sino identifies in its Management Information Circulars certain other paper and forest product companies as its "peers." In particular, Sino's most recent Management Information Circular, which has been filed on SEDAR on May 10, 2011, identifies several companies that are purportedly comparable to Sino, among which are: (1) Norbord Inc.; (2) Western Forest Products Inc.; (3) Ainsworth Lumber Co., Ltd.; (4) Mercer International Inc.; and (5) International Forest Products Limited.
31. For none of the sixty quarters comprising the years 1996 to 2010 did Sino report a net loss; rather, for 100% of all such quarters, Sino reported significant net income.
32. By contrast, Norbord Inc. reported a net loss with respect to 37% of the quarters for which it disclosed results during the period 1996 to 2010. For Western Forest Products Inc., Ainsworth Lumber Company Ltd., Mercer International Inc. and International Forest Products Limited, the figure was, respectively, 63%, 49%, 54% and 39%.
33. On instructions from myself and other members of the Siskinds team prosecuting this matter, Sajjad Nematollahi, an articling student with Siskinds' Class Actions Department, has retrieved relevant information from Sino's peer companies' public disclosure filings, and has compiled a chart summarizing their quarterly earnings (or losses) from 1996 through 2010. A copy of that chart is attached hereto as **Document "A-1"**.

SINO DOCUMENTS FILED ON SEDAR

34. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter, a law clerk at Siskinds, retrieved the following documents from The System for Electronic Document Analysis and Retrieval ("SEDAR"). SEDAR is a website that provides electronic access to documents filed pursuant to Canadian securities laws.
35. Attached hereto as **Document "A-2"** is a copy of Sino's Annual Information Form ("AIF") for the year 1996 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 20, 1997.
36. Attached hereto as **Document "A-3"** is a copy of Sino's Management Information Circular dated May 9, 1997 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 20, 1997.
37. Attached hereto as **Document "A-4"** is a copy of Sino's Annual Report for the year 1996 which was downloaded from SEDAR. This document contains that year's annual Management's Discussion and Analysis ("MD&A") and audited financial statements. SEDAR indicates that document was filed on May 20, 1997.
38. Attached hereto as **Document "A-5"** is a copy of Sino's Interim Financial Statements for Q3 1997 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 28, 1997.
39. Attached hereto as **Document "A-6"** is a copy of Sino's AIF for the year 1997 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 25, 1998.

40. Attached hereto as **Document "A-7"** is a copy of Sino's Annual Report for the year 1997 which was downloaded from SEDAR. This document contains that year's annual MD&A and audited financial statements. SEDAR indicates that document was filed on June 4, 1998.
41. Attached hereto as **Document "A-8"** is a copy of Sino's Annual Report for the year 1998 which was downloaded from SEDAR. This document contains that year's annual MD&A and audited financial statements. SEDAR indicates that a copy of that document was filed on May 18, 1999 and another copy was filed on May 19, 1999.
42. Attached hereto as **Document "A-9"** is a copy of Sino's Management Information Circular dated April 30, 1999 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 18, 1999.
43. Attached hereto as **Document "A-10"** is a copy of Sino's AIF for the year 1998 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 19, 1999.
44. Attached hereto as **Document "A-11"** is a copy of Sino's AIF for the year 1999 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 18, 2000.
45. Attached hereto as **Document "A-12"** is a copy of Sino's Annual Report for the year 1999 which was downloaded from SEDAR. This document contains that year's annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 24, 2000.

46. Attached hereto as **Document "A-13"** is a copy of Sino's Management Information Circular dated April 30, 2000 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 24, 2000.
47. Attached hereto as **Document "A-14"** is a copy of Sino's AIF for the year 2000 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 16, 2001.
48. Attached hereto as **Document "A-15"** is a copy of Sino's Annual Report for the year 2000 which was downloaded from SEDAR. This document contains that year's annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 17, 2001.
49. Attached hereto as **Document "A-16"** is a copy of Sino's Management Information Circular dated April 26, 2001 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 17, 2001.
50. Attached hereto as **Document "A-17"** is a copy of Sino's AIF for the year 2001 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 17, 2002.
51. Attached hereto as **Document "A-18"** is a copy of Sino's Management Information Circular dated May 14, 2002 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 17, 2002.
52. Attached hereto as **Document "A-19"** is a copy of Sino's Annual Report for the year 2001 which was downloaded from SEDAR. This document contains that year's annual

MD&A and audited financial statements. SEDAR indicates that document was filed on May 17, 2002.

53. Attached hereto as **Document "A-20"** is a copy of Sino's AIF for the year 2002 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 20, 2003.
54. Attached hereto as **Document "A-21"** is a copy of Sino's Management Information Circular dated May 15, 2003 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 20, 2003.
55. Attached hereto as **Document "A-22"** is a copy of Sino's Annual Report for the year 2002 which was downloaded from SEDAR. This document contains that year's annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 20, 2003.
56. Attached hereto as **Document "A-23"** is a copy of Sino's Management Information Circular dated May 10, 2004 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 18, 2004.
57. Attached hereto as **Document "A-24"** is a copy of Sino's Annual Report for the year 2003 which was downloaded from SEDAR. This document contains that year's annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 18, 2004.
58. Attached hereto as **Document "A-25"** is a copy of Sino's AIF for the year 2003 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 19, 2004.

59. Attached hereto as **Document “A-26”** is a copy of Sino’s AIF for the year 2004 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2005.
60. Attached hereto as **Document “A-27”** is a copy of Sino’s Management Information Circular dated April 15, 2005 which was downloaded from SEDAR. SEDAR indicates that document was filed on April 25, 2005.
61. Attached hereto as **Document “A-28”** is a copy of Sino’s Annual Report for the year 2004 which was downloaded from SEDAR. This document contains that year’s annual MD&A and audited financial statements. SEDAR indicates that document was filed on April 25, 2005.
62. Attached hereto as **Document “A-29”** is a copy of Sino’s AIF for the year 2005 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2006.
63. Attached hereto as **Document “A-30”** is a copy of Sino’s First Quarter Report for 2006 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 11, 2006.
64. Attached hereto as **Document “A-31”** is a copy of Sino’s Management Information Circular dated May 8, 2006 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 11, 2006.
65. Attached hereto as **Document “A-32”** is a copy of Sino’s Annual Report for the year 2005 which was downloaded from SEDAR. This document contains that year’s annual

MD&A and audited financial statements. SEDAR indicates that document was filed on May 12, 2006.

66. Attached hereto as **Document "A-33"** is a copy of Sino's press release entitled "Sino-Forest to Raise US\$200 million in Strategic Placement – Sino-Forest to Acquire 200,000 Hectares of Standing Timber in Yunnan Province," dated March 23, 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed in March 23, 2007. This document was also filed as a material change report on April 2, 2007.
67. Attached hereto as **Document "A-34"** is a copy of Sino's AIF for the year 2006 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 30, 2007.
68. Attached hereto as **Document "A-35"** is a copy of Allen Chan's certification of Annual Filings for the year 2006 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 30, 2007.
69. Attached hereto as **Document "A-36"** is a copy of David Horsley's certification of Annual Filings for the year 2006 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 30, 2007.
70. Attached hereto as **Document "A-37"** is a copy of Sino's Management Information Circular dated April 27, 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 4, 2007.
71. Attached hereto as **Document "A-38"** is a copy of Sino's Annual Report for the year 2006 which was downloaded from SEDAR. This document contains that year's annual

MD&A and audited financial statements. SEDAR indicates that document was filed on May 4, 2007.

72. Attached hereto as **Document "A-39"** is a copy of Sino's MD&A and Interim Financial Statements for Q1 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 14, 2007.
73. Attached hereto as **Document "A-40"** is a copy of Allen Chan's certification of Interim Filings for Q1 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 14, 2007.
74. Attached hereto as **Document "A-41"** is a copy of David Horsley's certification of Interim Filings for Q1 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 14, 2007.
75. Attached hereto as **Document "A-42"** is a copy of Sino's Short Form Prospectus dated June 5, 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 5, 2007.
76. Attached hereto as **Document "A-43"** is a copy of Sino's MD&A and Interim Financial Statements for Q2 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 13, 2007.
77. Attached hereto as **Document "A-44"** is a copy of Allen Chan's certification of Interim Filings for Q2 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 13, 2007.

78. Attached hereto as **Document "A-45"** is a copy of David Horsley's certification of Interim Filings for Q2 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 13, 2007.
79. Attached hereto as **Document "A-46"** is a copy of Sino's MD&A and Interim Financial Statements for Q3 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 12, 2007.
80. Attached hereto as **Document "A-47"** is a copy of Allen Chan's certification of Interim Filings for Q3 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 12, 2007.
81. Attached hereto as **Document "A-48"** is a copy of David Horsley's certification of Interim Filings for Q3 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 12, 2007.
82. Attached hereto as **Document "A-49"** is a copy of Sino's press release entitled "Sino-Forest Signs Long-Term Standing Timber Agreement in Guangxi Province," dated December 10, 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on December 10, 2007.
83. Attached hereto as **Document "A-50"** is a copy of Sino's MD&A for the year 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 18, 2008.
84. Attached hereto as **Document "A-51"** is a copy of Allen Chan's certification of Annual Filings for the year 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 18, 2008.

85. Attached hereto as **Document “A-52”** is a copy of David Horsley’s certification of Annual Filings for the year 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 18, 2008.
86. Attached hereto as **Document “A-53”** is a copy of Sino’s AIF for the year ended 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 28, 2008.
87. Attached hereto as **Document “A-54”** is a copy of Sino’s MD&A (as amended) for the year 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 28, 2008.
88. Attached hereto as **Document “A-55”** is a copy of Allen Chan’s certification of Annual Filings for the year 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 28, 2008.
89. Attached hereto as **Document “A-56”** is a copy of David Horsley’s certification of Annual Filings for the year 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 28, 2008.
90. Attached hereto as **Document “A-57”** is a copy of Sino’s Management Information Circular dated April 28, 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 6, 2008.
91. Attached hereto as **Document “A-58”** is a copy of Sino’s Annual Report for the year 2007 which was downloaded from SEDAR. This document contains that year’s annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 6, 2008.

92. Attached hereto as **Document "A-59"** is a copy of Sino's MD&A and Interim Financial Statements for Q1 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 13, 2008.
93. Attached hereto as **Document "A-60"** is a copy of Allen Chan's certification of Interim Filings for Q1 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 13, 2008.
94. Attached hereto as **Document "A-61"** is a copy of David Horsley's certification of Interim Filings for Q1 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 13, 2008.
95. Attached hereto as **Document "A-62"** is a copy of Sino's July 2008 Offering Memorandum dated July 17, 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed as a schedule to a material change report on July 25, 2008.
96. Attached hereto as **Document "A-63"** is a copy of Sino's press release entitled "Sino-Forest Signs Long-Term Tree Acquisition Agreement in Fujian Province," dated August 11, 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 11, 2008.
97. Attached hereto as **Document "A-64"** is a copy of Sino's MD&A and Interim Financial Statements for Q2 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 12, 2008.

98. Attached hereto as **Document “A-65”** is a copy of Allen Chan’s certification of Interim Filings for Q2 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 12, 2008.
99. Attached hereto as **Document “A-66”** is a copy of David Horsley’s certification of Interim Filings for Q2 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 12, 2008.
100. Attached hereto as **Document “A-67”** is a copy of Sino’s MD&A and Interim Financial Statements for Q3 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 13, 2008.
101. Attached hereto as **Document “A-68”** is a copy of Allen Chan’s certification of Interim Filings for Q3 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 13, 2008.
102. Attached hereto as **Document “A-69”** is a copy of David Horsley’s certification of Interim Filings for Q3 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 13, 2008.
103. Attached hereto as **Document “A-70”** is a copy of Sino’s press release entitled “Sino-Forest Increases Investment in Omnicorp Limited; Expanding Foothold in South American Tropical Forest,” dated February 6, 2009 which was downloaded from SEDAR. This document was also filed as a material change report on February 13, 2009.
104. Attached hereto as **Document “A-71”** is a copy of Sino’s MD&A for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 16, 2009.

105. Attached hereto as **Document “A-72”** is a copy of Allen Chan’s certification of Annual Filings for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 16, 2009.
106. Attached hereto as **Document “A-73”** is a copy of David Horsley’s certification of Annual Filings for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 16, 2009.
107. Attached hereto as **Document “A-74”** is a copy of Sino’s MD&A (as amended) for the year ended 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 17, 2009.
108. Attached hereto as **Document “A-75”** is a copy of Allen Chan’s certification of refilled Annual Filings for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 17, 2009.
109. Attached hereto as **Document “A-76”** is a copy of David Horsley’s certification of refilled Annual Filings for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 17, 2009.
110. Attached hereto as **Document “A-77”** is a copy of Sino’s AIF for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2009.
111. Attached hereto as **Document “A-78”** is a copy of Allen Chan’s certification of Annual Filings for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2009.

112. Attached hereto as **Document “A-79”** is a copy of David Horsley’s certification of Annual Filings for the year 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2009.
113. Attached hereto as **Document “A-80”** is a copy of Sino’s Management Information Circular dated April 28, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 4, 2009.
114. Attached hereto as **Document “A-81”** is a copy of Sino’s Annual Report for the year 2008 which was downloaded from SEDAR. This document contains that year’s annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 4, 2009.
115. Attached hereto as **Document “A-82”** is a copy of Sino’s MD&A and Interim Financial Statements for Q1 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 11, 2009.
116. Attached hereto as **Document “A-83”** is a copy of Allen Chan’s certification of Interim Filings for Q1 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 11, 2009.
117. Attached hereto as **Document “A-84”** is a copy of David Horsley’s certification of Interim Filings for Q1 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 11, 2009.
118. Attached hereto as **Document “A-85”** is a copy of Sino’s Final Short Form Prospectus dated June 1, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 1, 2009.

119. Attached hereto as **Document "A-86"** is a copy of Sino's press release entitled "Sino-Forest Signs Long-Term Tree Acquisition Agreement in Jiangxi Province," dated June 11, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 11, 2009.
120. Attached hereto as **Document "A-87"** is a copy of Sino's June 2009 Exchange Offer Memorandum dated June 24, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed as a schedule to a material change report on June 25, 2009.
121. Attached hereto as **Document "A-88"** is a copy of Sino's MD&A and Interim Financial Statements for Q2 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 10, 2009.
122. Attached hereto as **Document "A-89"** is a copy of Allen Chan's certification of Interim Filings for Q2 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 10, 2009.
123. Attached hereto as **Document "A-90"** is a copy of David Horsley's certification of Interim Filings for Q2 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 10, 2009.
124. Attached hereto as **Document "A-91"** is a copy of Sino's MD&A and Interim Financial Statements for Q3 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 12, 2009.

125. Attached hereto as **Document “A-92”** is a copy of Allen Chan’s certification of Interim Filings for Q3 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 12, 2009.
126. Attached hereto as **Document “A-93”** is a copy of David Horsley’s certification of Interim Filings for Q3 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 12, 2009.
127. Attached hereto as **Document “A-94”** is a copy of Sino’s Final Short Form Prospectus dated December 10, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on December 11, 2009.
128. Attached hereto as **Document “A-95”** is a copy of Sino’s December 2009 Offering Memorandum dated December 10, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on December 11, 2009.
129. Attached hereto as **Document “A-96”** is a copy of Sino’s press release entitled “Sino-Forest Acquires Homix Limited, an R&D and Recomposed Wood Manufacturer in China,” dated January 12, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on January 12, 2010.
130. Attached hereto as **Document “A-97”** is a copy of Sino’s press release entitled “Sino-Forest Signs Long-Term Master Agreement to Acquire Trees in Guizhou Province,” dated January 28, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on January 28, 2010.
131. Attached hereto as **Document “A-98”** is a copy of Sino’s press release entitled “Sino-Forest Completes Acquisition of Mandra Forestry,” dated February 8, 2010 which was

downloaded from SEDAR. This document was also filed as a material change report on SEDAR on February 16, 2010.

132. Attached hereto as **Document "A-99"** is a copy of Sino's AIF for the year 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2010.
133. Attached hereto as **Document "A-100"** is a copy of Allen Chan's certification of Annual Filings for the year 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2010.
134. Attached hereto as **Document "A-101"** is a copy of David Horsley's certification of Annual Filings for the year 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2010.
135. Attached hereto as **Document "A-102"** is a copy of Sino's Management Information Circular dated May 4, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 11, 2010.
136. Attached hereto as **Document "A-103"** is a copy of Sino's Annual Report for the year 2009 which was downloaded from SEDAR. This document contains that year's annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 11, 2010.
137. Attached hereto as **Document "A-104"** is a copy of Sino's MD&A and Interim Financial Statements for Q1 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 12, 2010.

138. Attached hereto as **Document "A-105"** is a copy of Allen Chan's certification of Interim Filings for Q1 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 12, 2010.
139. Attached hereto as **Document "A-106"** is a copy of David Horsley's certification of Interim Filings for Q1 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 12, 2010.
140. Attached hereto as **Document "A-107"** is a copy of Sino's press release entitled "Sino-Forest Completes Acquisition of Minority Interest in Greenheart Resources," dated June 1, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 1, 2010.
141. Attached hereto as **Document "A-108"** is a copy of Sino's press release entitled "Sino-Forest Increases Investment in Hong Kong-Listed Omnicorp; Enhances Existing Partnership to Serve China's Wood Deficit," dated June 22, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 22, 2010.
142. Attached hereto as **Document "A-109"** is a copy of Sino's MD&A and Interim Financial Statements for Q2 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 10, 2010.
143. Attached hereto as **Document "A-110"** is a copy of Allen Chan's certification of Interim Filings for Q2 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 10, 2010.

144. Attached hereto as **Document "A-111"** is a copy of David Horsley's certification of Interim Filings for Q2 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 10, 2010.
145. Attached hereto as **Document "A-112"** is a copy of Sino's press release entitled "Sino-Forest Acquires New Zealand Plantation and Intends to Transfer 100% Ownership to Omnicorp," dated November 2, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 2, 2010.
146. Attached hereto as **Document "A-113"** is a copy of Sino's MD&A for Q3 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 10, 2010.
147. Attached hereto as **Document "A-114"** is a copy of Sino's Interim Financial Statements for Q3 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 10, 2010.
148. Attached hereto as **Document "A-115"** is a copy of Allen Chan's certification of Interim Filings for Q3 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 10, 2010.
149. Attached hereto as **Document "A-116"** is a copy of David Horsley's certification of Interim Filings for Q3 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 10, 2010.
150. Attached hereto as **Document "A-117"** is a copy of Sino's AIF for the year 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2011.

151. Attached hereto as **Document “A-118”** is a copy of Allen Chan’s certification of Annual Filings for the year 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2011.
152. Attached hereto as **Document “A-119”** is a copy of David Horsley’s certification of Annual Filings for the year 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2011.
153. Attached hereto as **Document “A-120”** is a copy of Sino’s Management Information Circular dated May 2, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 10, 2011.
154. Attached hereto as **Document “A-121”** is a copy of Sino’s Annual Report for the year 2010 which was downloaded from SEDAR. This document contains that year’s annual MD&A and audited financial statements. SEDAR indicates that document was filed on May 10, 2011.
155. Attached hereto as **Document “A-122”** is a copy of Sino’s press release entitled “Sino-Forest Signs Long-Term Master Agreements to Acquire 266,000 Hectares of Plantation Forests in Shaanxi and Yunnan Provinces,” dated May 30, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on May 31, 2011.
156. Attached hereto as **Document “A-123”** is a copy of Sino’s press release entitled “Sino-Forest Comments on Share Price Decline,” dated June 3, 2011 which was downloaded from SEDAR. This document was filed on SEDAR as a material change report on June 15, 2011.

157. Attached hereto as **Document "A-124"** is a copy of Sino's press release entitled "Sino-Forest Releases Supporting Evidence against Allegations from Short Seller," dated June 6, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 6, 2011.
158. Attached hereto as **Document "A-125"** is a copy of Sino's press release entitled "Sino-Forest Independent Committee Appoints Pricewaterhousecoopers," dated June 6, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 7, 2011.
159. Attached hereto as **Document "A-126"** is a copy of Sino's press release entitled "Sino-Forest Confirms Ontario Securities Commission Investigation," dated June 8, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 8, 2011.
160. Attached hereto as **Document "A-127"** is a copy of Sino's MD&A for Q1 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 14, 2011.
161. Attached hereto as **Document "A-128"** is a copy of Sino's Interim Financial Statements for Q1 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 14, 2011.
162. Attached hereto as **Document "A-129"** is a copy of Allen Chan's certification of Interim Filings for Q1 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 14, 2011.

163. Attached hereto as **Document “A-130”** is a copy of David Horsley’s certification of Interim Filings for Q1 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 14, 2011.
164. Attached hereto as **Document “A-131”** is a copy of Sino’s press release entitled “Sino-Forest Responds to the Globe and Mail Article,” dated June 20, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 20, 2011.
165. Attached hereto as **Document “A-132”** is a copy of Sino’s MD&A for Q2 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 15, 2011.
166. Attached hereto as **Document “A-133”** is a copy of Sino’s Interim Financial Statements for Q2 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 15, 2011.
167. Attached hereto as **Document “A-134”** is a copy of Allen Chan’s certification of Interim Filings for Q2 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 15, 2011.
168. Attached hereto as **Document “A-135”** is a copy of David Horsley’s certification of Interim Filings for Q2 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 15, 2011.
169. Attached hereto as **Document “A-136”** is a copy of Sino’s press release entitled “Sino-Forest Announces Repayment of 9.125% Guaranteed Senior Notes Due 2011,” dated August 15, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on August 15, 2011.

170. Attached hereto as **Document "A-137"** is a copy of Sino's press release entitled "Sino-Forest Announces the Resignation of Allen Chan as Chairman and Chief Executive Officer and his Appointment as Founding Chairman Emeritus," dated August 28, 2011. SEDAR indicates that document was filed on August 29, 2011. This document was also filed on SEDAR as a material change report on September 6, 2011.
171. Attached hereto as **Document "A-138"** is a copy of Sino's press release entitled "Sino-Forest Responds to Request to Commence Action against Certain Insiders and Others," dated October 14, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on October 14, 2011.
172. Attached hereto as **Document "A-139"** is a copy of Sino's press release entitled "Sino-Forest Confirms Coupon Payment of 6.25% Guaranteed Senior Notes Due 2017," dated October 21, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on October 21, 2011.
173. Attached hereto as **Document "A-140"** is a copy of Sino's press release entitled "Sino-Forest Announces Resignation of Director," dated November 4, 2011 which was downloaded from SEDAR. SEDAR indicates that document was filed on November 7, 2011.
174. Attached hereto as **Document "A-141"** is a copy of Sino's press release entitled "Sino-Forest Announces Findings of the Independent Committee," dated November 15, 2011 which was downloaded from SEDAR. This document was also filed on SEDAR as a material change report on November 22, 2011.

175. Attached hereto as **Document “A-142”** is a copy of Sino’s press release entitled “Sino-Forest Updates Status of its Third Quarter Financial Results and Certain Other Matters,” dated December 12, 2011 which was downloaded from SEDAR. This document was also filed on SEDAR as a material change report on December 13, 2011.
176. Attached hereto as **Document “A-143”** is a copy of Sino’s press release entitled “Sino-Forest Corporation Receives Notice of Default and Forms Special Restructuring Committee,” dated December 18, 2011 which was downloaded from SEDAR. SEDAR indicates this document was filed on December 19, 2011.
177. Attached hereto as **Document “A-144”** is a copy of Sino’s press release entitled “Sino-Forest Provides Update Regarding Note Holder Default Notices and Comments on the Status of its Historic Financial Statements,” dated January 10, 2012 which was downloaded from SEDAR. This document was also filed on SEDAR as a material change report on January 17, 2012.
178. Attached hereto as **Document “A-145”** is a copy of the waiver agreement relating to Sino’s 6.25% Guaranteed Senior Notes Due 2017 which was downloaded from SEDAR. SEDAR indicates that document was filed on January 12, 2012.
179. Attached hereto as **Document “A-146”** is a copy of the waiver agreement relating to Sino’s 10.25% Guaranteed Senior Notes Due 2014 which was downloaded from SEDAR. SEDAR indicates that document was filed on January 12, 2012.
180. Attached hereto as **Document “A-147”** is a copy of Sino’s press release entitled “Sino-Forest Corporation’s Noteholders Waive Default under Senior Notes on Agreed Terms,”

dated January 12, 2012 which was downloaded from SEDAR. SEDAR indicates that document was filed on January 12, 2012.

181. Attached hereto as **Document “A-148”** is a copy of Sino’s press release entitled “Sino-Forest Releases Final Report of the Independent Committee,” dated January 31, 2012 which was downloaded from SEDAR. This document was also filed on SEDAR as a material change report on February 7, 2012.

SINO DOCUMENTS OBTAINED THROUGH OTHER MEANS

182. Attached hereto as **Document “A-149”** is a copy of Sino’s Management Information Circular dated February 11, 1994. This document has been obtained by the Hong Kong-based investigators Key Business Connections Ltd. (“KBC”) for Siskinds.
183. Attached hereto as **Document “A-150”** is a copy of Sino’s Annual Report for the year 1994. This document has been obtained by KBC for Siskinds.
184. Attached hereto as **Document “A-151”** is a copy of Sino’s Management Information Circular dated May 15, 1995. This document has been obtained by KBC for Siskinds.
185. Attached hereto as **Document “A-152”** is a copy of Sino’s Annual Report for the year 1995. This document has been obtained by KBC for Siskinds.
186. Attached hereto as **Document “A-153”** is a copy of Sino’s AIF for the year 1995, dated May 15, 1996. This document has been obtained by KBC for Siskinds.
187. Attached hereto as **Document “A-154”** is a copy of Sino’s Management Information Circular dated May 30, 1996. This document has been obtained by KBC for Siskinds.

188. Attached hereto as **Document “A-155”** is a copy of Sino’s Final Prospectus dated January 28, 1997. This document has been obtained by KBC for Siskinds.
189. Attached hereto as **Document “A-156”** is a copy of Sino’s Management Information Circular dated May 4, 1998. This document has been obtained by KBC for Siskinds.
190. Attached hereto as **Document “A-157”** is a copy of the October 2010 Offering Memorandum dated October 14, 2010. This document has been obtained by Siskinds through a freedom of information application to the Ontario Ministry of Finance.
191. Attached hereto as **Document “A-158”** is a copy of a press release titled “Greenheart acquires certain rights to additional 128,000 hectare concession in Suriname,” dated March 1, 2011 which was downloaded from <http://www.greenheartgroup.com>.
192. Attached hereto as **Document “A-159”** is a copy of Sino’s Corporate Presentation relating to Q1 2011 results entitled “Growing Intelligently,” dated June 14, 2011 which was downloaded from Sino’s website.

SINO’S INDEPENDENT COMMITTEE REPORTS AND SCHEDULES

193. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter retrieved the following documents from Sino’s website.
194. Attached hereto as **Document “A-160”** is a copy of the First Interim Report of the Independent Committee (“IC”) to the Board of Directors of Sino-Forest Corporation (“First Interim Report”), dated August 10, 2011.

195. Attached hereto as **Document "A-161"** is a redacted copy of the Second Interim Report of the Independent Committee to the Board of Directors of Sino-Forest Corporation ("Second Interim Report"), dated November 13, 2011.
196. Attached hereto as **Document "A-162"** are copies of the schedules to the IC's Second Interim Report, along with an index.
197. Attached hereto as **Document "A-163"** is a copy of the memorandum by Sino's IC's legal advisors, entitled "Report on Process to Date," dated November 13, 2011. This document was downloaded from SEDAR. SEDAR indicates that document was filed on November 15, 2011.
198. Attached hereto as **Document "A-164"** is a copy of The Final Report of the Independent Committee to the Board of Directors of Sino-Forest Corporation ("Final Report"), dated January 31, 2012.

PÖYRY'S REPORTS AND CONSENT LETTERS

199. Unless otherwise indicated, on instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter retrieved the following documents from SEDAR.
200. Attached hereto as **Document "A-165"** is a copy of Pöyry's report entitled "Sino-Forest Corporation, Valuation of China Forest Assets as at 31 December 2007," dated March 14, 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2008.

201. Attached hereto as **Document "A-166"** is a copy of Pöyry's report entitled "Sino-Forest Corporation, Valuation of China Forest Assets as at 31 December 2008," dated April 1, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on April 2, 2009.
202. Attached hereto as **Document "A-167"** is a copy of Pöyry's report entitled "Sino-Forest Corporation, Valuation of China Forest Assets as at 31 December 2009," dated April 23, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on April 30, 2010.
203. Attached hereto as **Document "A-168"** is a copy of Pöyry's report entitled "Summary of Sino-Forest's China Forest Asset 2010 Valuation Reports," dated May 27, 2011 which I downloaded from Pöyry's website on June 3, 2011. It appears that Pöyry has since deleted this document down from its website.
204. Attached hereto as **Document "A-169"** is a copy of the document entitled "Summary Valuation Report, Sino-Forest Corporation, Valuation of Purchased Forest Crops as at 31 December 2010," dated May 27, 2011 which I downloaded from Pöyry's website on June 3, 2011. It appears that Pöyry has since deleted this document down from its website.
205. Attached hereto as **Document "A-170"** is a copy of Pöyry's report entitled "Stakeholder and Analyst Summary Report, Sino-Forest Corporation, Valuation of China Planted Forest Crops as at 31 December 2010," dated May 27, 2011 which I downloaded from Pöyry's website on June 3, 2011. It appears that Pöyry has since deleted this document down from its website.

206. Attached hereto as **Document "A-171"** is a copy of Pöyry's report entitled "Stakeholder and Analyst Summary Report, Sino-Forest Corporation, Background Papers Accompanying the 31 December 2011 [sic.] Valuation of Sino-Forest's China Forest Assets," dated May 27, 2011 which I downloaded from Pöyry's website on June 3, 2011. It appears that Pöyry has since deleted this document down from its website.
207. Attached hereto as **Document "A-172"** is a copy of Pöyry's report entitled "Summary Valuation Report, Sino-Forest Corporation, Valuation of Mandra Forest Crops as at 31 December 2010," dated May 31, 2011 which I downloaded from Pöyry's website on June 3, 2011. It appears that Pöyry has since deleted this document down from its website.
208. Attached hereto as **Document "A-173"** is a copy of Pöyry's consent letter dated March 15, 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 28, 2007.
209. Attached hereto as **Document "A-174"** is a copy of Pöyry's consent letter dated June 5, 2007 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 5, 2007.
210. Attached hereto as **Document "A-175"** is a copy of Pöyry's consent letter dated March 14, 2008 which was downloaded from SEDAR. SEDAR indicates that document was filed on March 31, 2008.
211. Attached hereto as **Document "A-176"** is a copy of Pöyry's consent letter dated April 1, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on April 2, 2009.

212. Attached hereto as **Document “A-177”** is a copy of Pöyry’s consent letter dated June 1, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on June 1, 2009.
213. Attached hereto as **Document “A-178”** is a copy of Pöyry’s consent letter dated December 10, 2009 which was downloaded from SEDAR. SEDAR indicates that document was filed on December 11, 2009.
214. Attached hereto as **Document “A-179”** is a copy of Pöyry’s consent letter dated April 30, 2010 which was downloaded from SEDAR. SEDAR indicates that document was filed on April 30, 2010.

MUDDY WATERS’ REPORTS AND SCHEDULES

215. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter retrieved the following documents from Muddy Waters’ website. Where I describe the content of a document below, and that document is not in English, I assume that Muddy Waters’ description is correct. Where documents below are translated, that translation was done by Muddy Waters.
216. Attached hereto as **Document “A-180”** is a copy of the Muddy Waters’ Report, dated June 2, 2011, retrieved from the Muddy Waters’ website.
217. Attached hereto as **Document “A-181”** are copies of the appendices A1 through K6 to the Muddy Waters’ Report, which are identified at the bottom of each page. These documents were retrieved from Muddy Waters’ website. Where these documents are translated, that translation was done by Muddy Waters.

218. Attached hereto as **Document “A-182”** is a copy of the document entitled “Muddy Waters’ Reaction to TRE Q1 2011 Conference Call,” dated June 14, 2011, retrieved from the Muddy Waters’ website.
219. Attached hereto as **Document “A-183”** is a copy of the document entitled “The Ties that Blind – Part 1,” retrieved from the Muddy Waters’ website.

INTER-AMERICAN COURT OF HUMAN RIGHTS’ DECISION

220. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter retrieved a copy of the judgment of the Inter-American Court of Human Rights in the case of the *Saramaka People v. Suriname*, dated November 28, 2007, a copy of which is attached hereto as **Document “A-184”**.

ONTARIO SECURITIES COMMISSION’S CEASE TRADE ORDERS

221. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter retrieved the following documents from the Ontario Securities Commission’s (“OSC”) website.
222. Attached hereto as **Document “A-185”** is a copy of the Temporary Cease Trade Order, dated August 26, 2011.
223. Attached hereto as **Document “A-186”** is a copy of the Cease Trade Order, dated August 26, 2011.

224. Attached hereto as **Document “A-187”** is a copy of the Temporary Cease Trade Order, dated September 8, 2011.
225. Attached hereto as **Document “A-188”** is a copy of the Cease Trade Order, dated September 15, 2011.
226. Attached hereto as **Document “A-189”** is a copy of the Temporary Cease Trade Order, dated January 23, 2012.

DOCUMENTS FROM ONTARIO SECURITIES COMMISSION’S PROCEEDINGS

227. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter obtained the following documents relating to the Sino proceedings before the OSC.
228. Attached hereto as **Document “A-190”** is a copy of the affidavit of Anthony Long in the matter of Sino-Forest Corporation et al., sworn September 7, 2011.
229. Attached hereto as **Document “A-191”** is a copy of the transcript of the OSC hearing in the matter of Sino-Forest Corporation et al., dated September 8, 2011.

SINO MANAGEMENT’S CONFERENCE CALLS

230. On instructions from myself and other members of the Siskinds team prosecuting this matter, Michael McApline, a librarian at Siskinds, retrieved the following documents from online databases.

231. Attached hereto as **Document "A-192"** is a copy of the transcript of the forest valuation report discussion conference call hosted jointly by Sino and Pöyry on June 1, 2011.
232. Attached hereto as **Document "A-193"** is a copy of the transcript of Sino's conference call to discuss Q1 2011 financial results held on June 14, 2011.

SINO SHARES' TRADING HISTORY

233. On instructions from myself and other members of the Siskinds team prosecuting this matter, Michael McApline retrieved the TSX data on Sino shares' trading history from March 23, 1994 through August 25, 2011, attached hereto as **Document "A-194"**.

INFORMATION OBTAINED FROM SEDI

234. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter retrieved the following document from The System for Electronic Disclosure by Insiders ("SEDI").
235. Attached hereto as **Document "A-195"** is a document containing information on Sino's insiders' trading activities during the Class Period which was downloaded from SEDI.

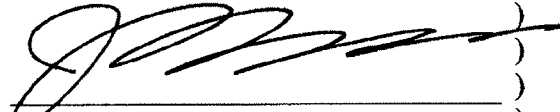
NEWSPAPER ARTICLES

236. On instructions from myself and other members of the Siskinds team prosecuting this matter, Laura-Marie Paynter retrieved copies of the following articles.

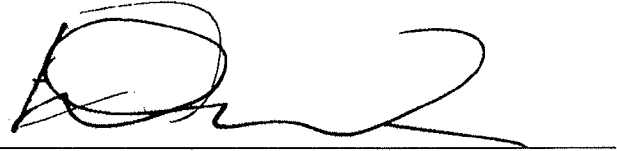
237. Attached hereto as **Document “A-196”** is a copy of the South China Morning Post article entitled “Hard Work Pays off for ‘Vicious’ Akai Liquidator,” dated October 6, 2009 which was downloaded from the internet.
238. Attached hereto as **Document “A-197”** is a copy of the Globe and Mail Article entitled “Key partner casts doubt on Sino-Forest claim,” dated June 18, 2011 which was downloaded from the Globe and Mail website.
239. Attached hereto as **Document “A-198”** is a copy of the Globe and Mail Article entitled “On the trail of the truth behind Sino-Forest,” dated June 19, 2011 which was downloaded from the Globe and Mail website.
240. Attached hereto as **Document “A-199”** is a copy of the Globe and Mail Article entitled “The empire Sino-Forest built and the farmers who paid the price,” dated October 15, 2011 which was downloaded from the Globe and Mail website.
241. Attached hereto as **Document “A-200”** is a copy of the article entitled “Sino-Forest chairman rises to company’s defense,” dated February 15, 2012 which was downloaded from the Working Forest website.
242. Attached hereto as **Document “A-201”** is a copy of the Globe and Mail Article entitled, “Canadian audits of China firms had major gaps: regulator,” dated February 21, 2012 which was downloaded from the Globe and Mail website.

243. Attached hereto as **Document "A-202"** is a copy of the Canadian Public Accountability Board report of February 2012 entitled "Auditing in Foreign Jurisdictions," referenced in the article noted in the preceding paragraph.

SWORN before me at the City of)
Toronto, in the Province of Ontario,)
this 2nd day of March, 2012.)



A Commissioner, etc.)
Jonathan Bida)



Daniel E. H. Bach

TRUSTEES OF THE LABOURERS' PENSION FUND
OF CENTRAL AND EASTERN CANADA *et al.*

Plaintiffs

and SINO-FOREST CORPORATION *et al.*

Defendants

Court File No: CV-11-431153-00CP

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto
Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF DANIEL E. H. BACH

Siskinds LLP

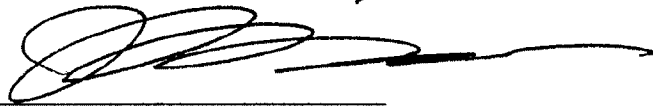
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Fax: 416.204.2903

Lawyers for the Plaintiffs

This is Exhibit "A" mentioned and referred to in the Affidavit of Daniel E. H. Bach, sworn before me at the City of Toronto, in the Province of Ontario, this 2nd day of March, 2012.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

A Commissioner, etc.

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63	Press release: "Sino-Forest Signs Long-Term Tree Acquisition Agreement in Fujian Province,"

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123	Press release: "Sino-Forest Comments on Share Price Decline," dated June 3, 2011
124	Press release: "Sino-Forest Releases Supporting Evidence against Allegations from Short Seller," dated June 6, 2011
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136	Press release: "Sino-Forest Announces Repayment of 9.125% Guaranteed Senior Notes Due 2011," dated August 15, 2011
137	Press release: "Sino-Forest Announces the Resignation of Allen Chan as Chairman and Chief Executive Officer and his Appointment as Founding Chairman Emeritus," dated August 28, 2011
138	Press release: "Sino-Forest Responds to Request to Commence Action against Certain Insiders and Others," dated October 14, 2011
139	Press release: "Sino-Forest Confirms Coupon Payment of 6.25% Guaranteed Senior Notes Due 2017," dated October 21, 2011
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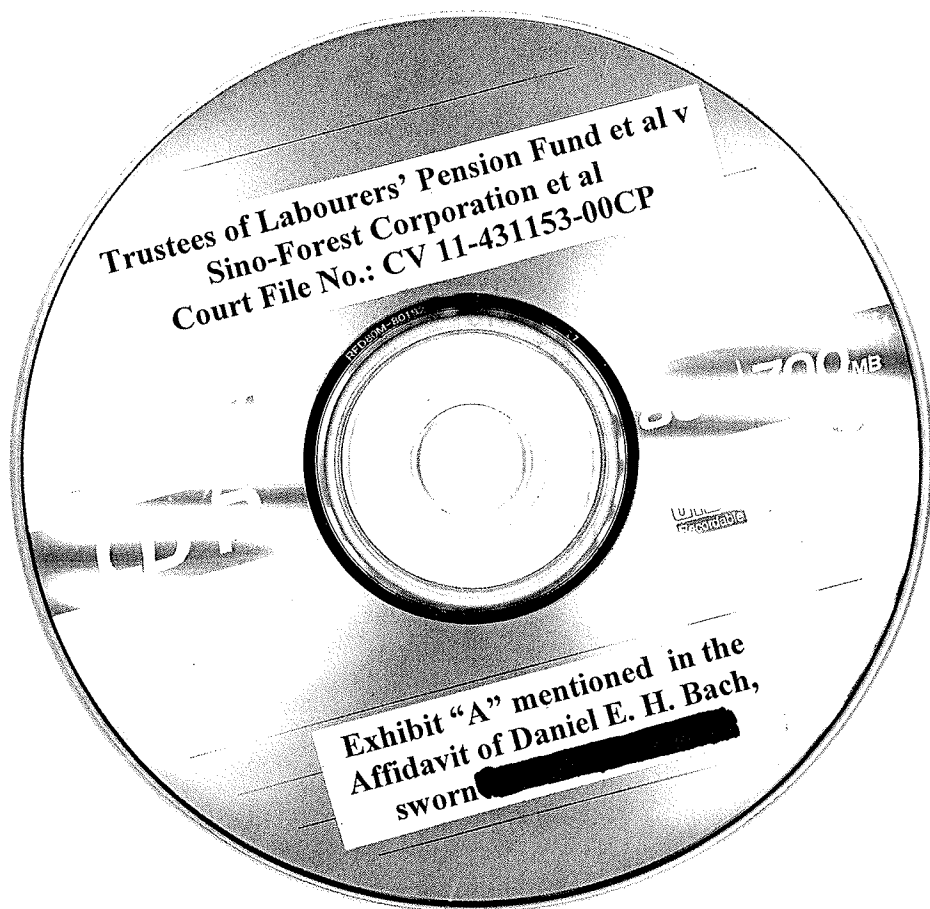
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196	South China Morning Post article entitled "Hard Work Pays off for 'Vicious' Akai Liquidator," dated October 6, 2009
197	"Key partner casts doubt on Sino-Forest claim," dated June 18, 2011, Globe and Mail

198	“On the trail of the truth behind Sino-Forest,” dated June 19, 2011, Globe and Mail
199	“The empire Sino-Forest built and the farmers who paid the price,” dated October 15, 2011, Globe and Mail
200	“Sino-Forest chairman rises to company’s defense,” dated February 15, 2012
201	“Canadian audits of China firms had major gaps: regulator,” dated February 21, 2012, Globe and Mail
Report of Canadian Public Accountability Board (CPAB)	
202	CPAB report, “Auditing in Foreign Jurisdictions”, February 2012

Trustees of Labourers' Pension Fund et al v
Sino-Forest Corporation et al
Court File No.: CV 11-431153-00CP

Exhibit "A" mentioned in the
Affidavit of Daniel E. H. Bach,
sworn [REDACTED]



Court File No.: CV-11-431153-00CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN
CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING
ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN ONTARIO,
SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known
as BDO MCCAËBE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT
POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E.
HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST,
PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES
(CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC
DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC.,
MERRILL LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON
PLACEMENTS CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC, and BANC OF
AMERICA SECURITIES LLC

Defendants

Proceeding under the Class Proceedings Act, 1992

AFFIDAVIT OF CAROL-ANN TJON-PIAN-GI

I, Carol-Ann Tjon-Pian-Gi, of the city of Paramaribo, in the country of Suriname, MAKE
OATH AND SAY:

1. I am an independent lawyer and sworn translator residing in Suriname.
2. I swear this affidavit in support of the Plaintiffs' motion seeking an order granting leave to the Plaintiffs to pursue the causes of action available under Part XXIII.1 of the Ontario

- 2 -

Securities Act, RSO 1990, c S 5, and, if necessary, under the equivalent provisions of the Securities Acts of the other Canadian Provinces. I swear this affidavit for no improper purpose.

I. INTRODUCTION AND SUMMARY OF OPINIONS

3. I have been retained by Siskinds LLP and Koskie Minsky LLP, co-counsel for the Plaintiffs herein ("Class Counsel"), to provide advice and assistance as to matters of Suriname law in relations to certain allegations made in the above-captioned litigation against Sino-Forest Corporation ("Sino-Forest") and certain others.
4. Class Counsel have requested that I provide an opinion with respect to the question set forth below.

II. MY QUALIFICATIONS AND COMPENSATION

5. I was awarded a Master's Degree in Law from the University of Suriname in 2005 and thereafter completed a mandatory internship of two years. I was admitted to the Bar of Suriname in December 2008 to practice civil and criminal law in Suriname, and I am a member in good standing of the Bar of Suriname.
6. I was awarded a Bachelor's Degree in English from the Advanced Teacher Training College in 1995 and was sworn in as a translator English-Dutch/Dutch-English in December 2008.
7. Attached hereto and marked as **Exhibit "A"** is a copy of my curriculum vitae.
8. My compensation in this matter is based on the number of hours spent in the course of my retainer. My hourly rate is \$ 150.

III. MATERIALS REVIEWED

9. Prior to rendering the opinions below, I reviewed the following materials:
- Act of 18 September 1992, containing provisions with regard to forest management as well as forest exploitation and the primary lumber processing industry (Forest Management Act), S.B. 1992, no. 80, with explanatory memorandum.

IV. QUESTION POSED AND OPINION

10. Class Counsel have asked me to render an opinion in relation to the following question:

Do the laws of Suriname impose an upper limit on the size of the forestry concession(s) that may be granted to a company or an affiliated group of companies? If so, what is that limit?

11. Article 26 of the *Forest Management Act* (S.B. 1992 no. 80) of the Republic of Suriname (“Article 26”) stipulates a maximum allowable concession size. That article states:

The total surface of a concession, and the total joint surface of various concessions, granted to a natural person or legal entity or to various legal entities in which a natural person or a legal entity has a majority interest, shall be no more than 150,000 hectares.

12. The explanatory memorandum to the *Forest Management Act* states:

Exceeding the maximum surface stated in article 26 shall only be possible by law in certain special cases.

13. I have researched whether any law, rule or regulation of the Republic of Suriname, or of any regulatory body thereof having jurisdiction over forestry concessions in Suriname, creates any exception to the maximum allowable concession size under Article 26 that would permit Greenheart Group Limited and its subsidiaries to exceed the limited imposed by Article 26, but I have identified no such law, rule, regulation or exception.

V. CONCLUSION

14. It is my understanding that discovery has not yet commenced in this action and, accordingly, my opinions are subject to amendment or revision based upon the development of additional evidence.

15. I certify that, to the best of my knowledge and belief:

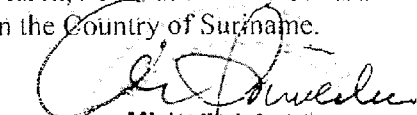
- the statements of fact contained in this Affidavit are true and correct;
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions;
- I have reviewed Rule 4.1 of the Ontario *Rules of Civil Procedure*, and I have prepared this Affidavit having regard to the duty described therein;
- I have no present or prospective interest in the parties to this case, and I have no personal interest or bias with respect to the parties involved; and
- my compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this Affidavit.

03/01/2012
Date


Carol-Ann Tjon-Pian-G

Produced Identification: Surinamese Passport#:R1195995
Personally Known to Me: N/A

Sworn to me this 1st day of
March, 2012, at the City of Paramaribo
in the Country of Suriname.


Michelle Isimbabi
Vice Consul of the
United States of America


Republic of Suriname)
District of Paramaribo)
City of Paramaribo) SS
Embassy of the United)
States of America)

at the pleasure of the President

Notary Public

My Commission Expires

This is Exhibit "A" mentioned and referred to in the Affidavit of Carol-Ann Tjon-Pian-Gi, sworn before me at the City of Paramaribo, in the Country of Suriname, this 1st day of March, 2012.



Michelle Isimbabi
 Vice Consul of the
 United States of America
 A Notary Public

Republic of Suriname)
 District of Paramaribo)
 City of Paramaribo) SS
 Embassy of the United)
 States of America)

at the pleasure of the President

My Commission Expires

WAIVER OF RESPONSIBILITY
 The U.S. Embassy assumes no responsibility for the truth or validity of representations which appear in this document.

Exhibit A**Curriculum vitae**

Carol-Ann Tjon Pian Gi*Lawyer and Sworn Translator*

Pardolaan 20, Uitvlugt
 Paramaribo, Suriname, S.A.
 Phone / Fax (597) 492257
 Mobile (597) 8861200
 Email catpg@yahoo.com

Summary

Legal Advisory: Corporate Law, Business Contracts, Regulatory Affairs & Legal Compliance, Business Advisory & Support.

Language Advisory: Legal Translations, Sworn Translations.

Education

Anton de Kom Universiteit van Suriname, Paramaribo, Suriname

Law**Master's Degree (with honors) (2005)**

Thesis: Electronic Commerce Transactions under Surinamese Legislation

Electives: International Trade Law and Anglo-American Law

Advanced Teacher Training College, Paramaribo, Suriname

English**Bachelor's Degree (1995)**

Thesis: English for Special Purposes (ESP)

Experience**Independent Lawyer**

2008 - Present

Private Practice

Retained by or in-house legal counsel for a small number of local companies, including Carisma Marketing Services Ltd., a subsidiary of British American Tobacco; Moengo Minerals N.V. (mining) and Topsport N.V., the largest sporting goods store in Suriname.

General bi-lingual legal services; corporate and regulatory affairs; legal compliance; permits (business, labor, work, mining); contract drafting and screening (purchase, labor, lease, joint ventures, distribution, franchise).

Also provide incidental legal advisory services as requested by local and foreign companies, including NAVTEQ USA, a subsidiary of Nokia Corporation.

Assistant Lecturer- Law Department at Anton de Kom Universiteit van Suriname

2006 - 2008

Prepare course material and give lectures on Legal Theory.

Independent Language Consultant

2008 - Present

Retained as legal translator English-Dutch/Dutch English by a number of local companies (insurance, industrial) and others (local bank, local law offices).

- 7 -

1991 - 2004

Provide language services for a number of local companies including SURALCO LLC., a subsidiary of ALCOA LLC. and BHP Billiton (mining), as well as a number of diplomatic missions to Suriname including the US Embassy in Paramaribo and the Office of the European Delegation in Suriname.

1991 - 2003

Lecturer - English for Occupational Purposes (EOP) and English for Special Purposes (ESP)

Various educational institutes in Paramaribo, Suriname

Languages

Dutch (Native or bilingual proficiency)

English (Full professional proficiency)

Spanish (Limited working proficiency)

French (Limited working proficiency)

Sranan Tongo (Native or bilingual proficiency)

Paramaribo, February 2012

Court File No.: CV-11-431153-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N :

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN
CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING
ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN
ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known
as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI
KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND,
JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY
J. WEST, PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT
SUISSE SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE
SECURITIES CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA
CAPITAL INC., CIBC WORLD MARKETS INC., MERRILL LYNCH CANADA
INC., CANACCORD FINANCIAL LTD., MAISON PLACEMENTS CANADA INC.,
CREDIT SUISSE SECURITIES (USA) LLC, and BANC OF AMERICA SECURITIES
LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF DENNIS DENG

I, Dennis Deng, of the city of Beijing, in the People's Republic of China (the
"PRC"), MAKE OATH AND SAY:

1. I am a senior partner in Dacheng Law Offices (“Dacheng”), a law firm based in Beijing in the PRC.
2. I swear this affidavit in support of the Plaintiffs’ motion seeking an order granting leave to the Plaintiffs to pursue the causes of action available under Part XXIII.1 of the Ontario *Securities Act*, RSO 1990, c S 5, and, if necessary, under the equivalent provisions of the Securities Acts of the other Canadian Provinces. I swear this affidavit for no improper purpose.

I. INTRODUCTION AND SUMMARY OF OPINIONS

3. On June 3, 2011, Dacheng was retained by Siskinds LLP and Koskie Minsky LLP, co-counsel for the Plaintiffs herein (“Class Counsel”), to provide advice and assistance as to matters of PRC law in regard to various allegations made by Muddy Waters LLC against Sino-Forest Corporation (“Sino-Forest”).
4. I have been requested by Class Counsel to provide opinions with respect to the questions set forth below.

II. BACKGROUND OF DACHENG

5. Founded in 1992, Dacheng is one of the first and largest law partnerships in China. On January 1, 1994, China’s *Legal Daily* reported that Dacheng had become the largest law office in China. In 2005, Dacheng was rated as Outstanding Law Firm of Beijing. In 2008, Dacheng was selected as “National Model Law Firm” of 2005-2007 by the All-China Lawyers Association.
6. Dacheng has established an extensive global legal service network, covering most of the major cities and regions in the world. Apart from its headquarters in Beijing, Dacheng

also has 34 local offices located in, among other cities in the PRC, Shanghai, Wuhan, Chongqing, Tianjin, Harbin, Zhengzhou, Hangzhou, Guangzhou, Xi'an, Nanjing, Nanning, Changzhou and Zhoushan. Dacheng also has offices in Paris, Los Angeles, Singapore, New York, Hong Kong and Taiwan.

7. There are currently over 2,600 lawyers and staff working for Dacheng, and its lawyers have expertise in areas including international trade, finance, construction, business administration, accounting, and taxation. At present, the firm's primary practice areas include corporate law, foreign direct investment, capital markets, mergers & acquisitions, finance, intellectual property, litigation, criminal defense and international trade.

III. MY QUALIFICATIONS AND COMPENSATION

8. I have been a partner of Dacheng since 2008. I have been called to practice law in the PRC since 2005, and I am a member in good standing of the bar of Beijing City. I was awarded a Masters of Law degree from Beijing University in 2003.
9. Attached hereto and marked as **Exhibit "A"** is a copy of my curriculum vitae.
10. Dacheng's compensation in this matter is based on the number of hours spent in the course of our retainer and the hourly rates of the lawyers who have rendered advice and assistance to Class Counsel. My hourly rate is \$475.

IV. MATERIALS REVIEWED

11. Prior to rendering the opinions below, I reviewed the following materials:
 - ✓ Notice of Annual and Special Meeting and Information Circular Respecting Acquisition of Sino-Wood Partners, Ltd. and Amalgamation with 1028412 Ontario Inc. to form Sino-Forest Corporation,

- ✓ Final Report of the “Independent Committee” of the Board of Directors of Sino-Forest Corporation (the “IC”),
- ✓ The Statement of Claim in this matter,
- ✓ Second Interim Report of the IC (the “Second Interim Report”),
- ✓ Schedules to the Second Interim Report,
- ✓ The First Report issued by Muddy Waters, and
- ✓ Company information on Shanghai Jin Xiang Wholesale Market Management Co., Ltd. (“SJXTM”).

V. QUESTIONS POSED AND OPINIONS

12. Below I set forth each of the questions in respect of which Class Counsel have asked me to render an opinion, as well as the opinion that I have provided in response thereto.

Question 1: *Under PRC law, is it lawful for forestry companies to make cash payments or to give gifts to employees of forestry bureaus? If not, what penalties are applicable under PRC law to forestry bureau employees who accept cash or gifts from such companies, and to companies who pay such cash or give such gifts?*

13. In the Second Interim Report, on p. 42, it is stated that

There are indications in emails and in interviews with Suppliers that gifts or cash payments are made to forestry bureaus and forestry bureau officials. The reasons are not clear although two Suppliers noted benefits were provided for the issuance of confirmations.

14. Under PRC law, it is unlawful for forestry companies or their representatives to make cash payments or to give “gifts” to employees of forestry bureaus. The applicable penalties vary primarily depending on the value of the payments and gifts, the recipient

of the “gift,” and the offeror. *See* The Criminal Law of the People’s Republic of China, chap. 8 (“Criminal Law”).

15. A government employee who accepts a “gift” worth more than RMB 5,000 may face criminal bribery charge punishable by criminal detention from 1 to 6 months, imprisonment from 6 months to life, or death penalty,¹ depending on the value of the “gift.” *See Id.* at §§ 383, 385, 386;² *also see* The Standards for Prosecuting Crimes by the

1 Criminal detention is executed by the public security near where the criminal resides and its term is between 1 month to 6 months; imprisonment is incarceration in a prison for a term varying from 6 months to 20 years. *See* The Criminal Law of the People’s Republic of China, §§ 42, 43, 45, 46.

2 Criminal Law:

Article 385 Any State functionary who, by taking advantage of his position, extorts money or property from another person, or illegally accepts another person’s money or property in return for securing benefits for the person shall be guilty of acceptance of bribes.

Any State functionary who, in economic activities, violates State regulations by accepting rebates or service charges of various descriptions and taking them into his own possession shall be regarded as guilty of acceptance of bribes and punished for it.

Article 386 Whoever has committed the crime of acceptance of bribes shall, on the basis of the amount of money or property accepted and the seriousness of the circumstances, be punished in accordance with the provisions of Article 383 of this Law. Whoever extorts bribes from another person shall be given a heavier punishment.

Article 383 Persons who commit the crime of embezzlement shall be punished respectively in the light of the seriousness of the circumstances and in accordance with the following provisions:

(1) An individual who embezzles not less than 100,000 yuan shall be sentenced to fixed-term imprisonment of not less than 10 years or life imprisonment and may also be sentenced to confiscation of property; if the circumstances are especially serious, he shall be sentenced to death and also to confiscation of property.

(2) An individual who embezzles not less than 50,000 yuan but less than 100,000 yuan shall be sentenced to fixed-term imprisonment of not less than five years and may also be sentenced to confiscation of property; if the circumstances are especially serious, he shall be sentenced to life imprisonment and confiscation of property.

(3) An individual who embezzles not less than 5,000 yuan but less than 50,000 yuan shall be sentenced to fixed-term imprisonment of not less than one year but not more than seven years; if the circumstances are serious, he shall be sentenced to fixed-term imprisonment of not less than seven years but not more than 10 years. If an individual who embezzles not less than 5,000 yuan and less than 10,000 yuan, shows true repentance after committing the crime, and gives up the embezzled money of his own accord, he may be given a mitigated punishment, or he may be exempted from criminal punishment but shall be subjected to administrative sanctions by his work unit or by the competent authorities at a higher level.

Id. at §§ 383, 385, 386.

Supreme People's Procuratorate of China, § 3. Confiscation of personal properties may be also imposed in addition to imprisonment or death penalty. Criminal Law, §§ 383, 385, 386.

16. If the bribe does not constitute a crime, a government employee may nonetheless be disciplined by the bureau where the employee works, or by that bureau's immediate superior authorities. *See* Criminal Law, §§ 383, 385, 386.
17. With respect to the cash payments and "gifts" referenced in the Second Interim Report, if they were worth more than RMB 5,000, the forestry bureau employee who accepted the gift may face both bribery charge and administrative sanctions.
18. Further, an entity that offers a bribe worth more than RMB 200,000 to government employees may be charged with entity bribery. The entity may consequently face a criminal fine of 1-5 times the value of the bribe offered, and its responsible personnel may be punished by criminal detention from 1 to 6 months or imprisonment from 6 months to 5 years. Criminal Law, § 393.³

Question 2: *Under PRC law, what are the legal consequences of filing inaccurate information with the AIC?*

19. Under PRC law, a person who knowingly files inaccurate information with the AIC may be subject to administrative sanctions and criminal punishment.

³ *Id.* Criminal Law,

Article 393 Where a unit offers bribes for the purpose of securing illegitimate benefits or, in violation of State regulations, gives rebates or service charges to a State functionary, if the circumstances are serious, it shall be fined, and the persons who are directly in charge and the other persons who are directly responsible for the offence shall be sentenced to fixed-term imprisonment of no more than five years or criminal detention.

20. A company that knowingly registers with overstated registered capital may face administrative sanctions including rectification, an administrative fine from 5% to 15% of the overstated amount, and revocation of the registration and business license. Administrative Regulations of the People's Republic of China on Company Registration, § 68.⁴ The company and its shareholders may also be punished by a criminal fine from 1% to 5% of the overstated amount. Individual shareholders or responsible personnel of entity shareholders may face criminal detention from 1 to 6 months or imprisonment up to 5 years. Criminal Law, § 158.⁵
21. A company that knowingly registers with inaccurate information may face potential administrative sanctions, including rectification, an administrative fine from RMB 50,000 to RMB 500,000, and revocation of registration and business license. *Id.* Company Registration, § 69⁶.

4 Administrative Regulations of the People's Republic of China on Company Registration,

Article 68 If the registration of a company is obtained through falsification of the registered capital, the company registration organ shall order the company to make corrections and impose a fine at an amount of between 5 percent to 15 percent of the falsified registered capital. If the circumstance is severe, the company registration organ shall revoke the company registration or revoke its business license.

5 *Id.* Criminal Law,

Article 158 Whoever, when applying for company registration, obtains the registration by deceiving the competent company registration authority through falsely declaring the capital to be registered with falsified certificates or by other deceptive means shall, if the amount of the falsely registered capital is huge, and the consequences are serious or if there are other serious circumstances, be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined not less than one percent but not more than five percent of the capital falsely declared for registration.

Where a unit commits the crime as mentioned in the preceding paragraph, it shall be fined, and the persons who are directly in charge and the other persons who are directly responsible for the crime shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention.

6 *Id.* Company Registration,

22. A company that knowingly registers with false capital contribution may face both administrative sanctions and criminal punishment. The sanctions include rectification, an administrative fine from 5% to 15% of the false amount claimed. *Id.* at § 70⁷. The punishment includes criminal fine from 2% to 10% of the false amount claimed, and the same applicable criminal detention or imprisonment as those stated in the paragraph 20 above. Criminal Law, § 159⁸.

Question 3: *What is the definition of “business activities” under PRC law, and do the activities of Sino-Forest’s BVI subsidiaries, as their business is described in the Reports of the IC, come within that definition?*

23. The term “business activities” is not well defined under PRC law. In practice, however, “business activities” generally encompass any for-profit activities.

Article 69 If the registration of a company is acquired through a false certificate or other deceptive means, the company registration organ shall order the company to make corrections and impose a fine from RMB 50,000 Yuan to RMB 500,000 Yuan. If the circumstance is severe, it shall revoke the company registration or revoke its business license.

⁷ *Id.*

Article 70 If an initiator or shareholder of a company makes false capital contribution, fails to deliver the monetary or non-monetary property as capital contribution, or fails to deliver them on time, the company registration organ shall order him/her to make corrections and impose a fine from 5 percent to 15 percent of the amount of the false capital contribution.

⁸ *Id.* Criminal Law,

Article 159 Any sponsor or shareholder of a company who, in violation of the provisions of the Company Law makes a false capital contribution by failing to pay the promised cash or tangible assets or to transfer property rights, or surreptitiously withdraws the contributed capital after the incorporation of the company shall, if the amount involved is huge, and the consequences are serious, or if there are other serious circumstances, be sentenced to fixed-term imprisonment of not more than five years or criminal detention and shall also, or shall only, be fined not less than two percent but not more than 10 percent of the false capital contribution or of the amount of the capital contribution surreptitiously withdrawn.

Where a unit commits the crime as mentioned in the preceding paragraph, it shall be fined, and the persons who are directly in charge and the other persons who are directly responsible for the crime shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention.

24. According to the description in the reports of the IC, the BVI subsidiaries' businesses are for-profit, and therefore, in my opinion, those activities likely constitute "business activities" under PRC law.

Question 4: *What penalties could be applied under PRC law, and what regulatory action might be taken by PRC authorities, if Sino-Forest's BVI subsidiaries were determined to be engaged in "business activities" in the PRC?*

25. Foreign entities engaging in business activities in the PRC are required to register to obtain and maintain a proper license. Violation of this requirement may result in both administrative sanctions and criminal punishment. Regulations on Registration of Foreign Entities, §§ 2, 3.⁹ Sanctions include banning the unlicensed business activities, confiscating illegal income and properties used exclusively therefor, and/or an administrative fine of no more than RMB 500,000.¹⁰ Criminal punishment includes a

9 Administrative Measures for the Registration of Enterprises of Foreign Countries (Regions) Engaging in Production Operations Within the Territory in China,

Article 2 In accordance with relevant laws and regulations of the state, after receiving approval from the State Council and competent authorities authorized by the State Council (hereinafter referred to as Approving Authorities), foreign enterprises engaging in production operations within the territory of China shall apply to the State Administration for Industry and Commerce or its authorized local administration for industry and commerce (hereinafter referred to as Registration Authorities) for registration. After receiving approval for registration from the Registration Authorities and obtaining a People's Republic of China Business License (hereinafter referred to as a Business License), a foreign enterprise may engage in production and business activities. No foreign enterprise may engage in production or business activities within the territory of China without receiving approval from the Approving Authorities and being approved for registration by the Registration Authorities.

Article 3 In accordance with existing laws and regulations of the state, foreign enterprises engaged in the following production and business activities shall seek registration: (1) Exploration and development of petroleum and other land and marine mineral resources...

10 Measures for Investigation into, Punishment Against, and Banning of Any Business Operation That Is Carried out Without a License,

criminal fine from 1 to 5 times the amount of the profits gained, and the responsible personnel may also subject to criminal detention from 1 month to 6 months, or imprisonment from 6 months to 15 years.¹¹

26. Therefore, the AIC may impose sanctions on Sino-Forest's BVI subsidiaries, and those BVI subsidiaries may also be charged with criminal offenses for their illegal business activities.

Question 5: *On p. 53 of the 2nd Interim Report of the Sino-Forest "Independent Committee," it is stated that:*

The IC Advisors have received copies of the Set-off Documents related to all the BVI standing timber purchase transactions

Article 14 As regards unlicensed business operation acts, the administrative department for industry and commerce shall ban them and confiscate the illegal gains according to law; if the Criminal Law is violated, the parties concerned shall be investigated for criminal liability according to the provisions of the Criminal Law on the crime of illegal business operation, the crime of negligently causing a serious accident, the crime of major labor safety accident, the crime of causing an accident in the control of dangerous articles or any other crime; if such activities are not serious enough for criminal punishment, a fine of not more than 20, 000 yuan shall be concurrently imposed; as regards any unlicensed business operation act which is large in scale or causes serious social damage, a fine of not less than 20, 000 yuan but not more than 200, 000 yuan shall be concurrently imposed; as regards any unlicensed business operation act that harms human health, has serious hidden hazard to safety, threatens public safety or destroys environmental resources, the tools, equipment, raw materials, products (goods) and other property that are particularly used for unlicensed business operation acts shall be confiscated, and a fine of not less than 50, 000 yuan but not more than 500, 000 yuan shall be concurrently imposed.

If any law or regulation stipulates otherwise in respect of the punishments for the unlicensed business operation acts, such law or regulation shall prevail.

11 Criminal Law,

Article 225 Whoever, in violation of State regulations, commits illegal acts in business operation and thus disrupts market order, if the circumstances are serious, shall be sentenced to fixed-term imprisonment of not more than five years or criminal detention and shall also, or shall only, be fined not less than one time but not more than five times the amount of illegal gains; if the circumstances are especially serious, he shall be sentenced to fixed-term imprisonment of not less than five years and shall also be fined not less than one time but not more than five times the amount of illegal gains or be sentenced to confiscation of property:

between the first fiscal quarter of 2006 and the first fiscal quarter of 2011. However, the IC Advisors have not been provided with any documents showing movement of money to confirm that such set-off arrangements have been carried out. During meetings of the IC Advisors with AIs and Suppliers, representatives from the AIs and Suppliers declined to produce such documents showing movements of money. Common reasons cited for declining to produce documents included “tax reasons” and sensitivity towards the MW allegations and the resultant publicity. Further, some AIs visited stated that they may not in fact make payment themselves as instructed by SF but would instead arrange for other parties (“fourth parties”) to make payment on their behalf. Those fourth parties may then instruct “fifth” or “sixth” parties to make payment.

In this situation, the Suppliers receiving payment will sometimes instruct its own “fourth” parties to receive payment on its behalf. All the AIs interviewed stated that these fourth parties are unrelated to SF. A common reason cited to explain the use of such expanding set-offs was for tax reasons but all AIs declined to discuss exactly how such use of fourth parties reduce taxes payable. During the meeting with Supplier #1, its legal representative explicitly stated that it would always instruct another party to receive payment from the AIs on its behalf. Reasons given for this arrangement included tax minimization and the fact that Supplier #1 did not have transactions with the AIs and therefore would be unable to account for the receipt of payment from the AIs.

Assuming that the purported transactions between Sino’s BVI subsidiaries and their AIs and suppliers were real, and were not simply illusory transactions designed to inflate Sino’s revenues, profits and assets, what “tax reasons” would explain the failure (1) to produce to the “Independent Committee” documents showing movements of money or (2) to explain to the “Independent Committee” how the use of fourth parties would minimize taxes payable? Is there a lawful way under PRC

law for an AI or Supplier to reduce taxes payable by using fourth parties to receive payments on behalf of the AI?

27. In my opinion, on the assumption stated in the question above, the reason to involve these fourth parties is likely to evade the “value added tax” (“VAT”). The VAT applies to any transaction involving a sale of goods. When there is a chain of sales transactions, one can evade multiple VAT by concealing all the intermediate transactions through the use of a related fourth party to complete the final sale. If the intermediate transactions are not traceable, the VAT will be imposed only on the final transaction.
28. With respect to that part of the above question which concerns the failure to produce documents showing the movement of money, in my opinion, it is likely that Sino’s BVI subsidiaries and their AIs and suppliers have declined to produce such documents because documents showing the movement of money may reveal the intermediate transactions, and thus, result in penalties for illegal tax evasion.
29. Evasion of VAT may result in both an administrative fine of no more than 5 times the amount of the tax evaded,¹² and criminal punishment of imprisonment for the responsible personnel.¹³

12 Law of the People's Republic of China on the Administration of Tax Levying:

Article 64 If a taxpayer or withholding agent falsifies tax basis, the tax authorities shall charge him to make corrections within a given time limit and impose a fine of up to but not exceeding RMB 50,000.

If a taxpayer fails to make declaration of tax, fails to pay or underpays the tax payable, the tax authorities shall seek the payment of the tax unpaid or underpaid as well as the late payment interest, and concurrently impose a fine of exceeding 50% but not exceeding five times of the amount of tax unpaid or underpaid.

13 The article 201 of the Criminal Law was amended in Feb. 2009. Between the original and the admendment laws, the court will apply whichever is more favorable to the defendant depending on the situation.

Article 201 Any taxpayer who fails to pay or underpays the amount of taxes payable by means of forging, altering, concealing or destroying without authorization account books or vouchers for the accounts, or overstating expenses or omitting or understating incomes in account books, or refusing to file his tax returns after the tax authorities have notified him to

Question 6: *Under PRC law, is it correct that standing timber, when not held in conjunction with a land use right, cannot be definitively proven by reference to a government maintained register? Is it correct that it is normally not possible to have Plantation Rights Certificates issued in the PRC for standing timber only?*

30. The Forestry Registration Law requires a modification request to be filed for any transfer of standing timber to change both the forestry bureau's registration record and the plantation rights certificate. Forestry Registration Law of People's Republic of China, §§ 24, 30. The transfer is completed only after the registration is modified accordingly. *Id.*
31. According to the National Forestry Bureau, the national policy after the forest land reform in 2006 is that a plantation right is a "three rights in one." The three types of

do so or filing false tax returns shall, if the amount of tax evaded accounts for over 10 percent but under 30 percent of the total of taxes payable and over RMB 10,000 but under RMB 100,000, or if he commits tax evasion again after having been twice subjected to administrative sanctions by the tax authorities for tax evasion, be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also be fined not less than one time but not more than five times the amount of tax evaded; if the amount of tax evaded accounts for over 30 percent of the total of taxes payable or is over RMB 100,000, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined not less than one time but not more than five times the amount of tax evaded.

Amendment VII to the Criminal Law, Article 3

Article 201 of the Criminal Law is amended as: "Where any taxpayer declares false tax returns by cheating or concealment or fails to declare tax returns, and the amount of evaded taxes is relatively large and accounts for more than 10 percent of the payable taxes, he shall be sentenced to fixed-term imprisonment not more than three years or criminal detention, and be fined; or where the amount is huge and accounts for more than 30 percent of the payable taxes, shall be sentenced to fixed-term imprisonment not less than three years but not more than seven years, and be fined.

Where anyone bearing the withholding obligation fails to pay or fails to pay in full the withheld or collected taxes by cheating or concealment, and the amount is relatively large, he shall be punished pursuant to the preceding paragraph.

Where either of the acts as described in the preceding two paragraphs is committed many times without punishment, the amount shall be calculated on an accumulated basis.

"Where any taxpayer who committed the act as described in Paragraph 1 has made up the payable taxes and paid the late fines after the tax authority issued the notice of tax recovery in accordance with the law, and has been administratively punished, he shall not be subject to criminal liability, except one who has been criminally punished in five years for evading tax payment or has been administratively punished by the tax authorities, twice or more."

rights encompassed within a plantation right are (1) the forest land use right, (2) the right to use the standing timber on the land, and (3) the ownership of the standing timber. The three rights go together in one plantation rights certificate, and these rights may not be separated. Therefore, no plantation rights certificate may be issued for standing timber alone.

32. Except for the National Bureau's policy, no current law expressly specifies the concept of "three rights in one." In practice, some local forestry bureaus in different areas may issue plantation rights certificates for standing timber without the right of land use, even after the 2006 reform.
33. The opinions expressed in paragraphs 31 and 32 above are based on my inquiries with the National Forestry Bureau, and seven provincial forestry bureaus: Beijing, Guangdong, Yunnan, Fujian, Chongqing, Guangxi, and Heilongjiang.

Question 7: *On pp. 24-25 of the 2nd Interim Report, it is stated:*

If the BVI or WFOE has entered into a timber purchase contract to acquire standing timber, has from the local forestry bureau a written confirmation letter and does not have a Plantation Rights Certificate registered in its name or been provided the relevant Plantation Rights Certificate registered in the name of the Supplier for such standing timber: each such timber purchase contract entered into by such BVIs or WFOE is valid, effective and legally binding on the parties thereto subject to the authorization by (a) the de facto owner with the Plantation Rights Certificate for such standing timber, if any, or (b) the ultimate farmer or collective economic organization who has legally obtained the ownership of the standing timber during the reform of the collectively-owned plantation rights system, as the case may be. If the de facto owner or the ultimate farmer or collective economic organization, as the case may be, refuses to

grant the authorization to any contract, the contract will be void and the Company will have no contractual rights. However, if the Company has paid consideration to the Supplier pursuant to the contract, the Company will have a cause of action against the Supplier for the return of the consideration based on the legal theory of unjust enrichment;

Are the statements above, insofar as they relate to BVIs, correct as a matter of PRC law?

34. Subject to the local practice stated in paragraphs 32 above, a purchase of standing timber is a purchase of three types of rights under the current national policy: the right to use the timber, the ownership of the timber, and the right to use the forest land where the standing timber is. Therefore, standing timber may not be purchased without purchasing the land use right.
35. Further, foreign forestry entities are not allowed to purchase land use rights. Thus, as a foreign entity, the standing timber purchase contracts entered into by Sino's BVIs are void and unenforceable under PRC law.

Question 8: *On p. 9 of the Final Report of the "Independent Committee," it is stated that:*

Management also provided copies of news articles regarding foreigners being subject to criminal sanctions in China for possessing maps and other geographical information that were deemed to be classified as state secrets. The IC has reviewed these responses from Management and was unable to verify all of Management's assertions regarding forestry maps or that forestry mapping information would be regarded as subject to such sanctions but recognizes that this is an area of the law in China where a conservative approach may be prudent.

Generally, what land features or physical facilities are considered to constitute a “state secret” under PRC law? Assuming that a map does not encompass a military installation or other governmental facility, would possession of the map by a foreigner be subject to criminal sanctions under PRC law?

36. Anyone who holds materials that are “state secrets” may be punished by criminal detention or imprisonment. Criminal Law, § 282.¹⁴ “State secrets” are not well defined in the criminal laws of the PRC, but the Law of the People’s Republic of China on Guarding State Secrets provides a broad list of items that are considered “state secrets.”¹⁵ Nevertheless, the National or Provincial Secret Protection Administration shall decide whether a piece of information is identified as a “state secret.”¹⁶ In practice, the Secret

14 *Id.* Criminal Law,

Article 282 Whoever unlawfully holds the documents, material or other objects classified as “strictly confidential” or “confidential” State secrets and refuses to explain their sources and purposes shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or public surveillance.

15 The Law of the People’s Republic of China on Guarding State Secrets

Article 9 Where divulgence of any of the following issues which are relevant with the national security and interests may cause any harm to the national security and interests with respect to the politics, economy, national defense, foreign affairs and etc., such issues shall be cognized as the State secrets:

1. Confidential issues involved in the significant decisions on the State affairs;
 2. Confidential issues involved in the national defense development and in the activities of the armed forces;
 3. Confidential issues involved in the diplomatic activities and in activities related to foreign countries, and the secrets of which the State shall fulfill the obligations of confidentiality to foreign countries;
 4. Confidential issues involved in the national economic and social development;
 5. Confidential issues involved in the science and technology;
 6. Confidential issues involved in the activities in protecting the security of the State and in the investigation of crimes;
- and
7. other confidential issues which are cognized by the State secret-protection administration.

16 *Id.*

Article 20 Where the organs and units fail to make clear or raise disputes on whether the relevant confidential issues are subject to the State secrets or not or which category of State secrets they should be classified into, the State secret protection

Protection Administration may consider any document that is confidential to the State and not revealed to the public a “state secret,” regardless of whether the document is marked with the word “classified” or any other word or designation which makes clear that the map is a “state secret.” Any mark or designation on the document which indicates that the document contains a state secret could constitute prima facie evidence of that fact, yet the court would rely on the Secret Protection Administration’s opinion in any case involving a “state secret.” If a map encompasses a PRC military installation or other governmental facility that is not revealed to the general public, then the map might be identified as a “state secret,” and holding such a map could constitute the crime of possession of state secrets under PRC law. As a general matter, however, maps of forestry resources are not identified as state secrets under PRC law, and thus holding such maps would not constitute a crime. In fact, as I explain below, maps of pertinent forestry areas are required under PRC law to be attached to plantation rights certificates.

Question 9: *On p. 10 of the Final Report, it is stated that:*

In mid December 2011, Management provided a document entitled “Detailed Description of Locating Forestry Resources in China” which explains how the locations of BVI standing timber assets are determined. This document has been provided to the Board.

It indicates that although certain types of stand maps and these land descriptions are available as part of PRCs, maps are not readily available for continuing possession by persons trading in

administration or the secret protection administrations of the provinces, autonomous regions or municipalities directly under the Center Government shall render a decision on the aforementioned issues.

standing timber without a lease as is the case of the transactions by SF's BVI model. Management indicates that such maps usually can be borrowed from forestry bureaus (but not retained) and are used by the survey companies as part of the Company's due diligence. Management believes the ability of a foreign company to retain such maps is unclear and has adopted a cautious approach to this issue. The advice received by the IC from independent forestry experts is that this practice is not inconsistent with the practice of other parties in China who buy and sell standing timber without leasing the underlying land.

Are the underlined statements above correct as a matter of PRC law?

37. It is true that PRC forestry bureaus are not obliged to provide maps of the forestry resources within their jurisdiction to members of the public. Under PRC law, however, a map must be attached to a plantation right certificate, and that map must describe the location of the relevant forest land, its boundaries and adjacent areas, the hectareage, the number of the trees and their species. Regulations on Plantation and Forestland Rights Registration, § 11.¹⁷ Such maps do not provide information on the general forestry areas, but only on that specific piece of land to which the plantation right certificate pertains. *Id.*

Question 10: *In the PRC, is there a database for plantation rights certificates, and if so, can a member of the public gain access to that database and, if so, how?*

¹⁷ Regulations on Plantation and Forestland Rights Registration,

Article 11 The registration organ shall decide to approve it within 3 months, when an application should meet all the following conditions:

(1) the location, four boundaries, species, area and number of the forests, plantation, forestland shall be accurate;

.....

38. The plantation rights registration database is generally open to the public upon request. Regulations on Plantation Rights and Forestland Registration, § 20.¹⁸ Local forestry bureaus determine the precise procedure on how to obtain information from the database. Generally, any member of the public who follows those local, routine procedures and who pays the required fee, can access to the database. Moreover, certain websites also provide online inquiry services regarding the ownership of plantation rights, such as <http://www.lqfzgl.com/index.aspx>.

Question 11: *According to AIC documents, SJXTM was an equity joint venture established in May 1997 by Shanghai Changxiang Industrial Co., Ltd., a state-owned entity that held an 83% equity interest in SJXTM, and Shanghai Jinsen Material Trade Co., Ltd., which held a 17% equity interest in SJXTM. AIC documents disclose that, prior to the termination of the joint venture agreement in 2005, SJXTM was “a joint venture by state-owned enterprise and collective enterprise.”*

Given that SJXTM was a “a joint venture by state-owned enterprise and collective enterprise,” would it have been possible under PRC law for Sino-Forest, a Canadian company, to have owned, either directly or indirectly, an equity interest in SJXTM?

39. According to the AIC records provided to me by Class Counsel, SJXTM is a non-company joint venture by a wholly state-owned enterprise and a collective enterprise. Thus, as a foreign company, Sino-Forest could not have invested directly in SJXTM.

40. Sino-Forest could not have indirectly owned an equity interest in SJXTM either. A collective enterprise is owned by a specific group of individuals who are Chinese citizens.

18 *Id.*

Article 20 The registration organ shall open the registration files to the public upon request.

Thus, Sino-Forest would not have been able to invest in SJXTM through investment in the collective enterprise.

41. In conclusion, it is my opinion that it would have been impossible for Sino-Forest to own an equity interest directly or indirectly in SJXTM under PRC law.

VI. CONCLUSION

42. It is my understanding that discovery has not yet commenced in this action and, accordingly, my opinions are subject to amendment or revision based upon the development of additional evidence.

43. I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this Affidavit are true and correct;
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions;
- I have reviewed Rule 4.1 of the Ontario *Rules of Civil Procedure*, and I have prepared this Affidavit having regard to the duty described therein;
- I have no present or prospective interest in the parties to this case, and I have no personal interest or bias with respect to the parties involved; and
- my compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this Affidavit.

Date

Dennis Deng

Sworn to me this ____ day of
March, 2012, at the City of Beijing,
in the Country of the People's Republic of China.

Notary Public [or Commissioner of Oath, as appropriate]

This is **Exhibit “A”** mentioned and referred to in the Affidavit of Dennis Deng, sworn before me at the City of Beijing, in the Country of the People’s Republic of China, this ____ day of March, 2012.

A Notary Public

Exhibit "A"

DENNIS DENG

Curriculum Vitae

Dennis Deng

Senior Partner, Director of International Practice Department of Dacheng Law Offices

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Cell Phone: +86-13911098075

Fax: +86-10-80115555*352074

E-mail: yongquan.deng@dachenglaw.com



Practice Areas:

- foreign direct investment (establishment of foreign-invested enterprises, foreign-related equity and asset acquisitions, foreign business investment); private equity financing; real estate (first-stage development, second-stage development, equity acquisition of project companies, real estate sales, transfer and leasing, commercial property operation); and
- commercial litigation and arbitration; enforcement actions in respect of judgments of the PRC courts and awards of PRC arbitral institutions; recognition and enforcement of foreign arbitral awards in China.

Mr. Deng has advised and represented clients in a broad range of industries, including investment, finance, insurance, real estate, construction, IT, aviation, electricity, medicine, environmental protection, manufacturing, auto, retail, telecommunications, chemical, hotel management, culture and education, publishing and media, railway logistics.

Mr. Deng has represented numerous clients in commercial litigation before the Chinese courts and in arbitration before the China International Economic and Trade Arbitration Commission, with a particular emphasis on disputes concerning mergers and acquisitions, Sino-foreign joint ventures, real estate, construction and employment, as well as shareholder and derivatives disputes.

Mr. Deng has particular experience in the enforcement of PRC court judgments and arbitral awards of PRC arbitral institutions, as well as the recognition and enforcement of foreign arbitral awards in China.

Mr. Deng has advised clients on dozens of M&A projects, including share capital increases of commercial banks, share repurchase financing for real estate projects, international syndicated loans in atmosphere improvement projects, limited recourse financing of power stations, international syndicated loans for petrochemical projects, venture investments through offshore share swaps, assets acquisitions by state-owned enterprises for the establishment of foreign-invested enterprises, acquisition of real estate project companies, the corporate restructuring of a state-owned publishing house, international joint education programs, international joint TV program production and broadcasting and an international joint venture in ticket marketing and performance.

Mr. Deng has strong capabilities in the conduct of due diligence investigations and legal risk analysis, and is able to assist clients in discovering and assessing legal risks in a thorough and efficient manner.

With extensive experience in both the operational side of business and in litigious and non-litigious legal work, Mr. Deng can help clients solve their problems in an accurate, effective and economic manner. Mr. Deng emphasizes that a lawyer should:

- design appropriate and sufficient legal protections whilst avoiding the inclusion of excessive and pointless clauses, which can simply frustrate a transaction;
- explain the relevant government examination and approval procedures and the corresponding transaction timeline to the client well in advance and take the initiative in predicting, identifying and controlling the risks for the client;
- take full account of business procedures and commercial feasibility when drafting a contract and prepare for and guard against potential disputes (for example, the clauses of the contract should be drafted such that the burden of proof is allocated to the other party);

- pay close attention to risk control during the course of the performance of a contract;
- uncover the facts of a case by tracing the unfolding of events from a commercial perspective and orient the presentation of the case in a manner favorable to the client;
- attend to the psychological factors influencing a judge or arbitrator, such as the desire for efficiency (concluding the case as quickly as possible) and the pursuit of safety (avoiding an incorrect ruling), so as to obtain a favorable judgment for the client; and
- identify any possible deal-breaking issues in a transaction as quickly as possible so that the client can withdraw from the transaction in a timely manner, saving both time and money.

Profile:

Mr. Deng had worked in Zhonglun Law Firm and Jincheng & Tongda Law Firm before he jointed Dacheng Law Offices. Prior to working in private practice, Mr. Deng served as the general counsel and secretary to the board of directors of COFCO Coca-Cola Beverages Ltd. and COFCO Coca-Cola Beverage (China) Investment Ltd., acquiring considerable experience in international commercial operations and management. This experience enables Mr. Deng to exactly grasp the commercial objectives of his clients.

Education:

- Master of Laws Degree from Beijing University
- In-house Lawyer Training of Coca-cola Company

Working Language: Chinese and English, Mr. Deng can work in English skillfully.

-----End-----

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N :

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN
 CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING
 ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN ONTARIO,
 SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known
 as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT
 POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E.
 HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST,
 PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES
 (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC
 DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC.,
 MERRILL LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON
 PLACEMENTS CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC, and BANC OF
 AMERICA SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

AFFIDAVIT OF ALAN MAK


I, Alan Mak, of the City of Toronto, in the Province of Ontario, MAKE OATH AND
 SAY:


1. I am a chartered accountant with Rosen & Associates Limited. I have knowledge of the matters set out below. Where that knowledge is based on information obtained from others, I have so indicated and believe that information to be true.
2. Rosen & Associates Limited was asked by Siskinds LLP and Koskie Minsky LLP, counsel for the plaintiffs, to prepare a report regarding the financial reporting of Sino-

Forest Corporation and the role of its auditors. Attached as **Exhibit "A"** is a copy of the report of Rosen & Associates dated March 2, 2012. My qualifications and acknowledgement of expert's duty are included in this report.

- 3. I swear this affidavit in support of the Plaintiffs' motion for an order granting leave to pursue the cause of action available under Part XXIII.1 of the *Securities Act*, RSO 1990, c S.5, as amended (the "*OSA*").

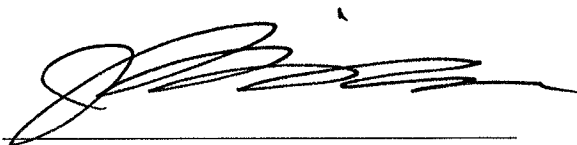
SWORN before me at the City of)
 Toronto, in the Province of Ontario,)
 this 2nd day of March, 2012.)


 _____)
 A Commissioner, etc.)
 Jonathan Bida)

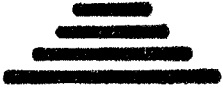


 Alan Mak

This is Exhibit "A" mentioned
and referred to in the Affidavit
of Alan Mak, sworn before me
at the City of Toronto, in the
Province of Ontario, this 2nd
day of March, 2012

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

A Commissioner, etc.



Rosen & Associates Limited

LITIGATION AND INVESTIGATIVE ACCOUNTANTS

Forensic Accounting 727

Business Valuation

Quantification of Damages

Public Accountants' Negligence

Privileged & Confidential

REPORT OF ROSEN & ASSOCIATES LIMITED

IN THE MATTER OF:

**THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND
EASTERN CANADA ET AL**

v.

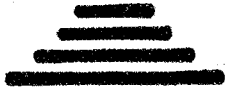
SINO-FOREST CORPORATION ET AL

March 2, 2012

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Rosen & Associates Limited

LITIGATION AND INVESTIGATIVE ACCOUNTANTS

730

Forensic Accounting

Business Valuation

Quantification of Damages

Public Accountants' Negligence

March 2, 2012

Privileged & Confidential

Siskinds LLP
680 Waterloo Street,
London, ON
N6A 3V8

Attention: Messrs. A. Dimitri Lascaris, Michael G. Robb and Daniel Bach

**Re: The Trustees of the Labourers' Pension Fund of Central and Eastern Canada et al
v. Sino-Forest Corporation et al**

I. INTRODUCTION

You have asked for our opinion, as professional accountants experienced in evaluating financial reporting and auditing, on the financial reports of Sino-Forest Corporation ("Sino-Forest" or "the Company"), particularly as it relates to accounting and financial reporting for the purchase and sale of its timber holdings. We understand that the Trustees of the Labourers' Pension Fund of Central and Eastern Canada and the other plaintiffs, on behalf of themselves and members of the Class, have alleged, among other things, that Sino-Forest materially misstated its timber assets, revenue (and profits) from timber sales and cash flows from operating activities.

You have also asked us to comment on the professional performance of Ernst & Young LLP ("E&Y") and BDO McCabe Lo Limited ("BDO"), being the stated independent auditors of Sino-Forest during various portions of the relevant period, with respect to their professional obligations and compliance with applicable professional standards.

You have asked us to respond to the following questions:

- A. Were the timber assets and revenues of Sino-Forest materially overstated for the years ended December 31, 2006 to December 31, 2010 according to the relevant Canadian generally accepted accounting principles (“GAAP”)?
- B. Did E&Y and BDO McCabe Lo Limited (“BDO”), as stated independent auditors of Sino-Forest, comply with Canadian generally accepted auditing standards (“GAAS”) in their examinations of Sino-Forest’s annual financial statements for the years ended December 31, 2006 through 2010, inclusive?
- C. The nature of any other financial reporting irregularities identified in the course of our analysis.

On June 2, 2011, Muddy Waters LLC, an independent investment research firm, initiated coverage on Sino-Forest. The Muddy Waters report alleged numerous improprieties at Sino-Forest, including, but not limited to, the overstatement of timber assets, non-existent sales and the perpetration of a Ponzi-type fraud. In response, Sino-Forest passed a resolution to appoint an “Independent” Committee (“IC”) to investigate the allegations.¹ The IC has issued three reports, ultimately declaring in its final report (dated January 31, 2012) that it had substantially completed its investigations and exhausted reasonable efforts to evaluate Muddy Waters’ allegations. The IC’s three reports, along with the annual and quarterly financial statements are the primary source of publicly-available information on Sino-Forest’s operations, and form the majority of the basis of our analysis of the asset and revenue reporting issues. Note that the IC’s reports disclosed for public consumption have been redacted, in important respects.

The documents that we relied upon in preparing our opinion are listed at **Appendix A**. Our professional qualification and the authors’ acknowledgement of responsibilities to the Court are attached at **Appendix B**.

¹ The composition of the IC is set out in its Second Report, dated November 13, 2011, “Introduction” section. We note that the IC was comprised of three Chartered Accountants. One of the members, Mr. James Hyde, was a retired partner of Ernst & Young, Sino-Forest’s auditor since 2007 and before 2005. Mr. Garry West, another member of Sino-Forest’s Board of Directors and also a former partner of Ernst & Young, also attended and participated in virtually all meetings. In our opinion, the objectivity of the former E&Y partners participating in the IC’s investigation must be evaluated carefully, given that E&Y was the Company’s external auditor during most of the relevant period.

It is important, in interpreting our Report, to clearly comprehend that it has been prepared solely on the basis of publicly-available information. We therefore reserve the right to amend, or revise, our opinion should additional information be made available to us subsequent to the date of this Report.

We understand that this report will be filed for the purposes of a motion seeking leave to assert a cause of action under Part XXIII.1 of the *Securities Act* of Ontario and if necessary the Securities Acts of the other Provinces.

II. SUMMARY OF OUR OPINION

In our opinion, based upon publicly-available evidence for Sino-Forest, from an accounting and financial reporting perspective, sufficient appropriate evidence does not exist to justify the reporting of timber assets and revenues for the vast majority of Sino-Forest's standing timber activities in 2006 to 2010 inclusive (i.e., purchased plantation timber being traded under the Entrusted Sale Agreements model).

The IC's investigation alone casts serious doubts on the legal and economic validity of Sino-Forest's timber trading business. Numerous discrepancies in the IC's procedures have been identified, such as the lack of external evidence to prove the actual existence of acquired or sold timber (e.g., plantation rights certificates or movements of cash among counter-parties).

Close ties exist between the Company and many of its counter-parties (with former Sino-Forest employees being shareholders, directors or officers of its suppliers and purchasers of standing timber, and with common shareholders existing among suppliers and purchasers). Such evidence, and also a lack of cash receipt evidence, indicates a failure to comply with GAAP and GAAS, and thus renders the 2006 to 2010 audited annual financial statements as being materially misleading.

The circular nature of Sino-Forest's standing timber business, and the lack of external transaction validation, suggest that Sino-Forest's standing timber business may have existed only within this closed loop of related companies. GAAP is largely based upon the reporting of bargained third party transactions. Accordingly, when sufficient third

party dealings do not exist, a GAAS audit is typically not possible to perform. In our opinion, therefore, the audited annual financial statements of Sino-Forest for much or all of the 2005 to 2010 years should not have been issued to the public.

Our further opinions follow:

A. Timber Assets

The legal ownership and occurrence of bona fide economic transactions have not been established by Sino-Forest or by the investigations of the IC. Independent verifications with Sino-Forest's alleged third-parties are not reliable, and available evidence indicates that the confirmation process used by Sino-Forest's so-called IC lacked integrity. Indeed, the IC has advised that forestry bureau confirmations do not evidence legal ownership, and title claims continue to be susceptible to challenge.

Consequently, assertions regarding asset "ownership" and "existence" as required by GAAP have not been proven. Sino-Forest should not have characterized the standing timber traded through its so-called Entrusted Sale Agreements ("ESA") (i.e., purchased plantations acquired from Suppliers through set off arrangements and sold to Authorized Intermediaries) as being "assets" or "revenues" of the Company.

Sino-Forest's purported ownership of its standing timber is fundamentally complicated by its unusual business structure. All, or substantially all, of Sino-Forest's sales and purchases of standing timber occur within a pool of Suppliers and Authorized Intermediaries ("AIs"). According to the IC, neither Sino-Forest nor its subsidiaries (British Virgin Island incorporated entities, or "BVIs") have ever received cash from the sale of timber to AIs. The proceeds of sale are supposedly held in trust for Sino-Forest by the AIs and are to be paid to Suppliers in "set-off" arrangements. Similarly, we understand that Sino-Forest apparently has never directly paid cash to its Suppliers for the purchase of standing timber.

Importantly, the IC was not able to verify any cash movements between the AIs and Suppliers. The complete absence of accounting “realization” (e.g., the collection or payment of cash in commercial transactions) is a glaring anomaly and raises many doubts as to the legitimacy of Sino-Forest’s operations. Such lack of transparency is enormously significant given the apparent inter-relationships among Sino-Forest, its Suppliers and AIs, and little available evidence on the existence of independent third parties.

Given the “closed circuit” nature of Sino-Forest's standing timber business model, a serious possibility (if not high probability) is that Sino-Forest's entire standing timber business is an accounting fiction. External, verifiable proof of commercial trades in standing timber does not appear to exist, or exists for only a very narrow scope of transactions. Too many “red flags” occur and cast doubt on the plausibility of Sino-Forest’s business model. Too many excuses would be needed to explain Sino-Forest’s deviations from “normal” commercial practice. Each and every one of Sino-Forest’s explanations must be believed in order for a person to accept the legitimacy of its standing timber business.

In our opinion, reliable evidence has not been offered by the Company or uncovered by the IC to establish the legal ownership and the realization of commercial trade (i.e., cash collection). The apparent close ties and related party status of Sino-Forest’s main trading parties for standing timber cast further doubt on the legitimacy of the purchases and sales. From a financial reporting perspective, inadequate proof exists to support the assertions that Sino-Forest owned and sold standing timber under its “ESA” model.

Consequently, it is our view that Sino-Forest's timber assets, revenues and profits from at least 2006 to 2010 were grossly overstated. Accordingly, in our opinion, the audited annual financial statements for at least 2006 to 2010 inclusive were materially misstated, contrary to the written assertions in the auditors’ reports.

B. Transactions with Authorized Intermediaries and Suppliers (Related Parties)

Serious concerns exist regarding Sino-Forest's timber trading model. A particular oddity is the practice of buying and selling within a same group of Suppliers and AIs. The IC confirmed that many of Sino-Forest's counter-parties are owned or managed, at least in part, by former employees or contractors of the Company. Importantly, the IC does not appear to have devoted much attention to indirect relationships, such as friends and family of former employees, which would indicate an even greater scope of undisclosed influence.

From an accounting perspective, the existence of related parties could nullify the presumption of arm's-length fair market value transaction terms. Transactions between related parties are not necessarily bargained on the basis of competing self-interests. Hence, prices, payment terms and warranties may be manipulated to convey a particular message (such as increasing profits or assets) when such would not be the case, in reality. Non-independent trading partners could even engage in fictitious transactions, such as for the purchase and sale of goods.

Sino-Forest's disconcerting business model (the closed nature of its buying and selling activities), the absence of independent evidence of commercial trade (e.g., forestry bureau confirmations and cash movements) and the interrelationships among Sino-Forest, its Suppliers and its AIs, all corroborate our strong suspicion that the entire standing timber trade business was a carefully-constructed fiction from an accounting perspective. Further investigations for our suspicions are therefore in order.

C. Manipulation of Reported Cash Flows

Further evidence of Sino-Forest having engaged in misleading financial reporting can be found in its cash flow statements for at least the years ended December 31, 2006 through to 2010, inclusive. In direct contravention of Canadian GAAP, Sino-Forest grossly and materially overstated its "cash flows from operating activities" by excluding the cost of the timber that it supposedly had sold each year. Rather

than reporting the timber available for sale as “inventory”, and deducting such sold inventory costs from revenue to arrive at a net profit (or operating cash flow), Sino-Forest categorized timber purchases as a long-term “investment”. Such long-term treatment was clearly incongruous with the purported use of the standing timber stock (purchased plantations), which in fact was being sold frequently in trade.

Furthermore, rather than recognizing the cost of timber as it was sold as being an operating cost, Sino-Forest chose to characterize the same as a (non-cash) depletion expense. Depletion is added back to net income in calculating cash flows because it is a non-cash expense. Hence, Sino-Forest was able to completely and inappropriately exclude the cost of acquiring the timber that it supposedly had sold, when computing its cash from operations.

The effect of Sino-Forest's misleading “cash flow from operating activities” accounting treatment was to grossly overstate operating cash flows, a figure that is extensively relied upon by industry financial analysts to compute valuations of the company. “Operating cash flows” (excluding what are called changes in non-cash current assets and liabilities), or similar terminology such as EBITDA (earnings before interest, taxes, depreciation and amortization) are used extensively by financial analysts across many industries. Such usage is widely known to financial statement preparers and auditors.

E&Y and BDO, Sino-Forest's auditors, accepted the inappropriate and misleading timber acquisition and sale reporting each year. This was contrary to their audit reports’ wording of seeking out and avoiding materially misstated financial results.

D. Professional Standards and Auditors (E&Y and BDO)

E&Y and BDO each issued audit reports proclaiming that they had conducted their audits in compliance with GAAP and that Sino-Forest’s financial statements fairly presented the results of its assets, liabilities, operations and cash flows. In our opinion, E&Y and BDO both failed to perform their audits in accordance with

GAAS and failed to detect material misstatements in Sino-Forest's financial statements. In particular, E&Y and BDO (at a minimum) failed to:

1. Obtain an understanding of Sino-Forest's business operations, especially the peculiar manner in which it claimed to do business (e.g., the "ESA", the use of AIs, the "set off" arrangements, the trading within a small group of Suppliers and AIs at any given time and similar), as well as of the circumstances and effects of its transactions with impacts on related party measurement deficiencies.
2. Grasp the significance of Sino-Forest's business practices as they impacted on GAAP, such as the lack of cash collections, the extensive inter-relationships among Sino-Forest, its Suppliers and AIs, and the absence of formal land title transfers/registrations). Despite their professional obligations to obtain sufficient and appropriate evidence of the reality of Sino-Forest's reported transactions each year, it is highly doubtful that E&Y and BDO would have gathered the necessary evidence so as to become aware of these peculiarities. Such lack of evidence constitutes major non-compliance with GAAS.
3. Perform basic auditing procedures to test the validity of Sino-Forest's assertions regarding its ownership of standing timber, the sale and realization of proceeds of sale of standing timber, and the purchase of standing timber. In the alternative, if such procedures are claimed to have been performed, sufficient and appropriate audit evidence was not obtained (and could not have been obtained given the circumstances explained by the IC) so that logical and justifiable conclusions could be supported.
4. Object to Sino-Forest's inappropriate and non-GAAP-compliant financial reporting with respect to:
 - (a) Standing timber being labelled as "assets" of the Company on the audited financial statements;

- (b) The sale of standing timber, based on GAAP requirements as applicable for determining when sales revenue may be recorded;
- (c) Cash flows relating to the purchase and sale of standing timber; and their location within the audited cash flow statements; and,
- (d) The nature of relationships among Sino-Forest, its Suppliers and AIs, and the consequences of non-recognition of revenue and compulsory financial statement note disclosure.

Overall, it is our opinion that E&Y and BDO seriously failed to fulfill their basic obligations to test Sino-Forest's significant financial statement assertions. Had they met even the minimum requirements, E&Y and BDO would have identified the many discrepancies that were encountered by the IC. In the alternative, if E&Y and BDO should claim that they performed the necessary auditing procedures, then they inappropriately accepted Sino-Forest's accounting choices, which were not within GAAP and which materially overstated the Company's assets, revenues, profits and operating cash flows.

Overall, in our opinion, contrary to the assertions in the annual audit reports, Sino-Forest's financial statements were materially misstated, at least from 2006 to 2010.

III. BACKGROUND

Our understanding of the material facts follow:

- A. Sino-Forest Corporation is a Canadian company with an administration office based in Mississauga, Ontario and its executive offices based in Hong Kong. Sino-Forest purports to be a commercial forest plantation operator in the People's Republic of China. Until August 25, 2011, Sino-Forest was traded on the Toronto Stock Exchange under the ticker symbol "TRE".
- B. Ernst & Young LLP is a firm of chartered accountants with offices across Canada. E&Y was Sino-Forest's external auditor prior to 2005, and again commencing in the 2007 fiscal year.

C. BDO McCabe Lo Limited is a firm of certified public accountants based in Hong Kong. BDO was Sino-Forest's auditor the years ended December 31, 2005 and 2006.

D. On or about June 2, 2011, Muddy Waters LLC, an investment research firm, initiated coverage on Sino-Forest. Muddy Waters' report made numerous, serious allegations that Sino-Forest was a massive fraud. Among the allegations:²

1. Sino-Forest materially overstated its timber holdings.
2. The foundation of Sino-Forest's Ponzi-scheme type of fraud is its business model that utilizes a complex network of British Virgin Island ("BVI") subsidiaries that deal exclusively with Authorized Intermediaries ("AIs") in related transactions.
3. This network of AIs allowed Sino-Forest to fabricate unwarranted sales.

E. Sino-Forest's business prior to 2011 was comprised of three business segments:

1. Plantation fibre (tree plantation, including standing timber);
2. Wood log and wood products purchases and sales; and,
3. Manufacturing or processing.

The Plantation division was its largest operation and comprised the majority of its assets and revenues.

F. The Plantation Fibre division was operated as follows:

1. Sino-Forest applied two business models: Purchased Plantation and Planted Plantation:³

² Muddy Waters LLC Report on Sino-Forest Corporation, June 2, 2011.

³ Second Interim Report of the IC, dated November 13, 2011, pages 14 and 15.

- (a) Purchased Plantations involved buying and selling standing timber or logs via BVI/AI structures and through wholly foreign owned entities (“WFOE”, incorporated in the Peoples Republic of China, “PRC”).
- (b) Planted plantations have been operated entirely through WFOE.
2. As of December 31, 2010, Sino-Forest reported 711,000 hectares of purchased plantation assets (466,826 via BVIs and 214,182 via WFOEs).
 3. As of December 31, 2010, Sino-Forest reported 77,700 hectares of planted plantations.
 4. Sale of timber from planted plantations was alleged to have been made in cash, to customers.
 5. Sale of purchased plantations, via BVIs, were not sold directly to customers, but rather sold under contract to AIs. Such transactions were made through Entrusted Sale Agreements (“ESA”). The typical wording of an ESA specifies that an AI is “entrusted” to sell timber on behalf of Sino-Forest’s BVI subsidiaries.
 6. BVI timber sales were alleged to have been settled by the AI by its making payments to Sino-Forest suppliers on behalf of Sino-Forest. No cash flowed through to the BVIs.

G. Sino-Forest’s BVI/AI network supposedly operated as follows:⁴

1. AIs are Chinese incorporated companies that were engaged in timber trading. AIs enter into ESAs to sell timber on behalf of the BVIs. AIs are sometimes referred to as “selling agents”.
2. The ESAs stipulate that an AI is liable for paying Sino-Forest the sale price, and such obligation is not conditional upon the AI selling its timber to end customers.

⁴ Second Interim Report of the IC, dated November 13, 2011, pages 15 to 18 and 50 to 54.

3. The AI is responsible for finding its own customers.
4. Payment terms typically were alleged to be 20% of the sale price within 60 days, 40% within 150 days and balance within 270 days of signing.
5. However, according to the IC, no cash has ever actually flowed from the AIs to Sino-Forest/BVIs. Funds were held by the AI until directed by the Company to use the proceeds to pay for new BVI standing timber purchases. Funds were directed to “set-off” the cost of new timber acquisitions.
6. Funds to pay for new BVI standing timber purchases could originate from the proceeds of multiple ESAs (or from different AIs). From Sino-Forest’s records, the set-off payments were alleged to have been applied to the partial or complete settlement of the Supplier’s account.

An AI may also have been directed to purchase standing timber for a different BVI (from the entity from which the AI purchased standing timber and to whom it owes payment).

IV. RELEVANT PROFESSIONAL STANDARDS

Sino-Forest purportedly (according to its annual audited financial statements) applied Canadian GAAP in its financial reporting for the fiscal years ending on and prior to December 31, 2010.

Excerpts of selected pronouncements from GAAP are listed at **Appendix C**.

As a brief summary, revenue represents the inflow of cash or other benefits as a result of completing the normal, income-generating activities of a business. A key element of revenue recognition is the transfer of the risks and rewards of ownership that are associated with the asset(s) that has purportedly been sold to the buyer by the seller business. Under Canadian GAAP, the certainty of collecting cash from the buyer is an especially important consideration.

“Assets” represent resources or benefits that are available to a business. A key characteristic is that the reporting entity must be able to control, or be entitled to exploit, the resource in order to claim ownership as an “asset”.

Importance of Third-Party Validity

Financial reporting in Canada until December 31, 2010 was based on a vital presumption that transactions would primarily be recorded only when they were based on the occurrence of completed third party transactions.⁵ Such transactions were thought to have produced bargained prices and terms, and enforceable contracts when third parties had been involved. Payment to sellers was considered to be assured under such third party bargained contract terms.

Given its emphasis on the need for third party involvement, GAAP included stipulations or rules that, where a third party relationship did not exist, disclosure notes to financial statements had to be appended. For example, for the 2006-2010 period, the CICA Handbook required the following note disclosures:

“DISCLOSURE

- An enterprise should disclose the following information about its transactions with related parties:
 - (a) a description of the relationship between the transacting parties;
 - (b) a description of the transaction(s), including those for which no amount has been recognized;
 - (c) the recognized amount of the transactions classified by financial statement category;
 - (d) the measurement basis used;
 - (e) amounts due to or from related parties and the terms and conditions relating thereto;
 - (f) contractual obligations with related parties, separate from other contractual obligations;
 - (g) contingencies involving related parties, separate from other contingencies.”

⁵ As of January 1, 2011, Canadian GAAP was replaced by International Financial Reporting Standards for publicly-traded companies.

What was missing from Canadian GAAP was a requirement to have transactions between related parties recorded and reported at "current fair market values." Accordingly, the dollar figures that were actually being reported under GAAP still required a careful examination to ascertain their reasonableness and credibility.

In the case of Sino-Forest, and its financial dealings, the following considerations applied and yet were largely not specified:

- A. Of the reported transactions, which dollar amounts were conducted with third parties at bargained prices?
- B. Similarly, which transactions were related party exchanges at agreed upon prices which were not at fair market value? What was the dollar difference between fair market value and the transacted prices?
- C. For the related party (or non-arm's-length) transactions:
 1. did the buyers pay the sellers in cash, or was a non-cash intercompany account system utilized?
 2. when did the cash settlements, if any, occur? (How many dollars each year represented cash settlements?)
 3. if non-cash assets were being traded, which mechanisms were used to establish intercompany trading prices? (Were comparisons made to third party dollar figures?)
 4. how many dollars of trades in each calendar year during 2006-2010 inclusive had to be cancelled because of legal restrictions, non-availability of product, and similar reasons?
 5. how many dollars of trades in each calendar year occurred among or between related companies that were not 100% owned by Sino-Forest companies? (Who held the minority ownership shares?)

In short, what was the overall degree of related party transactions that had the effect of cancelling each other, and yet were being reported as the equivalent of third party transactions? Did Sino-Forest's accountants really know who were the related parties, and who were not? Additionally, were Sino-Forest's auditors in agreement with the company, and which processes did they undertake as auditors to gather the necessary related party evidence?

What was actually reported under the title "Related Party Transactions" in Sino-Forest's 2010 annual audited financial statements were references to:

- A. executive officers' pay being directed to their personal companies;
- B. accrued consultancy fees to these same executives' companies;
- C. references to the acquisition of shares and bonds of a related company;
- D. actual acquisition of shares of a related company; and
- E. acquisition by a director of Sino-Forest of convertible notes of a related company.

Missing from the related party note disclosure were vital references to the nature of relationships among Sino-Forest and its suppliers and purchasers of timber products. Absences of such a significant nature in Sino-Forest's disclosures would lead readers to conclude that suppliers and purchasers were legitimate third parties. Hence, transactions would have been assumed to have been made at fair market values. Yet, according to the IC, considerable doubt would seem to exist.

The IC's inquiries mentioned the existence of many related party circumstances in various entities that dealt with Sino-Forest. Thus, the assumptions that investors likely would have made about bargained third party prices would not have been valid.

The related party note disclosure in Sino-Forest's audited financial statements was therefore misleading. More troublesome is that a major concept of GAAP, being necessary reliance on third party transactions for appropriate dollar figures in financial

statements, had been ignored by Sino-Forest and its auditors. Indeed, much of Sino-Forest's audited financial statement package each year could have been fictional.

V. SINO-FOREST'S ACCOUNTING POLICIES

Excerpts of selected declarations from Sino-Forest's stated accounting policies for timber holdings and revenue are listed at **Appendix D**.

Notably, no references have been made in the annual audited financial statements to the Company's extensive use of AIs in the purported sale of timber. Similarly, the notes do not disclose the absence of cash flows to Sino-Forest for the timber sales (i.e., the "set off" arrangements between AIs and Sino-Forest's suppliers).

VI. ANALYSIS OF SINO-FOREST ACCOUNTING AND REPORTING

A. Historical Financial Results

A summary of Sino-Forest's annual balance sheet, income statement and statement of cash flows is set out at **Appendix E**, along with the analyses that were derived therefrom. The revenue, profit, net asset and cash flows that were reported by the Company all show extraordinarily positive trends. Yet, as will be discussed herein, especially serious fundamental flaws existed in Sino-Forest's accounting choices, often rendering them in violation of GAAP for material amounts of dollars.

Sino-Forest's audited financial statements showed:

1. Revenues increased each year from 2006 to 2010, from \$555 million to nearly \$2 billion.
2. Likewise, gross profits and net income from continuing operations remained positive and increased each year from 2006 to 2010.
3. Reported cash flows from operating activities consistently increased from 2006 to 2010.

4. The sale of timber and logs comprised approximately three-quarters of Sino-Forest's total revenues.
5. Timber holdings increased nearly four-fold since 2006, from \$753 million to over \$3.1 billion in 2010.
6. Timber Holdings comprised 54.5% to 70% of the Company's total assets each year from 2006 to June 30, 2011.
7. Timber holdings were recorded as a long-term asset until 2010 (under GAAP). Timber holdings were reclassified in 2011 with the portion expected to be sold within 12 months characterized as a current asset (and valued at historical cost) and the remainder characterized as a long-term asset (and valued at fair value).
8. Transactions in timber holdings were often inappropriately reported as follows (up to December 31, 2010):
 - (a) Purchases were recorded as "Investing" activity cash outflow on the cash flow statement. The supposed "Asset" was recorded on the balance sheet as "Timber Holdings", in the long-term asset section.
 - (b) Sales were recorded as revenue on the income statement; the accompanying "Cost of Sales" was comprised of costs taken from "Inventory" as well as an expense charge for "Depletion" from "Timber Holdings". The "Depletion" charge on the income statement resulted in a reduction of Sino-Forest's Timber Holdings assets.
 - (c) Being a non-cash "depletion" charge, the Timber Holdings cost was eliminated (or added back) when calculating Operating Cash Flows on the cash flow statement.
9. With respect to inventory, Sino-Forest appears to have been very adept at turning over its timber stock. Annual turnover ranged from 5 to 18 times of its average stock on hand each year from 2006 to 2010.

The seemingly favourable financial reporting trends were based upon the accounting choices selected by management and approved by the external auditors. As will be elaborated herein, such accounting treatments were not appropriate given the available evidence (or lack thereof).

B. Ownership of Timber

In order to report timber holdings as an “asset”, certain fundamental attributes must exist. Such characteristics, as outlined in the CICA Handbook, are summarized at **Appendix C** in accounting for “assets”. The ability to exploit a resource (obtain economic benefits) and to control such exploitation are necessary criteria. One measure of an entity’s ability to obtain benefits is its having legal title to the ownership of an economic resource.

Based upon the documentation that we have reviewed, Sino-Forest’s claims to legal ownership of standing timber acquired under the purchased plantation model have been, and continue to be, subject to challenge. Reliable independent evidence of ownership has not been obtained.⁶

The ownership of Sino-Forest’s timber holdings was the subject of much attention in both the Muddy Waters’ report and the IC’s investigation. Muddy Waters alleged that Sino-Forest’s reported holdings were overstated and not plausible (given various geographic, legal and economic facts in China).

As a result, the IC sought to confirm Sino-Forest’s ownership, and learned the following, according to them:⁷

1. The IC verified registration of title to only 17.9% of the planted plantations.
2. The IC verified contractual claims to 81.3% of plantations.

⁶ According to the IC confirmations from local forestry bureaus do not constitute official documents and cannot be relied upon as evidence of ownership. Transaction documents with Suppliers and AIs are suspect given the undisclosed (and apparently, extensive) inter-relationships between the Company and the counter-parties via former employees and contractors.

⁷ Second Report of the IC, dated November 13, 2011, page 4.

3. The IC chose to verify ownership through review of original contracts.

However, the nature of the IC verifications demand questioning. The Second Report advises that Sino-Forest did not obtain registered title to BVI purchased plantations (planted plantations, for which titles are registered, are not of primary concern).⁸ Original contracts bear little, if any, evidentiary value given concerns regarding relationships between Sino-Forest and its Suppliers.

As a result, the IC has purportedly verified some of the ownerships by visiting forestry bureaus, suppliers and AIs to verify the chain of title and confirmation of payments. Purchase contracts, set-off arrangements and forestry bureau confirmations were relied upon by the IC as evidence. On its face, the verification procedures would appear to be reasonably robust. Yet, the further explanations of the IC reveal that the written confirmations and attempts to contact Sino-Forest's AIs and Suppliers were not sufficient to establish ownership for accounting purposes:

1. Forestry Bureau Confirmations:

The IC provided the following commentary on the confirmation process:

“The forestry bureau confirmations are not a form of official documents contemplated by the applicable regulatory regime. Rather, we believe, based on meetings with certain forestry bureau officials or former officials and with certain Suppliers, and discussion with Management, that they are documents issued at the request of either the Company or, more commonly, its Suppliers as a “favour” and should not be disclosed outside the Company or relied upon legally. They have what purports to be the forestry bureau's Chop on them. We believe the forestry bureau confirmations should be viewed as comfort indicating that the relevant forestry bureaus do not dispute SF's claims to the standing timber to which they relate, but which are not documents of title that could be relied upon in event of a dispute or in a court of law. However as noted below, a number of the forestry bureaus have indicated that these have been issued at SF's request and that the confirmations are for SF internal use only and may not be shown to third parties. This could limit the

⁸ Second Report of the IC, dated November 13, 2011, page 5.

usefulness of these documents in any legal dispute.”⁹ [Emphasis added.]

- (a) Forestry bureau confirmations in China are not officially recognized documents and are not title documents.¹⁰ The IC obtained little insight into the verification process of the bureaus or the methods through which confirmations can be obtained. Indeed, the IC was not able to obtain “complete comfort” into the methods by which the forestry bureau confirmations were obtained.¹¹
- (b) The IC was advised by a Supplier that Sino-Forest is the only customer who required confirmation letters for standing timber purchases (in addition to the purchase agreement). Issuing confirmations is not a typical practice and that such confirmations were provided as a “favour” at the request of the Company and Suppliers.¹²
- (c) The reliability of such confirmations is suspect in any case. The IC identified evidence that gifts or cash payments were provided to forestry officials for the issuance of confirmations.¹³
- (d) Notwithstanding the forestry bureau confirmations, the ownership of the lands and timber could be open to challenge.¹⁴
- (e) Challenges to ownership have occurred in the past, but apparently were resolved in a “manner satisfactory to the Company”.¹⁵ (The nature, frequency and particulars of past challenges to ownership are not disclosed.)
- (f) At least some of the confirmations were prepared by Sino-Forest on notional forestry bureau letterhead for local officials to “chop” (or stamp with its official mark). Management explained to Sino-Forest that the documents

⁹ Second Report of the IC, dated November 13, 2011, page 23.

¹⁰ Second Report of the IC, dated November 13, 2011, page 6.

¹¹ Second Report of the IC, dated November 13, 2011, page 6.

¹² Second Report of the IC, dated November 13, 2011, page 21.

¹³ Second Report of the IC, dated November 13, 2011, page 42.

¹⁴ Second Report of the IC, dated November 13, 2011, page 5.

¹⁵ Second Report of the IC, dated November 13, 2011, page 5.

were prepared to assist the forestry bureau officials who were providing a favour to assist the activities of the Company.¹⁶

Consequently, confirmations from local forestry bureaus provide little, if any, assurance of Sino-Forest's ownership of standing timber plots.

2. Uncertain Cash Flows:

The IC undertook to examine the process by which the Company directed payments between AIs and Suppliers. Notably, the IC was not able to verify actual movements of cash in connection with the purported "set-off" arrangements. The "set-off" process was purported to flow as follows:

- (a) A BVI that had receivables owing from an AI would issue instructions for the AI to make payments to a Supplier on behalf of that BVI, or another BVI. The instructions had to be signed and stamped, and indicated the amounts to be paid.¹⁷
- (b) Notification was given by the BVI to the relevant Supplier that payment for timber was being made through an AI on behalf of the purchasing BVI. The notification would be dated, stamped and signed, with the amount to be paid indicated.¹⁸
- (c) Upon payment, a confirmation would be issued by the AI that payment had been made to the Supplier as requested. The confirmation would not be dated, but would be stamped and indicate the amount that had been paid.¹⁹
- (d) Finally, a confirmation would be issued by the Supplier to the BVI that it had received payment from the AI. The confirmation would be dated, stamped and indicated the amount and date of payment received.²⁰

¹⁶ Second Report of the IC, dated November 13, 2011, page 42.

¹⁷ Second Report of the IC, dated November 13, 2011, page 52.

¹⁸ Second Report of the IC, dated November 13, 2011, page 52.

¹⁹ Second Report of the IC, dated November 13, 2011, page 52.

²⁰ Second Report of the IC, dated November 13, 2011, page 52.

The IC sought confirmation of actual cash movements between the AIs and Suppliers. However, Suppliers and AIs all declined to provide such confirmation. Common explanations for the refusals included unspecified “tax reasons”.²¹ Some AIs stated that they may not have in fact made payment themselves, but instead instructed other parties to make payments on their behalf.²²

The supposed tax advantages of the set-off arrangement were not explained to the IC by the AIs. On its face, several incongruities exist:

- (a) While the ESA supposedly require the AIs to withhold and remit relevant taxes on behalf of the BVIs, it is not clear how the AIs would possess the necessary information to compute the appropriate income taxes. Knowledge of the BVI’s cost of sales and other deductible expenses would be necessary to calculate taxable income.
- (b) We understand that Sino-Forest did not accrue substantial provisions for income taxes until the year ended December 31, 2010. (Charges against income would have been necessary even if they were remitted by the AIs on behalf of Sino-Forest.) The absence of income tax expenses would be logical if the “profits” were not taxable.

But another possible reason for tax exemption is that the sales were considered to be within a related group, and were not sold to an outside (or third) party. If this was in fact Sino-Forest’s position, it would be consistent with our view of the standing timber transactions, which is that the “sales” were not appropriate sales revenue, in accordance with GAAP. Transfers within one entity are not taxable in Canada.

One Supplier indicated that it would always use an intermediary to receive payments from a Sino-Forest AI. The reasons given were tax minimization and

²¹ Second Report of the IC, dated November 13, 2011, page 53.

²² Second Report of the IC, dated November 13, 2011, page 53.

the fact that the Supplier “did not have direct transactions with the AIs and therefore would be unable to account for the receipt of payment from the AIs”.²³ Such an explanation contradicts the very essence of the set-off arrangements whereby AIs were to be used to pay BVI debts owing to Suppliers. At the very least, the explanation casts doubt on Sino-Forest’s claim that set-off arrangements are common commercial practice in China.

The IC attempted to downplay the significance of missing Plantation Rights Certificates and written confirmations from forestry bureaus. Establishing the Company’s legal ownership of timber is supposedly readily done by having the *de facto* owner of the land grant authorization of the purchase contract.²⁴ The IC believes that if the Supplier refused to grant such authorization, the Company would have a claim under the theory of “unjust enrichment” against the Supplier. In light of the IC’s difficulties in locating Suppliers, and the apparent likelihood that Suppliers are simply “shell companies” devoid of assets, the practical feasibility of such claims is dubious.

In summary, the absence of proof of payment on purchases of standing timber, or collection on the sale of the same, is a serious deficiency. The absence of cash receipts is a glaring void given the importance for financial reporting purposes of establishing that Sino-Forest had the ability to access the economic benefits embodied by its purported timber holdings. In the absence of cash flows (representing the realization of the purchase and sale of the timber assets), Sino-Forest’s ownership of its timber holdings is cast into considerable doubt. Additional evidence must therefore be gathered and evaluated by an auditor before GAAP requirements can be met, such that the standing timber transactions can constitute revenues of the Company.

²³ Second Report of the IC, dated November 13, 2011, page 53.

²⁴ Second Report of the IC, dated November 13, 2011, page 24.

3. Relationships with Counter-Parties:

A major concern raised in the Muddy Waters' report was Sino-Forest's relationships with its counter-parties in the purchase and sale of standing timber. Allegations include close relationships among Sino-Forest, its Suppliers and the AIs. The effect of such relationships is that the reported purchases and sales of standing timber were fictitious or otherwise manipulated.

The IC attempted to obtain an understanding of the relationships among Sino-Forest and its Suppliers and AIs. The IC's findings are seriously troubling:

- (a) The Management of Sino-Forest had "not been forthcoming in clarifying the parties behind the Suppliers and AIs or the relationships with the forestry bureaus that Management stresses are important to the ongoing business."²⁵
- (b) The IC purportedly investigated various AIs for relationships with Sino-Forest. Of the fourteen AIs examined, nine had officers or shareholders with connections to Sino-Forest (e.g., as former employees). Many also had relationships with Suppliers.

We further understand that Sino-Forest transacted with only five AIs from 2006 to 2011 (AIs # 1, 2, 3, 4 and 6, as identified by the IC). Each of the five recently active AIs had connections to Sino-Forest. AI #6 was wholly-owned by one shareholder with connection to Sino-Forest.

Summed up, related party relationships were extensive.

A summary of the IC's findings on AI relationships is set out at **Appendix F**.

²⁵ Second Report of the IC, dated November 13, 2011, page 15.

(c) The IC also attempted to conduct site visits to confirm the existence of AIs²⁶:

- (i) Advisors to the IC were instructed to conduct unannounced site visits.
- (ii) The site visits occurred over three days, to addresses that were provided by Sino-Forest management.
 - AI #2 had three addresses listed; the company was eventually found at one of the locations but had changed its name. Brochures on site also indicated the involvement in the AI of a shareholder of one of Sino-Forest's Suppliers.
 - AI #3 was listed at two addresses. It had supposedly recently vacated one site, and could not be located at the other.
 - AI #4 could not be located at its Shanghai address.

A summary of the IC's observations is set out at Schedule V.C.II of its Second Report.

- (iii) An obvious question that was not pursued by the IC is whether AIs were ever directed to pay off Suppliers prior to the end of normal payment period or prior to the onward sale of timber by the AI. If no set-offs were directed until timber was actually sold, the arm's length status of the relationship would be cast into doubt. Coordination of cash flows would evidence close collaboration and a principal-agent relationship.
- (iv) Prior to 2010, Sino-Forest reported minimal income tax liabilities. According to the ESA, the AIs were responsible for withholding and remitting income taxes on behalf of the BVIs. Assuming that the

²⁶ Second Report of the IC, dated November 13, 2011, pages 54 to 55.

BVIs generally were subject to Chinese taxation, the conspicuously nominal amounts of income tax expenses reported suggests that the AI sales were not taxable transactions. An obvious explanation would be that the sales were made between related parties, and did not represent a culmination of profits earned for income tax purposes. Thus, the sales were not valid revenue in accordance with GAAP.

(d) Yuda Wood:

Yuda Wood was a major Supplier to Sino-Forest. The IC attempted to probe the relationship between Sino-Forest and Yuda Wood:

- (i) Huang Ran, the general manager and legal representative of Yuda Wood was discovered to not be a current employee of Sino-Forest (which suggests that he was a past employee of the Company).
- (ii) Over 50% of Yuda Wood's sales transactions were with Sino-Forest.²⁷
- (iii) Sino-Forest was the only company to whom Yuda Wood sold standing timber.²⁸
- (iv) Evidence was discovered of close cooperation between Sino-Forest and Yuda, including²⁹:
 - Administrative assistance provided by Sino-Forest;
 - Possible payment of start-up capital to Yuda Wood;
 - Joint control of Yuda Wood's bank accounts; and,

²⁷ Second Report of the IC, dated November 13, 2011, pages 71 to 72.

²⁸ Second Report of the IC, dated November 13, 2011, pages 71 to 72.

²⁹ Second Report of the IC, dated November 13, 2011, page 7.

- Correspondence (emails) indicating coordination of funding and business activities.

(v) Ran also had control of various other Suppliers to Sino-Forest.

Summed up, the close relationships should have been very disturbing for external auditors.

(e) Other Suppliers:

At least 13 of the 18 Suppliers that were examined by the IC had former employees as shareholders or officers. Many also had connections to AIs. The former employees held ownership interests ranging from 20% to 100% in their respective Supplier companies. The Suppliers' transactions with Sino-Forest ranged from tens of millions to over several billion renminbi (RMB). A summary of the IC's findings is set out at **Appendix F**.

The IC's investigation of Sino-Forest's Suppliers and AIs indicated that "close relationships" and cross-ownership and "other relationships with each other" likely existed.³⁰

The IC's investigations not only failed to disprove the existence of close relationships, but the apparent facts suggest that non-arm's length relationships were likely the disturbing norm rather than the exception. Hence, considerable evidence points to Sino-Forest's having reported material sales revenue that was not in accordance with GAAP.

The IC's reluctance to admit the obvious is likely due to its awareness of the consequences. Indeed, the Second Interim Report acknowledges that "to the extent that any of Sino-Forest's purchase and sale transactions are with related parties for accounting purposes, the value of these transactions as recorded on the books and records of the Company may be impacted".³¹ Notwithstanding the

³⁰ Second Report of the IC, dated November 13, 2011, page 7.

³¹ Second Report of the IC, dated November 13, 2011, page 7.

IC's apparent insistence upon downplaying the finding of a "smoking gun" of related party status, we believe that the existing, available evidence provides (and should have provided) more than enough reason for auditors to suspect material improprieties.

GAAP reporting requires that various conditions must be met before sales revenue may be recorded and reported. One vital requirement is that the sales have to be to third-parties, whereby dollar amounts have been bargained, and cash receipts are imminent. If third party involvement does not exist, considerable note disclosure is required under GAAP.

It is particularly important to observe that the IC's review of related parties was focused on personnel with direct connections to Sino-Forest (e.g., employees and consultants). As noted for Trading Co. #1, shareholders of companies may comprise family members of connected individuals.³² Yet the IC's shareholder analysis of AIs and Suppliers focuses on former employees and consultants. Little mention is made by the IC of Supplier shareholders who are related to the employees, such as family members or friends. Importantly, no indication exists in the IC's reports that its Advisors probed the identities or backgrounds of the non-Sino-Forest related shareholders. A serious concern exists that the 13 Suppliers (and possibly other Suppliers for which no direct connections through employees were identified) have undisclosed connections with the Company.

Similar concerns exist with AIs. Hence, audit "red flags" were extensive.

A further concern should have been connections between AIs and Suppliers. Shareholders and managers being in common create a likely risk of non-arm's length dealings occurring under Sino-Forest's set-off arrangements. Taken as a whole, Sino-Forest's network of BVIs, AIs and Suppliers operated as a closed commercial system whereby purchases and sales occurred among the same small group of counter-parties. Without outside interaction to validate

³² Second Report of the IC, dated November 13, 2011, page 80.

transaction values, or even the occurrence of transactions (e.g., the payment of cash to prove the *realization* of revenue), the risk of fraud or manipulation of transactions and values becomes immeasurably high.

In summary, in our opinion, the IC's efforts to verify ownership of timber tracts prove that substantive evidence could not be obtained to support Sino-Forest's ownership of much of its timber holdings. Such lack of evidence of ownership and third-party sales indicates that revenue should not have been reported when such conditions existed. Consequently, reported audited revenues on Sino-Forest's historical financial statements for at least 2006 through to 2010 are highly likely to have been materially overstated. The IC's findings point directly to falsified and materially misleading audited annual financial statements.

Worthy of special mention are:

1. The reliability and credibility of external confirmations obtained from forestry bureau officials is highly suspect. The confirmations do not comprise official documents, and evidence exists that Sino-Forest tampered with the confirmation process by preparing documents for the forestry bureaus.
2. Transaction documents among Sino-Forest's BVIs, the AIs and Suppliers are highly suspect given the apparent close relations among the parties.

C. Valuation of Timber Assets

The IC's conclusion regarding the value of Sino-Forest's timber assets is simply that the \$2.476 billion reported on the 2010 balance sheet "reflects the purchase prices for such assets as set out in the BVIs and WFOE standing timber purchase contracts reviewed by the IC Advisors".³³ Given the dubious nature of the relationships among Sino-Forest, the AIs and its Suppliers, verification of transaction documents hardly provides assurance that the recorded (book) values represent fair market or bargained arm's-length values.

³³ Second Report of the IC, dated November 13, 2011, page 6.

The usefulness of transaction document comparisons among related or possibly related parties are marginal at best and may be a particular example of the IC's attempt to feign an informative investigation.

The IC also sought independent valuation of Sino-Forest's purported timber assets. The valuation is ongoing as of the date of the IC's Final Report. However, if ownership is in doubt in some situations, the valuation issue may not become relevant unless cutting rights are held by Sino-Forest.

VII. CASH FLOW REPORTING

A. Background

Ernst & Young LLP rendered audit reports on the financial statements of Sino-Forest for the years prior to 2005 and for the years ended December 31, 2007 through 2010. These opinions stated, in part:

“In our opinion, the consolidated financial statements present fairly, in all material respects...cash flows...in accordance with Canadian generally accepted accounting principles.”

In our opinion, this statement is materially misleading to financial statement readers. Sino-Forest and its auditors seriously violated Canadian GAAP year after year in the preparation of the “cash flows from operating activities” section of Sino-Forest's cash flow statement. Consequently, financial analysts and investors were led to believe that Sino-Forest was far more successful in generating operating cash than was actually the case.

Similarly, for the years ended December 31, 2005 and 2006, BDO rendered the same type of deficient and misleading opinion. These BDO opinions were also materially misleading for the reasons described below.

As an example, E&Y dated its signed audit report “March 14, 2011” for the year ended December 31, 2010. “Cash flows from operating activities” for 2010 were reported as audited \$840 million U.S. dollars. What should have been reported was

a much lower dollar amount of \$94 million U.S. dollars. Sino-Forest overstated the figure by almost 900% for 2010.

In our opinion, “cash flows from operating activities” are a crucial figure that analysts and investors monitor when measuring the financial health of an entity. Cash inflows have to arise from one or more of only three sources:

1. Cash flows from operating activities.
2. Financing sources (such as the sale of bonds or shares, typically to third parties).
3. Dis-investing (or selling the entity’s long-life assets).

Dis-investing results in shrinking a company, and is usually an indicator of negative financial health. Financing sources of cash are appropriate when a company is growing, but could also be an indicator of declining financial health, and the need to borrow. It therefore has to be watched closely to ascertain the reasons for the financing(s).

Generally, “cash flows from operating activities” tends to receive the greatest attention from analysts. Low “operating activity” cash flows (absent the obtaining of greater financing) means that the company cannot pay dividends, or acquire more assets, or modernize, or engage in other vital activities so as to increase future profits. Indeed, negative “cash flow from operating activities” could be a warning of pending financial failure.

Valuations of a company’s overall worth, are often decided in significant part by applying a “valuation multiple”, such as 5 or 10 or more times, to “cash flow from operating activities” per share.

In brief, in our opinion, an overstatement by almost 900% of a company’s “cash flow from operating activities” is exceedingly serious. Issues such as the survival of the corporation would have had to have been entertained, had the company provided a reasonably accurate cash flow statement each year in its audited financial statements.

In summary, there are two deficiencies with Sino-Forest's cash flow statements; adoption of non-cash "depletion" and mismatching cash flows. These are discussed in greater detail on the following pages.

B. The Misleading Financial Statements.

In essence, in our opinion, Sino-Forest and its auditors clearly violated several basic concepts of Canadian GAAP for the several years leading up to December 31, 2010. Although a few accounting complexities existed in the general Sino-Forest business situation, what occurred in preparing the financial reporting was actually a simple, but thoroughly inappropriate and misleading, process.

Overall, when Sino-Forest acquired tracts of growing timber, the company inappropriately chose to call the purchase cost an "Investment" or investing activity on the cash flow statement. Traditionally, an "investment" would be considered to be a long-lived (or non-current) asset that would be used gradually over many future years, to generate revenue and profit. A relevant example would be a tree farm, where trees grow over many years before they become ready for harvesting.

A long-term "investment" category could be contrasted with what is called "inventory" (a current asset), which is intended to be sold, usually within the next year, or a longer life cycle for the particular business. Inventory are goods that are ready for sale without needing further growth or transformation.

On a cash flow statement, when inventory is sold, its cost in effect temporarily reduces the "cash flow from operating activities." That is, when the selling price of the inventory exceeds its cost, the net figure (selling price less inventory cost), and not the gross revenue figure, gets reported as "cash flow from operating activities." Hence, the "matching" concept of GAAP enters the picture, and requires the cash cost of the inventory to be subtracted from cash sales revenue to show any net addition to "cash flow from operating activities." By using the "net" dollar amounts of cash inflow, the financial statements would be aligned with what actually

happened, because any net cash increase from a transaction would arise from cash revenue less cash cost of inventory.

What Sino-Forest was largely reporting in its annual audited, and quarterly, financial statements was not the purchase of soon-to-be-sold inventory, but the acquisition of what Sino-Forest and its auditors labelled as a long-term investment. Categorizing timber inventory as a long-term non-current investment, particularly when that inventory is frequently being traded or sold, is a clear violation of GAAP, and has been for several decades.

In short, when soon-to-be-sold timber was acquired, the cost became an “investment” for cash flow reporting purposes under Sino-Forest’s inappropriate investing-activity reporting. But, when the timber lands were sold, the entire sales proceeds were called “cash flow from operating activities” (which was an entirely different category within a cash flow statement.) Thus, “cash flow from operating activities” became grossly overstated under Sino-Forest’s unrealistic and highly misleading reporting methods.

In Sino-Forest, no subtraction from the timber sales proceeds was being made on the cash flow statement for the cash cost of the timber tracts that had been sold. A massive overstatement of “cash flow from operating activities” thus occurred, year-after-year. “Cash flow from operating activities,” as reported in the audited financial statement, was therefore materially false because cash costs were being ignored. Gross cash increases were being reported instead of net-of-cost cash increases.

Costs or cash outlays were hidden in the “investments” or investing activities section within the cash flow statement. But, revenue or cash inflows, ignoring closely related offsetting cash costs, were permitted to be labelled “cash flow from operating activities”, which is a completely different and extremely important section of the cash flow statement.

Significantly, Sino-Forest's chosen accounting treatments for cash flow reporting of timber sales is directly contradicted by its own admissions. In responding to the Muddy Waters report, the Company stated that it did not harvest trees. Rather, it sold standing timber.³⁴ This is consistent with our view that Sino-Forest traded in standing timber, and did not treat standing timber as a long-term investment. Accordingly, it was not appropriate for Sino-Forest to have characterized standing timber in purchased plantations as an investment, for disclosure as an investing activity for cash flow reporting purposes.

C. Inventory as Investments

Categorizing inventory as "investments" constituted a serious violation of GAAP. But, there were more GAAP violations. These all resulted in an absence of "fair presentation" (as set forth in the auditors' reports) and the existence of "materially misleading" financial statements, year-after-year (contrary to the wording of the annual auditors' reports).

In our opinion, as forensic accountants who have been engaged to analyze many financial reporting discrepancies over many years, the mechanism that was employed by Sino-Forest to overstate "cash flow from operating activities" is significantly unusual, disconcerting, and highly improper. The dollar misstatements that occurred were deceptive and grossly in excess of financial reality.

Instead of using the usual procedure of deducting the cost of the sold timber lands from the sales revenue, in a "matching" exercise, the company chose a clearly non-GAAP approach year-after-year of calling the costs of sold lands a "depletion" (a non-cash concept). Such inappropriate reporting had the effect, in cash terms, of showing a zero cash cost for sold timber tracts. That is, depletion expense is a non-cash item. As such, the depletion expense (non-cash) item on the income statement was automatically turned into a zero figure on a cash flow statement, because depletion is not a cash expense. As such, non-cash cannot be reported on a cash flow financial statement. Thus, from a cash viewpoint, "cash flow from operating

³⁴ See Sino-Forest's June 3, 2011 press release "Sino-Forest Comments on Share Price Decline".

activities”, using Sino-Forest’s reporting method, results in zero cash cost for sold timber being charged against the purported revenue. Cash receipts from the sales were fully included, by Sino-Forest, essentially offset by zero costs, in the “cash flows from operating activities” section of the cash flow statement.

In our opinion, such an unsuitable and highly misleading choice required considerable “planning”. Commonly, situations which create “new” methods of financial reporting require extensive discussion with the company’s auditors. The result of the decision led directly to the financial statements being materially misleading, or containing an especially cumulative material misstatement, over many years, including from 2006 onward.

The “Independent Auditors’ Report” signed by E&Y for fiscal 2010 stated, in part:

“We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.” [Emphasis added.]

As mentioned earlier, cash inflows from Sino-Forest’s basic operating activities, which were reported at U.S. \$840 million in 2010 instead of U.S. \$94 million, unquestionably constitute a material misstatement of Sino-Forest’s cash operating results. The difference of U.S. \$746 million was caused by calling the amount “depletion of timber”, a non-cash item, instead of a cash expense normally labelled as “cost of goods sold.”

The seriousness of the misstatement becomes magnified quickly. When financial analysts apply a valuation multiple (such as 10 times operating cash flow) to the U.S. \$746 million overstatement, the overvaluation of Sino-Forest, as a company, rises into the billions.

D. False Depletion

The adoption by Sino-Forest of non-cash “depletion”, instead of typical cash-based “inventory” reporting treatment over several years, clearly was not in accordance

with Canadian GAAP. “Cash” and “non-cash” are opposites. The principal reasons for concluding that the use of “depletion” in Sino-Forest was not justified are:

1. Sino-Forest, according to its sales records, was not in the primary business of growing, and then later harvesting, timber. That is, Sino-Forest was not a long-life tree farm, which would grow trees for harvesting. Instead, Sino-Forest’s audited financial statements show that it was mainly buying and fairly quickly selling large tracts of timberland, and logs.

For example, in the year ended December 31, 2009, of U.S. \$1,238 million of total revenue, U.S. \$954 million was from the “Sale of standing timber and harvested logs.” (Note 20 of the 2009 audited annual financial statements.) The U.S. \$954 million accordingly represented over 77% of Sino-Forest’s 2009 revenue. This same relationship occurred in each of the years from 2006 to 2010.

“Depletion”, according to Sino-Forest’s financial reporting, was being applied to sold timber. That is, their entire depletion expense of U.S. \$522 million was recorded as applying against the U.S. \$954 million of sold timber. Zero dollars of depletion are noted as applying to inventory of unsold logs.

Further details about the composition of “Cost of sales” and “Timber holdings” was not provided in the audited annual financial statements for most years. Hence, crucial information about the sales split between “standing timber” and “harvested logs” was withheld from investors. However, supporting further details are available for some of the years elsewhere in the earlier annual reports of Sino-Forest.

Harvesting of logs incurs the costs of labour and affiliated expense overheads, as well as the cost of logs. At Sino-Forest’s year end, such unsold logs at cost should constitute “inventory.” Note 5 to the 2009 audited annual financial statements shows only U.S. \$22 million of “Timber logs”. Exactly which parts

of the U.S. \$22 million are made up of labour, overheads and log costs were not provided. Quite possibly inventory of logs arose solely from log purchases.

With an “inventory” turnover of about six (6) times in 2009, Sino-Forest’s harvesting revenue and related costs would not appear to be large in relation to probable sales of standing timber. Hence, the principal business operations of Sino-Forest, at least in 2009, would appear to be sales of tracts of standing and growing timber. Thus, sales of timber “investments”, using Sino-Forest’s categorization, should have been shown in the “investments” or investing activities section of the cash flow statement, and definitely not in the “cash flow from operating activities” section of a cash flow statement.

2. Further evidence that Sino-Forest’s principal business operations over the six years 2005 to 2010 were sales of standing timber, and that such sales really constituted sales of inventory (as opposed to sales of “investments”), can be obtained by comparing “Additions to timber holdings” to “Depletion of timber holdings included in cost of sales” on the “Consolidated Statements of Cash Flows” for each of the years 2005 to 2010.

In millions of U.S. dollars, for 2005 to 2010 inclusive:

	U.S. dollars in <u>millions</u>
Additions in total to timber holdings	<u>\$4,368</u>
“Depletion,” or sales cost, according to Sino-Forest	<u>\$2,756</u>
That is, sales and harvesting in the same six-year period, as a percentage of “additions” was:	<u>63%</u>

Accordingly, Sino-Forest’s main business was as a short-term trader of purchased standing timber. Such standing timber therefore clearly represented

“inventory”, which was readily available for sale. As such, the standing timber, at least in significant part, would constitute a “current asset” in accounting terms. New purchases of standing timber in effect were being turned over in less than two years (given the 63% sale rate in one year). In the resource business, such quick sales would occur for inventory traders, and not long-term tree farming and extraction industries.

3. Even when we examine the year end holdings of Sino-Forest’s “Timber holdings”, a similar quick turnover picture arises:

	<u>Timber Holdings</u>
	U.S. dollars in <u>millions</u>
Year end 2010	\$3,122
Year end 2009	2,183
Year end 2008	1,653
Year end 2007	1,174
Year end 2006	753

Using the entire “Timber holdings” at year end 2010, and the U.S. \$746 million Sino-Forest depletion figure for 2010, only about four (4) years would be required to sell or harvest their entire or total declared timber assets as of year end 2010. Obviously, if the recorded audited asset values had somehow been overstated in 2010, the four year figure would be correspondingly less. Hence, Sino-Forest, in reality, was not a long-term tree farm; its annual audited financial statements portrayed the company as an inventory trader, but one which grossly overstated actual “cash flow from operating activities.” The “depletion” concept was therefore inappropriate and misleading given the nature of Sino-Forest’s business operations.

4. In the accounting literature, the term “depletion” is usually employed with reference to diminishing assets, as occurs with the extraction of ore, natural gas and oil.

Timber constitutes a significantly different asset. Standing trees can be replenished over time through natural growth. Other resources such as oil and gas deplete as they are extracted, and cannot be replenished at the same location.

The book “Terminology for Accountants”, published by the Canadian Institute of Chartered Accountants (“CICA”), defines “depletion” as:

- “1. A reduction in quantity of wasting assets as a result of consumption or removal.
2. A charge in an accounting period to reflect that portion of the cost or other recorded value of wasting assets consumed or removed in that period.”

In effect, when trading of goods (as opposed to growing, tree farming or replenishing) is the main preoccupation of a company, the goods traded constitute “inventory”. Goods are purchased; goods are sold; inventory turnover is vital to the entity. Farming (such as growing wheat or trees) involves replenishing the product for sale, and therefore would normally encounter lesser dissipation of the land’s ingredients, over time. But, the degree of permanent consumption of resources as occurs with oil and gas extraction is usually significantly greater than for tree farming. It is the permanent exhaustion of the resources that leads to the accounting usage of the term “depletion.”

As stated previously, accounting depletion is not cash-based, but is an expense that is used in the process of measuring income, which is the purpose of an income statement. Being non-cash, depletion does not belong on a cash flow statement, which focuses on cash liquidity, and not on profitability or income.

Depletion is an “accrual accounting” income measurement term, and is a non-cash-expense. Depletion appropriately belongs on an income statement, because it is an expense of earning income. In sharp contrast, “inventory” is cash-based, and therefore logically becomes a crucial cost to be accounted for in a “cash flow” statement, being netted against cash revenue from timber sales.

In summary, Sino-Forest’s use of the non-current asset term “Timber holdings” for all of its timber asset purchases was clearly inappropriate given the nature of its proclaimed “trading” operations. Sino-Forest was not exclusively depleting land and timber resources and avoiding re-planting, as would occur in a business such as the extraction of oil and natural gas. To the extent that Sino-Forest might have been devoting a small part of its assets to tree farming, minor depletion might then apply.

But, the reported financial amounts show that timber trading was Sino-Forest’s main operating focus in 2010, 2009 and at least back to 2008. Logical accounting and financial reporting would have labelled the timber assets to be traded as “inventory”, a cash item. Sino-Forest chose otherwise, and materially violated GAAP by not offsetting cash costs of timber against revenue from sales.

E. Mismatching Cash Flows

On its annual audited cash flow statement Sino-Forest inappropriately:

1. recorded cash or equivalent receipts for most timber sales within the crucial corporate success-monitoring category, labelled “cash flows from operating activities”; but,
2. reported cash disbursements for timber tract purchases in the separate “investing activities” section of the cash flow statement.

The result was a gross mismatch and overstatement of “cash flows from operating activities” because cash disbursements for timber acquisitions were not being subtracted from cash receipts, to arrive at any net increase in cash for Sino-Forest for its “operating activities”, as opposed to “financing” or “investing” activities.

The Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”), which sets forth many aspects of GAAP, in its section dealing with the cash flow statement clearly identifies that what Sino-Forest was reporting was a serious violation of GAAP. The CICA Handbook states in part:

“Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the enterprise. Therefore, they generally result from the transactions and other events that enter into the determination of net income or loss...” [Emphasis added.] [Section 1540.16]

“Some transactions, such as the sale of a capital asset, may give rise to a gain or loss which is included in the determination of net income or loss. However, the cash flows relating to such transactions are cash flows from investing activities.” [Emphasis added.] [Section 1540.16]

“An enterprise may hold securities and loans for trading purposes, in which case they are similar to inventory acquired specifically for resale. Therefore, cash flows arising from the purchase and sale of trading assets are classified as operating activities.” [Emphasis added.] [Section 1540.17]

“Expenses are recognized in the income statement on the basis of a direct association between the costs incurred and the earning of specific items of income. This process, commonly referred to as the matching of costs with revenues, involves the simultaneous or combined recognition of revenue and expenses...” [Emphasis added.] [Section 1000.51]

Sino-Forest and its auditors ignored the vital “matching” foundation concept of GAAP, which is the very basis of computing accounting income. Income, in turn, especially cash income “from operating activities” is a major component in the calculation of a corporation’s stock value. Matching of cash disbursements to cash receipts is accordingly vital in a cash flow statement’s focus on cash liquidity.

Sino-Forest and its auditors faced the following two main alternatives:

1. Standing timber purchases could be called a non-current investment asset, with the emphasis being on “investment”, which would make sense for a longer term tree farming focus. If so, any eventual gains (such as arising from the eventual

selling price of timber being in excess of its acquisition cost) would be shown in the “investing” section of the cash flow statement.

2. Alternatively, acquisitions of timber tracts could have been called “inventory”, or a similar “trading” name, which is then often called a current asset. When inventory is being traded, as a fundamental business purpose of the company, both the cash purchase cost and the cash receipts on sale are automatically matched as part of “cash flows from operating activities.” That is, the main purpose of the business is “trading activities,” with the net cash effects being called “cash flow from operating activities.”

Instead of following only one of the two obvious GAAP alternatives, Sino-Forest and its auditors chose the so-called “convenient” or “best parts” of each opposing alternative, and thereby enormously inflated the fundamental yardstick measure of success labelled as “operating cash flows”. Such an appropriate combination was a clear violation of GAAP, as was described above.

The mismatch allowed cash expenditures to not be subtracted from cash receipts thereby bloating “cash flow from operating activities.” Valuation analysts thus would have been materially misled, and probably would have seriously misled their investor clients concerning the value of Sino-Forest’s shares.

“Cash flows from operating activities” are, in an important sense, “sacred” to analysts. Many analysts’ valuation models utilize terms such as “EBITDA” which are often just slight variations of “operating cash flows.”

As the CICA Handbook stated at the time, in Section 1000.11:

“...the objective of financial statements for profit-oriented enterprises focuses primarily on information needs of investors and creditors...” [Emphasis added.]

Sino-Forest’s management and its auditors’ decision to regard the timber acquisition costs as being subject to “depletion”, which is a non-cash concept, had a direct misleading and exaggerating effect on the cash flow statement. “Depletion”

types of non-cash add-backs to income caused timber acquisition costs to vanish, in accounting terms. In reality, cash resources had to have been utilized for timber acquisitions. Hence, “cash flow from operating activities” became grossly overstated by Sino-Forest, especially in the years since 2005 up to 2010.

In our opinion, such clearly inappropriate “reasoning” which resulted in Sino-Forest’s material violations of GAAP, is highly disturbing. The CICA Handbook clearly calls for a separation of “investing activities” from “operating activities.” [Section 1540.12] Valuation multiples that are commonly applied to cash generated by “operating activities” cause such “errors” or distortions in calculations of operating cash flows to become especially serious, especially when they are multiplied into becoming false corporate-wide values.

F. Changing Nature of Sino-Forest

A review of Sino-Forest’s audited annual financial statements since the year 2000 indicate that the nature of its operations was changing in material ways over the years. Revenue in 2000 of U.S. \$127 million had increased to U.S. \$1,924 for 2010. Similarly, depletion of U.S. \$1 million in 2000 rose to U.S. \$746 million in 2010.

Trading revenue from wood logs nearly doubled between 2005 and 2010, whereas revenue from “plantation fiber” increased almost six (6)-fold in the same period. Much of the increase commenced in 2005 to 2006. Trading, and not tree farming, grew rapidly in Sino-Forest, as is demonstrated by the six-fold increase.

Given the nature of Sino-Forest’s changing operations, a significant question has to be addressed: did Sino-Forest require a serious revamping of its accounting and reporting principles commencing in 2005 to 2006? Specifically, should Sino-Forest have had two sets of accounting principles for two distinct business models: tree farming vs. timber trading?

We already know that Sino-Forest wedded itself over the years to the one materially misleading cash flow model or concept of depletion of supposedly tree farming

timber holdings. Such reporting could be fitting for a tree farm operation where tree growth and harvesting occur over perhaps 40 years. But, ascertaining the amount of depletion would likely be a difficult task, given replenishment growth in a tree farm.

However, according to its significant fluctuations in year end timber holdings relative to acquisitions or purchases of timber tracts, as noted in its audited financial statements, Sino-Forest was in the trading and harvesting business over the short near term. Both trading and short-term harvesting operations have to be reflected, as main purposes of a business, in “cash flow from operating activities”, by definition.

The CICA Handbook (Section 1540) specifically addresses the problem that Sino-Forest was facing as its business changed its prime focus. A choice could have been made to report all of the short-term trading and harvesting operations in the “investing” section of the cash flow statement. In essence, Sino-Forest might have declared itself to be a long-term tree farm. However, if the timber tracts actually were for mature trees, such a declaration would be contrary to facts.

But, Sino-Forest and its auditors chose to ignore the clear language (stated earlier) of the CICA Handbook. Despite the overwhelming facts that Sino-Forest was engaged in “trading”, mainly on a short-term basis, Sino-Forest and its auditors clung to not only a non-GAAP application of depletion, but also to mismatching of cash flows by using two totally different portions of the cash flow statement. The materially mismatched cash flows had to have been obvious to both Sino-Forest and its auditors.

To make matters worse for shareholders of Sino-Forest, investors generally, and analysts, the financial item that was chosen for gross overstatement was “cash flow from operating activities.” The magnitude of overstatement in 2010 of nine (9) times applied to share price valuation multiples of, perhaps six (6) times, results in a potential overstatement of share price of fifty-four ($9 \times 6 = 54$) times. In short, the overstatement was extreme and alarming.

In our opinion, Sino-Forest and its auditors had to have known that many analysts were writing reports on Sino-Forest as a company. Overstatements of critical dollar numbers of the foregoing magnitude had to have material consequences. The life of Sino-Forest was being prolonged by misleading financial reporting.

G. Financial Analyst Reports

Based on readily available reports, many financial analysts closely followed the financial activities of Sino-Forest. Releases by Sino-Forest of its annual audited financial statements invariably led to the frequent publication of analysts' updates on its expected stock pricing.

A few of the broker companies that appeared to utilize "cash flow from operations" in important parts in their investment analyses included:

1. Dundee Capital Markets - March 16, 2010
2. Credit Suisse - March 16, 2010
3. Morgan Stanley Research - March 16, 2010
4. Scotia Capital - March 16, 2010
5. RBC Capital Markets - March 16, 2010

A similar group of analysts' reports that appeared to use "cash flow from operations" or equivalents in their valuations were issued for 2009 and prior years' Sino-Forest results.

In our opinion, as previously stated, the "cash flow from operations" figures were certainly materially misleading. Accordingly, the value of Sino-Forest as a company became seriously overstated. A collapse of Sino-Forest's share price was not surprising, if not inevitable.

H. Cash Transactions

The extent to which cash actually circulated in and out of Sino-Forest from third parties has yet to be determined. Further investigation is required.

However, the degree to which previously-mentioned questionable “cash flows from operating activities” (after having been adjusted for false non-cash depletion) would still have constituted a misstatement of facts, merely compounds the violations of GAAP reporting, as well as of auditing standards. Entities that report accounting profit that is grossly in excess of net cash receipts from operations frequently encounter liquidity crises. The fact that Sino-Forest’s actual “cash flow from operating activities” were far lower than claimed would have contributed to its current cash flow crises.

Accordingly, our earlier comments about Sino-Forest’s corporate valuation being overstated because “cash flows from operating activities” were grossly overstated, are not the full story. If, as alleged, actual cash receipts as reported were not in fact being received in cash, an additional serious problem existed in Sino-Forest.

The compounding effect of overstated “cash flows from operating activities” and reported cash flows that did not in fact occur in cash must be added together. The combination of dollars of misstatement would be hugely in excess of “material dollars” for their effects on investors, and their decisions.

Consequently, in our opinion, had E&Y and BDO performed GAAS compliant audits, they would have to have known that Sino-Forest’s financial reporting was not in accordance with GAAP. No doubt ought to have existed in the minds of experienced accountants that Sino-Forest’s annual audited financial statements were materially misstated, and had been so for multiple years leading up to December 31, 2010. But, the uncovering for shareholders of hidden numbers (however, not so hidden for auditors) was vital to grasp the material financial manipulations.

VIII. ANALYSIS OF EXTERNAL AUDITOR PERFORMANCE

A. Generally Accepted Auditing Standards

The Canadian Institute of Chartered Accountants' Handbook (the "CICA Handbook") sets out professional standards for the audit of financial statements. Additional guidance may be found in professional auditing literature, textbooks and academic research.

CICA Handbook Section 5100 (Generally Accepted Auditing Standards) states, in part:

*"Generally Accepted Auditing Standards are as follows:
The examination should be performed and the report prepared by a person or persons having adequate technical training and proficiency in auditing, with due care and with an objective state of mind...."*

[CICA Handbook Section 5100.02, as of September 1975 and effective for the relevant period.]

Technical competence, care and an independence of attitude are crucial elements for performing a GAAS financial statement audit. E&Y and BDO were required by professional standards to exercise these important attributes in their audits of Sino-Forest's financial statements.

B. Responsibilities of Auditors

The role of an auditor is to express an opinion for shareholders on management's financial statements. Preparing financial statements, including the process of maintaining financial information and assembling the underlying data for the financial statements, are the responsibility of the audited entity's management.

CICA Handbook Section 5090 (Audit of Financial Statements³⁵) sets out the following, among other, guidance:

³⁵ Section 5090 has been in effect since June 1998, but was revised effective December 14, 2004. As of December 14, 2004, the "presumption of management's good faith" was deleted as an auditing postulate. Instead, an auditor is required to consider the "honesty and integrity" of management. An auditor does not

1. An auditor often initially designs and executes audit procedures under a presumption of management's good faith. This presumption of good faith may be applied in collecting and evaluating the sufficiency and appropriateness of audit evidence. However, consideration has to be given to management's integrity. Indications that question or contradict management's good faith that may be encountered during an audit must be taken into consideration, and audit procedures modified accordingly.
2. Management's good faith is not, in itself, a source of sufficient and appropriate audit evidence. The representations and assertions of management do not, in and of themselves, constitute sufficient audit evidence. If it were otherwise, audits would provide no real assurance to the shareholders. Independent audit evidence must be gathered and evaluated.
3. An auditor is also required to exercise "professional skepticism", which means that the auditor has to be alert to any evidence that contradicts any presumption of management's good faith.

Therefore, an audit can initially presume good faith conduct by management, but auditors must be cognizant of risks that management may act otherwise. Further, an auditor cannot blindly accept evidence, but must carefully consider the reliability and validity of the evidence that is collected. Importantly, management itself cannot be considered to be an adequate or complete source of audit evidence. Corroboration of management's accounting records and assertions with external, independently-obtained evidence is a crucial aspect of a GAAS audit.

C. Knowledge of the Business

In order to effectively obtain and evaluate audit evidence, an auditor must thoroughly understand a company's business. Knowledge of the business is also

assume honesty (or dishonesty), but is required to be alert to indications of dishonesty (i.e., exercise professional skepticism).

used to evaluate the accounting policies and financial statement presentation choices that have been made by management. Professional obligations to obtain and apply a “knowledge of the entity’s business” are set out in the CICA Handbook Section 5141 (Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement) for audits that were conducted in January 2006 and later. Knowledge of the entity’s business is crucial to the ability to conduct an audit. Note that the purpose of such knowledge is to facilitate the auditor’s evaluation of the entity’s transactions, accounting policies and the overall financial statement presentation. The implication is that an effective audit is not possible without such knowledge.

“The auditor should obtain an understanding of the nature of the entity. The nature of an entity refers to the entity’s operations, its ownership and governance, the types of investments that it is making and plans to make, the way that an entity is structured and how it is financed. An understanding of the nature of an entity enables the auditor to understand the classes of transactions, account balances and disclosures to be expected in the financial statements.”

[CICA Handbook Section 5141.025, effective January 2006.]

The application of knowledge is not a singular or isolated event. GAAS requires that the auditor apply his/her knowledge of the client’s business in a continuous and cumulative manner.³⁶ Procedures should be contemporaneously modified if material information is discovered in the course of the audit. For example, if it becomes apparent that management’s integrity is suspect, all audit evidence that originated from management must be reconsidered. Alternate, external sources of data would have to be obtained to replace information provided by management. If external evidence is not available, an external GAAS audit may not be possible to achieve.

E&Y and BDO were obligated under GAAS to make themselves aware of Sino-Forest’s peculiar business model, including the ESA’s, the set-off arrangements, and the trading procedures for standing timber.

³⁶ Obtaining an understanding of an entity’s business, environment and internal controls is also described as a “continuous” process at Section 5141.06.

D. Audit Evidence

Auditors are obligated to collect sufficient and appropriate evidence to support an opinion on financial statements.

“Sufficiency is the measure of the quantity of audit evidence. Appropriateness is the measure of the quality of audit evidence; that is, its relevance and its reliability in providing support for, or detecting, misstatements in, the classes of transactions, account balances and the disclosures and related assertions. The quantity of audit evidence needed is affected by the risk of misstatement (the greater the risk, the more audit evidence is likely to be required) and also by the quality of such audit evidence (the higher the quality, the less may be required)...merely obtaining more audit evidence may not compensate for its poor quality.”

[CICA Handbook Section 5300.07, as of December 2005]

Auditors are not entitled to rely only or primarily upon the management of an audited entity to provide evidence to test financial statement balances. GAAS addresses the reliability of audit evidence in the CICA Handbook at Section 5300.09. In particular, evidence from external sources is considered to be reliable, as is evidence that is obtained directly by the auditor and evidence that is produced in original documents.

The auditor’s objective in collecting evidence is to test the assertions that are implicit in the financial statement balances, such as the occurrence of transactions, the existence of assets, and the valuation of assets.³⁷ Thus, E&Y and BDO ought to have sought evidence on the existence and valuation of Sino-Forest’s timber assets, as well as for the occurrence of the purchase and sale transactions.

Obtaining external sources of evidence or direct observation of evidence on Sino-Forest’s timber holdings and purchase/sale transactions would have been extremely difficult. The challenges encountered by the IC would have also applied to the external auditors. It is more than likely that independent evidence could not have been obtained by the auditors on much of Sino-Forest’s timber assets and related

³⁷ See CICA Handbook section 5300.20 - .21.

transactions. Hence, “clean” audit reports could not be issued in accordance with GAAS when crucial evidence was not able to be obtained.

E. Internal Controls

An auditor is required to obtain a “sufficient understanding of internal control”.³⁸

The purpose of studying the entity’s internal controls is explained as follows:

“The auditor should obtain an understanding of internal control relevant to the audit. The auditor uses the understanding of internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and to design the nature, timing and extent of further audit procedures. Internal control relevant to the audit is discussed in paragraphs 5141.047-.053. In addition, the depth of the understanding is discussed in paragraphs 5141.054-.056.”

[CICA Handbook Section 5141.041, effective January 2006.]

This obligation to probe the accounting for transactions, from origination to financial reporting, is particularly relevant to E&Y and BDO’s relationships with Sino-Forest. The external auditors were obligated to examine Sino-Forest’s purchases and sales of standing timber in order to assess the appropriateness of Sino-Forest’s accounting. Peculiarities such as the ESA framework, the set-off arrangements, and the lack of title registration ought to have been identified as particular risk areas. Audit procedures should have been modified accordingly.

Weak internal controls imply greater risks of material misstatement in financial statements. Consequently, auditors are obligated to supplement their procedures to perform additional, or alternative, tests to collect sufficient and appropriate audit evidence.

The IC’s investigations revealed numerous deficiencies in the Company’s internal controls, including:³⁹

³⁸ See CICA Handbook Section 5100.02 (Generally Accepted Auditing Standards), as of July 1992 and effective throughout the relevant period.

1. inappropriate concentration of authority, or lack of segregation of duties.
2. incomplete or inadequate record creation and retention practices;
3. scattered or decentralized record-keeping;
4. lack of integrated accounting systems;
5. lack of an internal audit function; and,
6. the use of personal electronic devices and personal email accounts to conduct business.

The internal control deficiencies at Sino-Forest described by the IC are fundamental flaws that had to have been known to an external auditor in planning and performing a GAAS audit. In light of such deficiencies, expanded audit procedures would have had to have been performed by E&Y and BDO. It is highly unlikely that internal controls for financial reporting could have been relied upon. Extensive tests of details, examination of original source documents and use of external, independent evidence would have been crucial. Any evaluation of E&Y and BDO's professional work should take these circumstances into account. Given the significance of the deficiencies identified by the IC, it is highly unlikely that a GAAS audit on Sino-Forest's financial statements could have been performed by E&Y and BDO.

F. Audit of Particular Financial Statement Items

1. Inventory

Specific concerns in auditing inventory are the existence, ownership and valuation of goods that were claimed as being assets of an entity.

According to CICA Handbook Section 6030.01, "...while auditors do not take, determine or supervise the inventory, they must be reasonably satisfied as to the

³⁹ See the Final Report of the IC, dated January 31, 2012, pages 10-12.

physical existence and condition of the goods, the ownership, the pricing and the arithmetical accuracy of the calculations.”⁴⁰

The minimum auditing procedures for inventory are described as follows:

“The auditing procedures in respect of inventories should be sufficient in scope to satisfy the auditors:

...

(b) as to the physical existence, ownership and condition of inventories;

(c) that the stated basis of valuation is being followed and is consistent with that of the previous period.”⁴¹

Common audit procedures include physical inspection of the assets, inventory counts and price testing. Based upon the difficulties that were encountered by the IC, it is highly improbable that E&Y and BDO were able to perform the necessary procedures to verify the above-noted assertions.

- (a) Physical inspections and counts likely were not feasible in the context of normal audit scopes. Extensive travel would have been required. Even if the external auditors had been able to arrange for physical attendance, apparent limitations in the mapping and surveying of lots would have hindered physical counts.
- (b) Verification of ownership through third-party legal documents would not have been possible. We understand that purchased plantation lots generally were not registered to Sino-Forest’s ownership (i.e., plantation rights certificates were not obtained), nor was the issuance of confirmations by local forestry bureaus a common practice in any case.
- (c) If E&Y and BDO had attempted to independently collect evidence through physical observation, confirmation of ownership and similar

⁴⁰ CICA Handbook Section 6030.01, as of June 2005.

⁴¹ CICA Handbook Section 6030.08, as of June 2005.

verification methods, they would have encountered the same troubling obstacles as the IC.

If attendance at stocktaking is not feasible, an auditor is required to perform alternative procedures to satisfy GAAS requirements applying to the inventory asset.⁴²

E&Y and BDO likely relied upon transaction documents, such as contracts, to verify the existence, ownership (and value) of the Company's standing timber. Such reliance upon internal or related party documentation, and correspondence with only purported third-parties (for which serious concerns exist; discussed below), was not inappropriate. Non-third party original documents would not have provided sufficient and appropriate evidence to support an audit opinion.

Timber holdings comprised well over one-half of Sino-Forest's assets in each year from 2006 to 2010. Independent verifications were necessary, but could not have been performed given the circumstances now understood to have existed. Consequently, E&Y and BDO should not have issued their "clean" audit opinions.⁴³

If an auditor is not able to obtain sufficient and appropriate evidence on the physical existence, ownership and valuation of inventory, an expression of reservation in the audit report typically would may be necessary. If the inventory is a material balance, and misstatement would have extensive impacts on the financial statements (such as on revenue, cost of sales, gross and net profit and so forth), a denial of an audit opinion would usually be required.

2. Sales and Purchase Cycle Testing (Revenue/Receivables and Purchases/Payables)

Audit of the sales cycle includes testing for the occurrence of sales transactions and the existence and value of any outstanding receivables. Similarly, testing

⁴² CICA Handbook Section 6030.10, as of June 2005.

⁴³ See CICA Handbook Section 6030.11, as of June 2005.

of the purchase cycle would require examination of the occurrence of purchase transactions and the existence and completeness of outstanding payables.

Common procedures include the examination of transaction documentation (e.g., purchase orders, invoices, and shipping documents, if applicable).

Based upon the circumstances identified by the IC, E&Y and BDO would have encountered obvious anomalies that ought to have highlighted Sino-Forest's GAAP violations, had they attempted to conduct a GAAS audit:

- (a) The absence of cash collections from purported sales of standing timber to AIs (as part of testing accounts receivable). The absence of cash payments from Sino-Forest to Suppliers for purported purchases of standing timber.
- (b) General absence of cash inflows and outflows that would be expected of an entity engaged in commercial transactions.
- (c) The lack of title registrations or plantation rights certificates with respect to purchased plantation timber.
- (d) The small pool (only five AIs) of companies with which Sino-Forest conducted sales, and the similarly small pool of Suppliers used for purchases.
- (e) Difficulties in obtaining maps, surveys or other documents evidencing Sino-Forest's supposed "owned" lands.

We would also expect that any attempts to confirm receivables and payables directly with AIs and Suppliers would not have been successful (if the process was properly controlled by the auditor as required by GAAS). Difficulties encountered by the IC in visiting AIs and Suppliers suggest that physical office addresses were at least sometimes faked.

In our opinion, it is highly unlikely that E&Y and BDO conducted GAAS procedures to audit Sino-Forest's sales and purchases. If adequate examinations

had been conducted, the deficiencies identified by the IC would have been encountered by the auditors and “clean” audit reports should not have been issued.

However, if GAAS procedures were not performed, the auditors would have failed to comply with their professional duties.

3. Related Parties

The existence of related parties gives rise to myriad financial reporting risks. Such risks are explicitly recognized in GAAS, which is articulated in the CICA Handbook:

“When planning and performing an audit, the auditor needs to consider matters such as the following:

- (a) Any aspect of an entity’s activities may involve related party transactions. Therefore, throughout the audit, it is important that the auditor be alert for circumstances indicating the existence of undisclosed related parties and related party transactions.
- (b) When audit evidence originates from a related party, the nature and extent of the entity’s relationship with the related party may affect the reliability of that evidence.
- (c) Qualitative as well as quantitative aspects of materiality are important when the auditor is assessing the measurement and disclosure of identified related party transactions, particularly those not in the normal course of operations.”⁴⁴

The IC uncovered extensive networks of relationships between Sino-Forest, its Suppliers and AIs. In particular, many of the Suppliers and AIs with whom the Company traded have former Sino-Forest employees or contractors as directors, officers and/or shareholders.

Accordingly, the auditors should have known that they had not obtained sufficient appropriate corroborative evidence. Under such circumstances, unqualified audit reports cannot be issued.

⁴⁴ CICA Handbook Section 6010.06, as of June 2005.

IX. RELATED MATTERS

A number of matters arise from our foregoing conclusions, which at this point are solely based on publicly-available information. As stated, we may have to amend our commentary as more information becomes available.

Nevertheless, at this stage of our analysis we believe that Sino-Forest's annual audited financial statements for the years ended December 31, 2006 through to December 31, 2010:

1. were not prepared in accordance with GAAP; and
2. were not audited in accordance with GAAS; and
3. were materially misstated;

for the reasons previously specified.

However, we feel obligated to deal briefly with a few other matters that merit consideration, but were not directly instrumental in arriving at our conclusions.

A. Canadian Public Accountability Board ("CPAB")

CPAB issued a "Special Report" titled "Auditing in Foreign Jurisdictions" in 2012. The report did not name companies and auditors that were the focus of its audit review attention in 2011.

Yet, CPAB stated:

"This is a Special Report on CPAB's review of audit files for Canadian public companies with their primary operations in China."

The report then proceeded to be quite critical of what CPAB saw, and stated:

"CPAB is disappointed by the results of its review. In too many instances, auditors did not properly apply procedures that would be considered fundamental in Canada, such as maintaining control

over the confirmation process. CPAB's findings indicate that auditors often did not appropriately identify and assess the risks of material misstatement in the financial statements, through a sufficient understanding of the entity and its environment. CPAB also found a lack of professional skepticism when auditors were confronted with evidence that should have raised red flags regarding potential fraud risk."⁴⁵ [Emphasis added.]

In our opinion, issues that the IC noted for Sino-Forest, which should constitute “red flags”, such as the related party involvement, would appear to be very similar to what CPAB encountered in its review of auditor working papers for Chinese-based companies.

B. Materiality

Accounting and auditing “materiality” are explained in various places in the CICA Handbook. All of the definitions revolve around impacts on the decision of users of financial statements. An example is the definition in Section 1000 of the CICA Handbook, “Financial statement concepts”, paragraph 17:

Users are interested in information that may affect their decision making. Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision...” [Emphasis added.]

For Sino-Forest, “material” dollar impacts on the financial statements could involve assets, liabilities, revenue, expenses and cash flows, especially “cash flow from operating activities”. Shareholders of Sino-Forest may have bought, sold or held their shares based on what was reported. Often, for Sino-Forest, huge dollars of revenue and cash flows were at stake, and were dependent upon whether timber sales revenue was reported appropriately, or not.

But, with Sino-Forest much more was obviously at stake, and this involved whether the company reported in accordance with ethical standards as well as GAAP,

⁴⁵ See CPAB “Auditing in Foreign Jurisdictions – CPAB Special Report”, page 1.

GAAS and “fairness”. Thus, small dollars could be “material” if these small dollars were indicative of the beginnings of deceit, or fraud, or a similar problem.

As well, disclosure or not of the extensive number of related parties could very well have been “material”.

C. Income Taxes

Sino-Forest does not appear to have accrued large dollars of income tax expense and payables until the fiscal year 2010. Various reasons could exist, but three in particular are noteworthy possibilities:

1. The transactions were largely deemed to be not taxable (until perhaps 2010) because of the existence of “off-shore” corporations. The publicly-available information is not informative concerning “loopholes” (until 2010) in the Chinese tax legislation. Hence, we cannot evaluate this possibility at the present time.
2. The transactions were largely not taxable (until perhaps 2010) because they consisted of related party transactions and were not third-party, taxable, profit-making activities. This possibility is a major concern to us, and will have to be pursued when further information becomes available.
3. The transactions were largely taxable, but Sino-Forest did not record appropriate expenses and liabilities. Such a possibility would mean that the annual audited financial statements failed to comply with GAAP and GAAS and were probably “materially misstated,” in audit report terms.

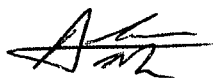
Further information is needed to resolve whether one, or up to all three, of the above apply to different years and situations within Sino-Forest. The entire income tax issue requires more investigation when additional information is made available.

X. RESTRICTIONS


This report is not intended for general circulation or publication, nor is it to be reproduced for any purpose other than as outlined above without our written permission in each specific instance. We will not be responsible for losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph. We reserve the right to revise our opinion in light of any facts, trends, or changing circumstances that become know to us subsequent to the date of this report.

Respectfully submitted,

ROSEN & ASSOCIATES LIMITED



A.T. Mak



L.S. Rosen

Appendix A**Documents That We Considered In Our Analysis**

1. Statement of Claim in the matter of The Trustees of the Labourers' Pension Fund of Central and Eastern Canada and the Trustees of the International Union of Operating Engineers Local 793 Pension Plan for Operating Engineers in Ontario v. Sino-Forest Corporation, Ernst & Young LLP, Allen T.Y. Chan et al, dated August 30, 2011.
2. The First Interim Report of the Independent Committee to the Board of Directors of Sino-Forest Corporation, dated August 10, 2011.
3. The Second Interim Report of the Independent Committee to the Board of Directors of Sino-Forest Corporation, dated November 13, 2011.
4. The Final Report of the Independent Committee to the Board of Directors of Sino-Forest Corporation, dated January 31, 2012.
5. The Interim Consolidated Financial Statements of Sino-Forest Corporation for the periods ended:
 - (a) June 30, 2011
 - (b) March 31, 2011
 - (c) September 30, 2010
 - (d) June 30, 2010
 - (e) March 31, 2010
 - (f) September 30, 2009
 - (g) June 30, 2009
 - (h) March 31, 2009

- (i) September 30, 2008 (Restated)
 - (j) June 30, 2008 (Restated)
 - (k) March 31, 2008
 - (l) September 30, 2007
 - (m) June 30, 2007
 - (n) March 31, 2007
 - (o) September 30, 2006
 - (p) June 30, 2006
 - (q) March 31, 2006
6. The Annual Consolidated Financial Statements of Sino-Forest Corporation for the years ended:
- (a) December 31, 2010
 - (b) December 31, 2009
 - (c) December 31, 2008
 - (d) December 31, 2007
 - (e) December 31, 2006
 - (f) December 31, 2005
- (and for prior years)
7. Muddy Waters LLC report on Sino-Forest, issued June 2, 2011.
8. Sino-Forest Press Release, June 3, 2011.

9. Analyst reports:

- (a) Dundee Capital Markets - March 16, 2010
 - (b) Credit Suisse – March 16, 2010
 - (c) Morgan Stanley Research – March 16, 2010
 - (d) Scotia Capital – March 16, 2010
 - (e) RBC Capital Markets – March 16, 2010
- (and for prior years)

Appendix B**ALAN T. MAK**

Personal Data

EDUCATION

Bachelor of Business Administration (*With Distinction*) (1996)
York University, Ontario

Chartered Accountant (1999)

CICA In-Depth Income Tax, Levels I, II & III (2000)

Chartered Business Valuator (2003)

DESIGNATIONS

CA•CBV, Ontario

CPA / CFF, Illinois

FCPA, Hong Kong

CFE

PROFESSIONAL ASSOCIATIONS

Institute of Chartered Accountants of Ontario

Canadian Institute of Chartered Business Valuators

American Institute of Certified Public Accountants
(Forensic and Valuation Services Section)

Illinois CPA Society

Hong Kong Institute of Certified Public Accountants

Association of Certified Fraud Examiners

EMPLOYMENT

Principal (formerly “Associate”), **Rosen & Associates Limited**, (April 2000 – Present)

- Forensic Accounting
- Business Valuation
- Quantification of Damages
- Accountants’ Negligence
- Qualified as Expert Witness before the Ontario Superior Court of Justice, the Ontario Energy Board, the Copyright Board of Canada and in proceedings pursuant to the American Arbitration Association.

Senior Accountant, **Arthur Andersen LLP**, (Sept. 1997 - March 2000)

- International Corporate Tax
- Transfer Pricing
- Corporate Re-organizations
- Income Tax Audit Consulting

Staff Accountant, **Arthur Andersen LLP**, (Sept 1996 – Sept 1997)

- Audit and review of Canadian businesses
- Consumer products, financial services, and media/advertising industries

Sessional Lecturer, **University of Toronto**, (September 2004 to Current)

- Lecture in undergraduate financial accounting theory and policy and managerial accounting.

Adjunct Professor, **York University**, (Jan 2000 – April 2004)

- Lecture undergraduate and graduate level financial accounting, management accounting and auditing courses

Teaching Assistant, **York University**, (Sept 1994 – Dec 1999)

- Conduct tutorials for undergraduate students

OTHER

Contributor, **Intermediate Accounting**, Beechy & Conrod (McGraw-Hill Ryerson, Toronto, 1999)

- Prepared the glossary in Volume II of text

Contributor, **Financial Accounting and Reporting (2nd Edition)**, Austin, Haskins, Ferris, Sack and Allen (McGraw-Hill Ryerson, Toronto, 1999)

- Technical review of problems and solutions in text

Contributor, **ICAO Tax Tips** (1999 – 2001)

- Contributed to tax planning solutions published by the ICAO public information service

LAWRENCE S. ROSEN

Personal Data
(January 2009)

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EDUCATION

M.B.A. (1964, University of Washington; focus: financial accounting); Ph.D. (1966, University of Washington; multi-fields; thesis focus: cash flows and financial reporting)

B. Com. (1957, University of British Columbia)

Chartered Accountant (1960, British Columbia), Alberta and Ontario

Certified Management Accountant (Registered Industrial Accountant, 1970)

DESIGNATIONS

FCA, Ontario

FCA, Alberta

FCMA, Canada

CGA, (Ontario and Canada)

CFE, (Certified Fraud Examiner and Life Member) Canada and U.S.A.

CIP, (Chartered Insurance Professional)

CPA (Certified Public Accountant, Illinois)

CA•IFA (Specialist, Investigative and Forensic Accounting)

CPA/CFF (Certified in Financial Forensics)

FCPA (Fellow of the Hong Kong Society of Certified Public Accountants)

EMPLOYMENT

Professor, York University, Toronto, Canada (Professor 1972 – 2001, Professor Emeritus 2001 to present; teaching focused on accounting, auditing and the integration of a professional accounting programme; Director, MBA Program 1992-1994)

Principal, Rosen & Associates Limited, (2000 -)

Principal, Rosen & Vettese Limited, (1990 - 2000)

Partner or Associate, Mintz & Partners, (1986 – 1990)

Technical advisor to three Auditors' General of Canada, (1978 – 1993)

Consultant to Clarkson Gordon, (Accounting principles, litigation, education), (1972 – 1986) (Now called Ernst & Young)

Manager, Accounting Standards and Research group, Clarkson Gordon, Toronto, (1970 – 1972)

Lecturer, (part-time), Faculty of Administrative Studies, York University, Toronto, (1970 – 1972)

Professor and Associate Professor, University of Alberta, (1966 – 1970)

Predoctoral Instructor, University of Washington, (1964 – 1966)

Instructor, University of British Columbia, 1961 - 1963 (part-time, 1960 - 1961)

Chartered Accountant and Student, Peat, Marwick Mitchell & Co., (1957 – 1961) (Now called KPMG)

LITIGATION AND RELATED CASES

Since 2004:

Bellan v. Curtis, Pricewaterhouse Coopers LLP, Nesbitt Burns Inc., Wellington West Capital Inc., Crocus Capital Inc., The Manitoba Securities Commission and The Crocus Investment Fund, et. al (Class action suit in which Dr. Rosen was retained to represent the class against all defendants. The issues involved financial statement presentation, share valuation and statement of asset values. Status: Settled out of Court.)

General Refrigeration of Canada Ltd. v. Finnpower Canada Ltd. (Dr. Rosen was retained by the defendants. The issues involved financial statement presentation and damages. Status: Settled.)

Refrigerated Construction & Services Inc. v. Coldmatic Refrigeration of Canada Ltd. (Dr. Rosen was retained by the defendants. The issues involved the purchase and sale of a business, financial statement presentation, fair presentation. Status: Settled.)

Saskferco Products Inc. v. Her Majesty the Queen (Dr. Rosen was retained by the Crown in a tax case and the application of hedge accounting principles. Status: Judgment for the Crown, upheld on appeal.)

Silver and Cohen v. IMAX Corporation et al. (Dr. Rosen was retained by the Class in a class action case. The issues involve GAAP and whether the financial information was false and misleading. Status: Ongoing.)

Kingsway Insurance v. PriceWaterhouseCoopers (Dr. Rosen was retained by the plaintiff in a case involving US GAAS and GAAP, including issue of whether the liabilities were misstated and whether there was fraud. Status: Ongoing.)

Kingsway Insurance v. 118997 Canada Inc., Mr. Raymond David, and Mr. Michel Gauthier (Dr. Rosen was retained by the plaintiff in an arbitration case involving issues related to fraud, financial statement presentation. Status: Arbitrator's decision for the plaintiff.)

Kingsway Insurance v. Ernst & Young (Dr. Rosen was retained by the plaintiff and has written reports for the Court. Status: Ongoing.)

Other Cases:

Waxman v. Waxman (Dr. Rosen was retained by the plaintiff and gave evidence relevant to materiality and the obligation to disclose related party transactions. Status: Judgment rendered for the plaintiff, and upheld on appeal.)

Sherman v. Orenstein & Partners (Dr. Rosen was retained by the CA firm (defendants). The issue involved the standard of care required in the performance of a review engagement. Status: Judgment for defendant, upheld on appeal.)

A-1 Floor & Wall v. Partridge Pelissero Iggulden (Dr. Rosen was retained by the CA firm (defendants) in a case involving GAAP and fair presentation. Status: Judgment for defendants.)

Pineridge Capital Corp. v. BDO Dunwoody (Dr. Rosen was retained by the CA firm (defendants) and gave evidence on GAAS, GAAP, fair presentation and, more particularly, sufficient appropriate audit evidence, bank confirmations, professional judgment and contingent liabilities. Status: Judgment in part for the defendant.)

Kripps v. Touche Ross & Co. [Dr. Rosen was retained by the plaintiffs and gave evidence on GAAS and GAAP, fair presentation. Prepared an affidavit submitted by the Plaintiffs / Respondents to the Supreme Court of Canada. (Leave to Appeal was denied.) Status: Judgment for plaintiffs.]

Hercules Managements Ltd. v. Ernst & Young (Dr. Rosen was retained by Hercules Management on issues related to auditor's negligence and damages. Status: Judgment.)

Bloor Italian Gifts Ltd. v. Dixon (Dr. Rosen acted for the CA (defendants) in a case involving review engagement standards. Status: Judgment in part for defendant.)

QEW 427 Dodge Chrysler (1991) Inc. v. Ontario (Minister of Revenue) (Dr. Rosen was retained by the Crown on the meaning of "accounts payable" in a tax case. Status: Judgment.)

Tucci Construction v. Lockwood (Dr. Rosen was retained by the CA firm (defendants) in a case involving financial statement presentation. Status: Judgment.)

Surrey Credit Union v. Willson et al. (Dr. Rosen was retained by the plaintiff against the two accounting firms in the "Northland Bank" case. The issues include GAAS & GAAP. Status: Settled.)

National Business Systems (Dr. Rosen was retained by the CA firm (defendants) in a case involving the alleged negligence of auditors. Status: Settled.)

Hyundai Motor Co. (Dr. Rosen was retained by the company in a case involving financial analysis before the Canadian Import Tribunal. Status: Judgment for the company.)

Teachers' Investment & Housing Co-operative (Dr. Rosen was retained by the Attorney-General for British Columbia in a case involving alleged negligence of lawyers and public accountants. Status: Settled.)

Ontario Ministry of Labour v. Massey Ferguson (Dr. Rosen was retained by the union workers in connection with an investigation involving asset and liability distributions among segments of Varsity Corporation. Status: Settled.)

Calgroup Graphics and PriceWaterhouse (Dr. Rosen was retained by the Ontario Securities Commission in a case involving alleged Securities Act violations. Status: Disciplinary action against the auditor; cease-trading order issued.)

Miscellaneous Cases:

Many cases are currently in progress.

Several other cases re professional negligence and preparation of expert reports could be listed; most were settled prior to a Court Judgment.

Testimony before courts in Ontario, British Columbia and Quebec re contract disputes, competition legislation, matrimonial, alleged frauds, automobile accidents and other litigation.

Forensic accounting; patent infringements; insurance claims before Tribunals or Commissions.

Preparation of pre-trial reports, and expert witness appearances with respect to:

- accounting and auditing principles and policies
- loss of profits, and valuation
- patent infringements
- predatory pricing
- contract disputes

PROFESSIONAL AND ACADEMIC ASSOCIATIONS

Memberships:

Institute of Chartered Accountants of Alberta, Ontario, and British Columbia (FCA, Ontario; FCA, Alberta)

Society of Management Accountants of Ontario (FCMA, Canada)

Certified General Accountants of Ontario, and of Canada

Canadian Comprehensive Auditing Foundation

American Institute of Certified Public Accountants

American Accounting Association

Hong Kong Society of Certified Public Accountants

Canadian Academic Accounting Association

Association of Certified Fraud Examiners

Chartered Insurance Professional

Positions Held:

Elected to the Board of Directors of the Canadian Justice Review Board (2006 – present)

Co-founder of Accountability Research Corporation (from 2001 to present) (Research for mutual funds, pension funds and money managers)

Elected to the Council of the Institute of Chartered Accountants of Ontario (3 years, early 1990s, governance issues affecting the profession)

Director of the MBA Program, York University

Member, Senate, York University

Area Coordinator, Accounting Area, York University

Chairman, Senate Appeal Committee, York University

Advisory Board, Comprehensive Auditing, Society of Management Accountants of Canada

Editor, "Education Research", *The Accounting Review*, 1979 - 1984

Board of Directors, Society of Management Accountants of Canada, 1980 - 1983

Governor, Canadian Comprehensive Auditing Foundation, 1980 - 1983

Director and President, The Canadian Academic Accounting Association, 1976 - 1978

Editorial Board, *The Accounting Review*, 1975 - 1978

Executive, Canadian Region, American Accounting Association (3 years) Chairman (1 year) and member (3 years), Manuscript Awards Committee, American Accounting Association

Editor "Education", CA Magazine, 1972 - 1977

Member of numerous committees of professional associations or academic bodies

PUBLICATIONSArticles:

Monthly columnist for Canadian Business magazine (2000 – present) and the National Post newspaper (2004 – present)

Boardroom, various articles published in 2000s

"CICA Exposure Draft: A Comment", The Philanthropist (Summer 1992)

"Restoring the Importance of Accounting Education", CA Magazine (September 1982)

- "An Empirical Study of Materiality Judgments by Auditors, Bankers and Analysts", In S. Basu and J. Alex Milburn, Proceedings of the 1981 Clarkson Gordon Foundation Research Symposium (Toronto, 1982)
- "Dialogue on Accounting Education", (with R. Denham), CA Magazine (September 1981)
- "Accounting Education: A Grim Report Card", CA Magazine (June 1978)
- "New Auditing Concepts for Current Value Accounting?", in Auditing Research Symposium - 1977 (Toronto: CICA, 1978)
- "Accounting for Inflation in Canada" in Accounting For Changes In The Value of Money, (Munich: 11th International Congress of Accountants, 1977)
- "Autumn of Our Discontent", CA Magazine, (October 1976). (Granted the W.J. MacDonald Memorial Award for the best article in 1976-77)
- "Alternatives to Historic Cost: An Introductory Analysis", CA Magazine, (July 1976)
- "Professional Judgment and Multi-Subject Accounting", CA Magazine, (May 1976)
- "Comprehensive Problem - Philosophy and Technique", Cost and Management, (March - April 1976)
- "Current Practitioner - Academic Relations", CA Magazine, (September 1975)
- "Comprehensive Case Examinations", CA Magazine, (March 1975)
- "Funds Statements", CA Magazine, (July 1974)
- "Tailoring Accounting Techniques to Management Decisions", CA Magazine, (March 1974)
- "Accountancy Examinations", Canadian Chartered Accountant, (July 1972)
- "Chartered Accountancy Education and Examinations", Canadian Chartered Accountant, (July 1971)
- "A Framework for Studies in Accountancy", Canadian Chartered Accountant, (July 1971)
- "Accounting and the Behavioral Sciences", (with C.J. McMillan), Canadian Chartered Accountant, (October 1970)
- "Alternatives to Historical Cost", Canadian Chartered Accountant, (March 1970)
- "General Price-Level Restated Reports", Canadian Chartered Accountant, (January and February 1970)
- "Funds Statements: A Historical Perspective", (with Don T. DeCoster), The Accounting Review, (January 1969)

Series on "Funds" Statement Concepts, Canadian Chartered Accountant, (October, November, December, 1968). One article in three-part series reproduced in T.J. Burns and H.S. Hendrickson, The Accounting Sampler, second edition, (New York, McGraw-Hill Book Company, 1972)

"Some Behavioral Consequences of Accounting Measurement Systems", (with R.E. Schneck) Cost and Management, (October 1967). Reprinted in W. Bruns, Jr. and Don T. DeCoster (editors), Accounting and Its Behavioral Implications, (New York: McGraw-Hill Book Company, 1969)

"On the Conflict between Custodial and Operational Accounting", Cost and Management, (June and July - August 1967)

"Replacement Value Accounting", The Accounting Review, (January 1967)

"Historical Cost and Replacement Value Accounting", The Illinois C.P.A., (Spring 1966)

"Operations Research", (with C. Rosen), Certified General Accountant, (November - December 1964)

"Price-Level Adjustments and Cost Systems", Cost and Management, (October 1964)

Books:

Understanding Accounting – The Lawyers' Guide, Lawrence S. Rosen, Frank M. Vettese, Jim Muccilli, (Canada Law Book Inc., 1999), 272 pages.

Accounting: A Decision Approach, (Toronto: Prentice-Hall, 1986). Also accompanying instructors' manual

Study Guide for Accounting: A Decision Approach, (Toronto: Prentice-Hall, 1986)

Topics in Managerial Accounting, (Third Edition, Editor), Toronto: McGraw-Hill Ryerson Limited, 1984

Financial Accounting: A Canadian Casebook with Multiple Subject Cases, (Toronto: Prentice-Hall, 1982). Also accompanying instructors' manual.

An Introduction to Accounting Case Analysis, Second Edition, (Toronto: McGraw-Hill, 1981). Also accompanying instructors' manual.

Canadian Financial Accounting, (with M. Granof) (Toronto: Prentice-Hall, 1980).

Self Study Problems for Canadian Financial Accounting, (with G. Richardson) (Toronto: Prentice-Hall, 1980)

An Introduction to Accounting Case Analysis, (Toronto: McGraw-Hill Ryerson Limited, 1975), 195 pages

Topics in Managerial Accounting, (Second Edition Editor), (Toronto: McGraw-Hill Ryerson Limited, 1974), 412 pages

Instructors' Manual for Topics in Managerial Accounting, (Second Edition, 1974), 32 pages

Valeurs Actuelles Et Indexation Des Etats Financiers, (Toronto: Canadian Institute of Chartered Accountants, 1973), 150 pages. French Translation of 1972 book.

Current Value Accounting and Price-Level Restatements, (Toronto: Canadian Institute of Chartered Accountants, 1972), 143 pages.

Topics in Managerial Accounting, (Editor), (Toronto: McGraw-Hill Company of Canada Ltd., 1970), 365 pages.

Cas De Compatibilite Et D'Administration, (Montreal: McGraw-Hill Company of Canada Ltd., 1970), 475 pages. French translation of 1968 book.

Cases in Accounting and Business Administration, (Toronto: McGraw-Hill Company of Canada Ltd., 1968), 405 pages, and companion book, Instructors' Notes for Cases in Accounting and Business Administration, (Toronto: McGraw-Hill Company of Canada Ltd., 1969), 385 pages.

Several other book and article reviews, lesson manuals and papers.

Chapters written for books that were edited by others.

ACKNOWLEDGEMENT OF EXPERT'S DUTY

1. My name is Alan T. Mak. I live in the City of Toronto in the Province of Ontario.
2. I have been engaged by or on behalf of the Plaintiff to provide evidence in relation to this proceeding.
3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
 - a) to provide opinion evidence that is fair, objective and non-partisan;
 - b) to provide opinion evidence that is related only to matters that are within my area of expertise; and,
 - c) to provide such additional assistance as the court may reasonably require, to determine a matter in issue.
4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

March 2, 2012

Date



Alan T. Mak

ACKNOWLEDGEMENT OF EXPERT'S DUTY

1. My name is Lawrence S. Rosen. I live in the City of Toronto in the Province of Ontario.
2. I have been engaged by or on behalf of the Plaintiffs to provide evidence in relation to this proceeding.
3. I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows:
 - a) to provide opinion evidence that is fair, objective and non-partisan;
 - b) to provide opinion evidence that is related only to matters that are within my area of expertise; and,
 - c) to provide such additional assistance as the court may reasonably require, to determine a matter in issue.
4. I acknowledge that the duty referred to above prevails over any obligation which I may owe to any party by whom or on whose behalf I am engaged.

March 2, 2012

Date

L.S. Rosen

L.S. Rosen

Relevant Accounting Standards

A. Canadian GAAP: To December 31, 2010

1. Section 3400.07 – “Revenue Recognition”

In a transaction involving the sale of goods, performance should be regarded as having been achieved when the following conditions have been fulfilled:

- (a) the seller of the goods has transferred to the buyer the significant risks and rewards of ownership, in that all significant acts have been completed and the seller retains no continuing managerial involvement in, or effective control of, the goods transferred to a degree usually associated with ownership; and
- (b) reasonable assurance exists regarding the measurement of the consideration that will be derived from the sale of goods, and the extent to which goods may be returned. [OCT. 1986]

2. Section 1000 – “Asset”

Assets are economic resources controlled by an entity as a result of past transactions or events and from which future economic benefits may be obtained.

.25 Assets have three essential characteristics:

- (a) they embody a future benefit that involves a capacity, singly or in combination with other assets, in the case of profit-oriented enterprises, to contribute directly or indirectly to future net cash flows;
- (b) the entity can control access to the benefit; and

(c) the transaction or event giving rise to the entity's right to, or control of, the benefit has already occurred.

.26 It is not essential for control of access to the benefit to be legally enforceable for a resource to be an asset, provided the entity can control its use by other means.

.27 There is a close association between incurring expenditures and generating assets but the two do not necessarily coincide. Hence, when an entity incurs an expenditure, this may provide evidence that future economic benefits were sought but is not conclusive proof that an item satisfying the definition of an asset has been obtained.

Similarly, the absence of a related expenditure does not preclude an item from satisfying the definition of an asset and thus becoming a candidate for recognition in the balance sheet. For example, items that have been donated to the entity may satisfy the definition of an asset.

3. Section 1000 – “Revenue”

Revenues are increases in economic resources, either by way of inflows or enhancements of assets or reductions of liabilities, resulting from the ordinary activities of an entity. Revenues of entities normally arise from the sale of goods, the rendering of services or the use by others of entity resources yielding rent, interest, royalties or dividends.

4. Section 3031 – “Inventories”

(a) Inventories shall be measured at the lower of cost and net realizable value.

(b) Cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing inventories to their present location and condition.

B. Canadian GAAS: To December 31, 2010

1. Section 5090 – “Audit of Financial Statements”

.01 The objective of an audit of financial statements is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with generally accepted accounting principles, except in the circumstances referred to in reporting standard (iv) in GENERALLY ACCEPTED AUDITING STANDARDS, paragraph 5100.02. Such an opinion is not an assurance as to the future viability of an entity nor an opinion as to the efficiency or effectiveness with which its operations, including internal control, have been conducted.

.04 In the performance of an audit of financial statements, the auditor complies with generally accepted auditing standards, which (as set out in GENERALLY ACCEPTED AUDITING STANDARDS, paragraph 5100.02) relate to the auditor's qualifications, the performance of the audit and the preparation of his or her report.

.05 The auditor should plan and perform an audit with an attitude of professional skepticism, recognizing that circumstances may exist that cause the financial statements to be materially misstated. [DEC. 2004 *]

.06 An attitude of professional skepticism recognizes that circumstances may exist that cause the financial statements to be materially misstated. It means the auditor makes a critical assessment, with a questioning mind, of the sufficiency and appropriateness of audit evidence obtained, and is alert for evidence that contradicts or brings into question the reliability of documents or representations of management or those charged with governance. It does not mean the auditor is obsessively skeptical or suspicious. The attitude of professional skepticism is necessary throughout the audit process to reduce the

risks of overlooking suspicious circumstances, of over-generalizing when drawing conclusions from audit observations, and of using faulty assumptions in determining the nature, timing and extent of the audit procedures and evaluating the results thereof. Representations from management or those charged with governance generally, in and of themselves, do not represent sufficient audit evidence.

.07 Honesty and integrity on the part of management and of those charged with governance are critical for the effective operation of the financial reporting process. In planning and performing an audit, the auditor neither assumes that management is dishonest nor assumes unquestioned honesty. This means that it is not the auditor's objective to prove management's honesty and integrity, but to approach the audit with an attitude of professional skepticism that includes being alert for indications of dishonesty. It also means that, notwithstanding prior experience indicating that management is honest, the auditor nevertheless generally obtains corroborating evidence for management representations, including responses to enquiries resulting from the performance of analytical procedures. If the auditor has specific reason to doubt management's honesty and integrity, the auditor needs to consider the audit evidence that may be compromised and, if so, to what extent. The auditor considers whether the risk of compromised audit evidence can be mitigated by different or more extensive audit procedures, or whether it brings into question the auditor's ability to complete the audit, in which case the auditor refers to THE AUDITOR'S RESPONSIBILITY TO CONSIDER FRAUD, Auditor unable to continue the engagement, Section 5135.

.08 The honesty and integrity of those charged with governance is critical in setting the overall ethical tone of the entity. Those charged with governance have statutory responsibilities to act in the interests of the entity, but do not normally have control over its day-to-day operations and are therefore not usually a primary source of audit evidence.

.09 The auditor seeks a high, though not absolute, level of assurance, hereinafter referred to as reasonable assurance, whether the financial statements are free of material misstatement, whether caused by fraud or error. Absolute assurance in auditing is not attainable as a result of such factors as those described in REASONABLE ASSURANCE AND AUDIT RISK, paragraphs 5095.03-.04.

2. Section 5100 – “Generally Accepted Auditing Standards”

.02 Generally Accepted Auditing Standards are as follows:

General standard

The examination should be performed and the report prepared by a person or persons having adequate technical training and proficiency in auditing, with due care and with an objective state of mind. [SEPT. 1975]

Examination standards

- (i) The auditor should plan and perform the audit to reduce audit risk to an acceptably low level that is consistent with the objective of an audit. The auditor should plan the nature, timing and extent of direction and supervision of engagement team members and review of their work. [JAN. 2006 *]
- (ii) The auditor should obtain an understanding of the entity and its environment, including internal control, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and sufficient to design and perform further audit procedures. [JAN. 2006]
- (iii) The auditor should obtain sufficient appropriate audit evidence to be able to draw reasonable conclusions on which to base the audit

opinion. [JAN. 2006]

Reporting standards

- (i) The report should identify the financial statements and distinguish between the responsibilities of management and the responsibilities of the auditor. [MARCH 1991 **]
- (ii) The report should describe the scope of the auditor's examination. [MARCH 1991 **]
- (iii) The report should contain either an expression of opinion on the financial statements or an assertion that an opinion cannot be expressed. In the latter case, the reasons therefore should be stated. [SEPT. 1975 *]
- (iv) Where an opinion is expressed, it should indicate whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles, except when the financial statements:
 - are prepared as described in AUDITOR'S REPORT ON FINANCIAL STATEMENTS PREPARED USING A BASIS OF ACCOUNTING OTHER THAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, paragraph 5600.09;
 - or
 - are financial statements of a local government required by legislation or regulation to prepare its financial statements in accordance with a disclosed basis of accounting, when the auditor would refer to AUDIT OF LOCAL GOVERNMENT FINANCIAL

STATEMENTS, Section PS 5200, for guidance.

The report should provide adequate explanation with respect to any reservation contained in such opinion. For entities whose financial statements are prepared in accordance with the CICA Public Sector Accounting Handbook, the auditor's opinion should also indicate whether the financial statements present fairly the changes in the entity's net debt. [JULY 2006 **]

3. Section 5141 – “Understanding the entity and its environment and assessing the risks of material misstatement”

INTRODUCTION

.002 The auditor should obtain an understanding of the entity and its environment, including its internal control, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, and sufficient to design and perform further audit procedures. AUDIT EVIDENCE, Section 5300, requires the auditor to use assertions in sufficient detail to form a basis for the assessment of risks of material misstatement and the design and performance of further audit procedures. This Section requires the auditor to make risk assessments at the financial statement and assertion levels based on an appropriate understanding of the entity and its environment, including its internal control. THE AUDITOR'S PROCEDURES IN RESPONSE TO ASSESSED RISKS, Section 5143, discusses the auditor's responsibility to determine overall responses and to design and perform further audit procedures whose nature, timing and extent are responsive to the risk assessments. The requirements and guidance of this Section are to be applied in conjunction with the requirements and guidance provided in other Sections. In particular, further guidance in relation to the auditor's responsibility to assess

the risks of material misstatement due to fraud is discussed in THE AUDITOR'S RESPONSIBILITY TO CONSIDER FRAUD, Section 5135. [JAN. 2006]

.004 Obtaining an understanding of the entity and its environment is an essential aspect of performing an audit in accordance with generally accepted auditing standards. In particular, that understanding establishes a frame of reference within which the auditor plans the audit and exercises professional judgment about assessing risks of material misstatement of the financial statements and responding to those risks throughout the audit, for example when:

- (a) establishing materiality and evaluating whether the judgment about materiality remains appropriate as the audit progresses;
- (b) considering the appropriateness of the selection and application of accounting policies, and the adequacy of financial statement disclosures;
- (c) identifying areas where special audit consideration may be necessary (e.g., related party transactions, conditions and events that cast doubt on the entity's ability to continue as a going concern or considering the business purpose of transactions);
- (d) developing expectations for use when performing analytical procedures;
- (e) designing and performing further audit procedures to reduce audit risk to an acceptably low level; and
- (f) evaluating the sufficiency and appropriateness of audit evidence obtained, such as the appropriateness of assumptions and of management's oral and written representations.

.005 The auditor uses professional judgment to determine the extent of the understanding required of the entity and its environment, including its internal control. The auditor's primary consideration is whether the understanding that

has been obtained is sufficient to assess the risks of material misstatement of the financial statements and to design and perform further audit procedures. The depth of the overall understanding that is required by the auditor in performing the audit is less than that possessed by management in managing the entity.

4. Section 6030 – “Inventories”

AUDITORS' OBJECTIVES

.01 While the inventory of stock-in-trade as set out in the financial statements is primarily the responsibility of the management, auditors cannot ignore their responsibility to satisfy themselves as to the validity of the client's representations as to inventories and of the inventory records. In brief, while auditors do not take, determine or supervise the inventory, they must be reasonably satisfied as to the physical existence and condition of the goods, the ownership, the pricing and the arithmetical accuracy of the calculations.

ATTENDANCE AT PHYSICAL STOCKTAKING

.02 With the increasing recognition of the auditors' responsibility for the validity of the inventory figure, advances have been made in procedures to substantiate the physical existence and condition of the inventory. Inspection of stock-in-trade has become generally recognized as the most useful and conclusive procedure by which auditors can satisfy themselves in this respect.

.03 It is recognized that the auditors could not be expected to possess the specialized technical knowledge required, in many cases, to establish absolute assurance of the existence of goods of a specified quality, grade and condition. Therefore, useful inspection of the goods by the auditors will require the exercise of reasonable care and skill and good judgment rather than the expert technical knowledge of the goods which would be expected of an appraiser or valuer.

.04 In practice, inspection of stock-in-trade by auditors varies in extent and in procedure. Normally, the inspection applies only to the more significant items in the inventory but, occasionally, it is extended to cover all of the goods. Generally, it is carried out at the time of the client's physical stocktaking but, in some instances, it is done at another time. Usually, the checking of quantities is accomplished most conveniently by observing and noting the counts made by the client's staff, but actual test counts are often undertaken by the auditors, before, during or after the client's physical stocktaking.

.05 Observation of the client's physical stocktaking, whether this is at the end of the financial period or some other date, is considered a most useful auditing procedure in assessing the degree of care which management exercises in establishing the existence and condition of inventories.

.06 Attendance at stocktaking should consist of such observation of the application of policies and procedures including counts, and inspection of general condition of the goods as will enable the auditors to form an opinion on the representations of management as to quantity and condition. It is desirable that a review of the methods to be used by the client in the stocktaking be made in advance. Such review and observation permit an evaluation of the effectiveness of internal control as applied, not only to the book records, but also to the taking of physical inventories.

.07 The judgment of the auditors, in the light of the circumstances, will determine the audit procedures to be applied in each case. For example, if goods of significant value are stored at locations which it is not convenient for the auditors to visit, they may appoint representatives to attend the client's physical stocktaking on their behalf. In some cases, if there is good internal control over inventories, test counts of goods at some time other than at the time of stocktaking, combined with other procedures to confirm the existence of the goods, may provide satisfactory alternatives. In other cases, such as those of goods in transit or goods in independent

warehouses, the auditors may satisfy themselves as to the existence of the stock-in-trade by means of independent documentary evidence.

.08 The auditing procedures in respect of inventories should be sufficient in scope to satisfy the auditors:

- (a) as to the physical existence, ownership and condition of inventories;
- (b) that the stated basis of valuation is being followed and is consistent with that of the previous period.

.09 Generally accepted auditing procedures in respect of inventories should include:

- (c) a review of the methods followed in the determination of quantities and values;
- (d) attendance by the auditors at the stocktaking, whether this is at the end of the financial period or at other times;
- (e) tests of the inventory quantities with confirmatory evidence such as rough count sheets, perpetual stock records, etc.;
- (f) tests of the pricing of the inventory items;
- (g) tests of the clerical accuracy of the inventory.

.10 If attendance at the stocktaking is not practicable in the circumstances, the auditors should substitute other satisfactory procedures such as those outlined in paragraph 6030.07.

.11 If the auditors have not satisfied themselves as to the physical existence, ownership and the basis of valuation of the inventory, the Recommendations set out in RESERVATIONS IN THE AUDITOR'S REPORT, Section 5510, should be followed. [OCT. 1970]

Appendix D**Sino-Forest Accounting Policies****From Note 1 to the December 31, 2010 Financial Statements****Revenue Recognition**

Revenue from standing timber is recognized when the contract is entered into which establishes a fixed and determinable price with the customer, collection is reasonably assured and the significant risks and rewards of ownership have been transferred to the customer.

Revenue from wood product contracts is recorded based on the percentage of completion method, determined based on the total costs incurred to expected total cost of the project and work performed. Revenues and costs begin to be recognized when progress reaches a stage of completion sufficient to reasonably determine the probable results. Any losses on such projects are charged to operations when determined.

Revenue from the sale of logs and other products is recognized when the significant risks and rewards of ownership of the logs and other products have been transferred to the customer, usually on the delivery of the goods when a fixed and determinable price is established.

Inventories

Raw materials, timber logs, finished goods and nursery are valued at the lower of cost, determined on a weighed average cost basis, and net realizable value. Work in progress and finished goods are valued at the lower of manufacturing cost and net realizable value. Manufacturing cost includes the cost of raw materials, direct labour and applicable production overheads, excluding borrowing costs, based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale

Timber Holdings

Timber holdings comprise planted and purchased plantations which include acquisition costs of young trees and standing timber, planting and maintenance capitalized over the growth cycle of the type of tree. Timber holdings from plantation sales are depleted when the significant risks and rewards of ownership have been transferred to the buyer, based on the area of timber sold or harvested.

Sino-Forest
Year End - December 31

IFRS
Canadian GAAP

	2011 (6 mos)	2010	2009	2008	2007	2006
Balance Sheet						
Assets						
Current						
Cash and cash equivalents	\$ 861,648	\$ 1,223,352	\$ 1,102,366	\$ 441,171	\$ 328,690	\$ 152,887
Short-term deposits	37,217	32,101	70,387	45,784	22,163	18,550
Accounts receivable	428,020	636,626	282,306	225,753	105,329	124,784
Inventories	65,775	61,978	45,978	43,200	46,661	15,178
Prepaid expenses and other	97,631	125,238	54,747	21,768	24,185	19,524
Convertible bonds			29,446	2,659	-	-
Assets of discontinued operations			1,531	31,122	-	2,686
Timber holdings, measured at cost	3,483,676	-	-	-	-	-
	4,973,967	2,079,295	1,586,761	811,457	527,028	333,609
Timber holdings (IFRS: measured at fair value)	262,036	3,122,517	2,183,489	1,653,306	1,174,153	752,783
Capital assets, net	90,124	113,150	77,377	63,704	78,608	87,939
Investment properties	23,430					
Other non-current financial assets	9,072					
Intangible assets	272,718	139,910	636			
Deferred tax asset	3,948					
Other assets	266,928	274,161	115,636	75,457	57,708	32,924
	\$ 5,902,223	\$ 5,729,033	\$ 3,963,899	\$ 2,603,924	\$ 1,837,497	\$ 1,207,255

Sino-Forest Year End - December 31	IFRS	Canadian GAAP					
		2011 (6 mos)	2010	2009	2008	2007	2006
Liabilities and Shareholders' Equity							
Current							
Bank indebtedness	\$ 204,501	\$ 153,959	\$ 103,991	\$ 67,188	\$ 55,383	\$ 70,958	
Accounts payable and accrued liabilities	297,021	87,670	250,287	179,903	107,989	68,669	
Income taxes payable	10,109	499,854	7,346	6,383	1,615	1,121	
Liabilities of discontinued operations		10,602	12,156	32,004	32,016	38,300	
Provisions	225,519						
Derivative financial instrument		3,699		5,214			
	737,150	755,784	373,780	290,692	197,003	179,048	
Long-term debt	1,566,811	1,659,682	925,466	714,468	441,985	450,000	
Deferred tax liability	49,593						
Derivative financial instrument	31,858	63,906	-	-	11,211	-	
	2,385,412	2,479,372	1,299,246	1,005,160	650,199	629,048	
Non-controlling interest	72,162	51,540					
Shareholders' equity							
Equity portion of convertible senior notes		158,883	158,883	70,462			
Share capital	1,268,022	1,261,300	1,213,495	539,315	537,141	143,511	
Contributed surplus		11,673	12,200	7,599	3,906	4,726	
Accumulated other comprehensive income		314,912	224,148	211,831	105,287	32,590	
Statutory reserve		1,988	1,670				
Other reserves	211,773						
Retained earnings	1,964,854	1,449,365	1,054,257	769,557	540,964	397,380	
	3,444,649	3,198,121	2,664,653	1,598,764	1,187,298	578,207	
	\$ 5,902,223	\$ 5,729,033	\$ 3,963,899	\$ 2,603,924	\$ 1,837,497	\$ 1,207,255	

Sino-Forest
Year End - December 31

	Canadian GAAP					
	2011 (6 mos)	2010	2009	2008	2007	2006
Income Statement						
Revenue	\$ 656,308	\$ 1,923,536	\$ 1,238,185	\$ 896,045	\$ 713,866	\$ 555,480
Costs and Expenses						
Cost of Sales	470,387	1,252,023	797,800	530,083	470,825	380,508
Selling, General and Admin.	77,169	89,712	63,980	53,372	40,209	35,852
Depreciation and Amortization		5,145	4,693	3,206	5,364	3,975
	<u>547,556</u>	<u>1,346,880</u>	<u>866,473</u>	<u>586,661</u>	<u>516,398</u>	<u>420,335</u>
Income before Undernoted	108,752	576,656	371,712	309,384	197,468	135,145
Interest Expense	-90,027	-128,124	-70,977	-51,933	-43,960	-37,340
Interest Income	6,111	10,609	9,691	12,604	15,184	6,486
Exchange Losses		-3,086	-4,958	-4,735	12,409	3,676
Amortization of deferred financing costs					-20,846	-1,819
Impairment of Capital Assets					-2,996	-877
Losses on Changes of Fair Value	431,749	-4,419	-417	-1,839	-2,996	-1,179
Other Income	519	2,932	1,600	1,946	3,206	1,312
	<u>457,104</u>	<u>454,568</u>	<u>306,651</u>	<u>265,427</u>	<u>160,465</u>	<u>105,404</u>
Provision for Income Taxes	32,263	70,644	27,864	24,105	18,034	13,192
Net Income from Continuing Operations	424,841	383,924	278,787	241,322	142,431	92,212
Net Income from Discontinue Operations	173	8,179	7,583	-12,729	9,842	21,268
Net Income Before Non-Controlling Interests	425,014	392,103	286,370	228,593	152,273	113,480
Non-Controlling Interests		3,323	0	0	0	0
Net Income for the Year	<u>\$ 425,014</u>	<u>\$ 395,426</u>	<u>\$ 286,370</u>	<u>\$ 228,593</u>	<u>\$ 152,273</u>	<u>\$ 113,480</u>

Sino-Forest

Year End - December 31

IFRS

Canadian GAAP

	2011 (6 mos)	2010	2009	2008	2007	2006
Statement of Cash Flows						
Cash Flows from Operating Activities						
Net Income for the Year	\$ 457,702	\$ 395,426	\$ 286,370	\$ 228,593	\$ 152,273	\$ 113,480
Net Income from Discontinued Operations		-8,179	-7,583	12,729	-9,842	-21,268
Add (deduct) Non-Cash Items						
Depletion of Timber Holdings Included in COS		746,474	522,397	284,532	284,808	177,730
Depreciation and Amortization		7,919	4,693	3,206	5,364	3,975
Accretion of Convertible Senior Notes		26,555	13,689	4,769	0	0
Stock-Based Compensation		3,573	4,601	4,276	2,898	3,105
Amortization of deferred financing costs						1,819
Impairment of Capital Assets		4,419	417	219	20,846	877
Loss on Changes in Fair Value				1,839	2,996	1,179
Interest Income from Mandra		-2,089	1,880	-1,200	-2,100	-300
Unrealized Exchange (Gains)/Losses		-511	-751	2,656	-1,816	
Other					74	62
	126,529	1,173,587	825,713	547,223	455,501	280,659
Net Change in Non-Cash Working Capital	325,596	-333,502	-41,196	-60,040	27,000	-16,456
Cash Flows from Operating Activities (Continuing Operations)	-211,859	840,085	784,517	487,183	482,501	264,203
Cash Flows from Operating Activities (Discontinued Operations)		-562	-826	-3,826	3,856	26,169
Cash Flows from Investing Activities						
Additions to Timber Holdings		-1,358,878	-1,032,009	-656,727	-640,257	-415,087
Increase in Other Assets		-43,331	-38,041	-9,554	-31,225	-10,000
Additions to Capital Assets		-25,240	-11,649	-29,187	-12,571	-10,028
Decrease (increase) in Non-Pledged Short-Term Assets		21,872	-10,942	-5,604	-8,698	11,912
Business Acquisition, net of cash acquired		2,139	0	-1,928	-795	
Proceeds of Disposal of Capital Assets		296	216	8	1,224	167
Acquisition of Convertible Bonds		0	-200			
Other		75	0			
	-30,424	-1,403,067	-1,092,625	-702,992	-692,322	-423,036
Cash Flows from Investing Activities		1,478	24,120	-1,236		
Investing Cash Flows Used in Discontinued Operations						

	IFRS		Canadian GAAP			
	2011 (6 mos)	2010	2009	2008	2007	2006
Sino-Forest						
<i>Year End - December 31</i>						
Cash Flows from Financing Activities						
Increase in LT Debt		624,750	460,000	345,000	0	150,000
Increase in Bank Indebtedness		47,962	36,534	16,031	-17,015	29,175
Decrease (increase) in Pledged Short-Term Deposits		17,255	-13,633	-16,314	6,180	385
Issuance of Shares, net of Issue Costs		8,555	652,474	1,591	389,912	513
Increase in deferred financing costs						-3,001
Proceeds from Exercise of Share Options of Subsidiary		3,079	0			
Payment of Financing Costs		-20,328	-27,591	-9,135		
Repayment of LT Debt		-530	-150,000			
Payment on Derivative Financial Instruments		0	-5,781	-4,919	-2,165	-872
Cash Flows from Financing Activities	-121,349	680,743	952,003	332,254	376,912	176,200
Financing Cash Flows Used in Discontinued Operations	0	0	-5,972	-460		
Foreign Exchange Effects		2,309	-22	1,558	4,856	933
Change in Cash	-\$ 363,632	\$ 120,986	\$ 661,195	\$ 112,481	\$ 175,803	\$ 44,469

Sino-Forest - AI and Supplier Relationships

Relationships between Suppliers, AIs, and Sino-Forest stakeholders

AIs	Volume of Sales to AI (2006 - 2011)	Relationship with AIs, Supporters, Suppliers, Officers and Shareholders
AI #1 (OSC#2)	¥ 4,468,766,238	Officer #11 Shareholder #35 Shareholder #36
AI #2 (OSC#3)	¥ 4,093,476,998	Officer #3 Supplier #3 Supplier #9 Shareholder #3 (40% Ownership) Shareholder #10
AI #3 (OSC#4)	¥ 3,452,572,846	AI #13 Officer #8 Officer #12 Supplier #8 Shareholder #2
AI #4 (OSC#5)	¥ 3,325,784,208	Officer #12 Supplier #3 Shareholder #3 (40% Ownership)
AI #5 (OSC#6)	¥ 2,550,516,474	Supplier #4 Supplier #5 Shareholder #18 (50%+ Ownership)
AI #6 (OSC#7)	¥ 2,152,761,783	Officer #2 Supplier #5 Shareholder #18 (100% Ownership)
AI #7 (OSC#8)	¥ 1,902,592,018	Officer #9
AI #8 (OSC#9)	¥ 1,338,432,141	
AI #9 (OSC#10)	¥ 1,254,736,543	
AI #10 (OSC#11)	¥ 889,845,684	
AI #11 (OSC#12)	¥ 790,476,397	
AI #12 (OSC#13)	¥ 760,882,770	
AI #13 (OSC#14)	¥ 398,881,734	AI #3 Shareholder #32 Shareholder #34 Shareholder #37 Supplier #8
AI #14 (OSC#15)	¥ 85,833,654	
Supplier / AI # 14 (OSC#1)	¥ 26,169,920	Officer #8 Officer #10 Shareholder #2 Shareholder #32 Shareholder #37
Total	¥ 27,491,729,408	
Related Balances	¥ 22,371,522,219 81%	
Current AIs	¥ 17,493,362,073	
% of total	64%	
% related	100%	

Sino-Forest - AI and Supplier Relationships

Relationships between Suppliers, AIs, and Sino-Forest stakeholders

Suppliers	Volume of Purchases from Supplier (2006 - 2011)	Relationship with AIs, Supporters, Suppliers, Officers and Shareholders
Supplier #1 (OSC#1)	¥ 4,561,599,313	Shareholder #1 Shareholder #20
Supplier #2 (OSC#2)	¥ 3,585,236,345	Shareholder #11 (80% Ownership) Shareholder #12 (20% Ownership)
Supplier #3 (OSC#3)	¥ 3,359,656,141	AI #2 AI #4 Shareholder #3
Supplier #4 (OSC#4)	¥ 3,283,555,890	AI #5 Officer #2 Shareholder #16 (100% Ownership)
Supplier #5 (OSC#5)	¥ 2,638,027,668	AI #5 AI #6 Officer #2 Shareholder #16
Supplier #6 (OSC#6)	¥ 2,141,578,760	
Supplier #7 (OSC#7)	¥ 1,807,078,984	Shareholder #14 (60% Ownership)
Supplier #8 (OSC#8)	¥ 1,358,520,787	AI #3 AI #13 Officer #9 Officer #10 Shareholder #34 Shareholder #37
Supplier #9 (OSC#9)	¥ 1,101,316,748	Shareholder #1 (80% Ownership) Shareholder #14
Supplier #10 (OSC#10)	¥ 1,036,568,215	Officer #7
Supplier #11 (OSC#11)	¥ 985,535,044	Officer #7
Supplier #12 (OSC#12)	¥ 837,555,369	Shareholder #14
Supplier #13 (OSC#13)	¥ 793,415,921	Supporter #2 (40% Ownership) Shareholder #15 (20% Ownership)
Supplier #14 (OSC#14)	¥ 407,506,544	Officer #8 Officer #10 Shareholder #2 Shareholder #32 Shareholder #37
Supplier #15 (OSC#15)	¥ 376,411,353	
Supplier #16 (OSC#16)	¥ 174,469,785	
Supplier #17 (OSC#17)	¥ 156,202,550	
Supplier #18 (OSC#18)	¥ 49,928,352	Officer #1 Shareholder #14
Total	¥ 28,654,163,768	
Related Balances	¥ 25,805,501,321	
% of total	90%	

Note:

The volume of transactions were obtained from the "Asset Verification (BVI Supplier General Observations)" document included in the Independent Committee schedules.

TRUSTEES OF THE LABOURERS' PENSION FUND
OF CENTRAL AND EASTERN CANADA *et al.*

Plaintiffs

and SINO-FOREST CORPORATION *et al.*

Defendants

Court File No: CV-11-431153-00CP

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto
Proceeding under the *Class Proceedings Act, 1992*

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Lawyers for the Plaintiffs

Court File No.: CV-11-431153-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

B E T W E E N :

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND EASTERN
CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING
ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING ENGINEERS IN ONTARIO,
SJUNDE AP-FONDEN, DAVID GRANT and ROBERT WONG

Plaintiffs

- and -

SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly known
as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN, KAI KIT
POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND, JAMES M.E.
HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J. WEST,
PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE SECURITIES
(CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES CORPORATION, RBC
DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC WORLD MARKETS INC.,
MERRILL LYNCH CANADA INC., CANACCORD FINANCIAL LTD., MAISON
PLACEMENTS CANADA INC., CREDIT SUISSE SECURITIES (USA) LLC, and BANC OF
AMERICA SECURITIES LLC

Defendants

Proceeding under the *Class Proceedings Act, 1992*

FRESH AS AMENDED STATEMENT OF CLAIM

(NOTICE OF ACTION ISSUED JULY 20, 2011)

TO: Sino-Forest Corporation
1208-90 Burnhamthorpe Rd W
Mississauga, ON L5B 3C3

AND TO: David Horsley
Sino-Forest Corporation
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AND TO: Allen Chan
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AND TO: William Ardell
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AND TO: James Bowland
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AND TO: James Hyde
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AND TO: Edmund Mak
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AND TO: W. Judson Martin
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AND TO: Simon Murray
Sino-Forest Corporation
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- AND TO: Kai Kit Poon**
Sino-Forest Corporation
1208-90 Burnhamthorpe Rd W
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- AND TO: Peter Wang**
Sino-Forest Corporation
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- AND TO: Dundee Securities Corporation**
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- AND TO: RBC Dominion Securities Inc.**
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- AND TO: Canaccord Financial Ltd.**
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P.O. Box 516
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- AND TO: Maison Placements Canada Inc.**
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- AND TO: Banc of America Securities LLC**
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I. DEFINED TERMS

1. In this Statement of Claim, in addition to the terms that are defined elsewhere herein, the following terms have the following meanings:

(a) “**AI**” means Authorized Intermediary;

- (b) “**AIF**” means Annual Information Form;
- (c) “**Ardell**” means the defendant William E. Ardell;
- (d) “**Banc of America**” means the defendant Banc of America Securities LLC;
- (e) “**BDO**” means the defendant BDO Limited;
- (f) “**Bowland**” means the defendant James P. Bowland;
- (g) “**BVI**” means British Virgin Islands;
- (h) “**Canaccord**” means the defendant Canaccord Financial Ltd.;
- (i) “**CBCA**” means the *Canada Business Corporations Act*, RSC 1985, c. C-44, as amended;
- (j) “**Chan**” means the defendant Allen T.Y. Chan also known as “Tak Yuen Chan”;
- (k) “**CIBC**” means the defendant CIBC World Markets Inc.;
- (l) “**CJA**” means the Ontario *Courts of Justice Act*, RSO 1990, c C-43, as amended;
- (m) “**Class**” and “**Class Members**” all persons and entities, wherever they may reside who acquired **Sino’s Securities** during the **Class Period** by distribution in Canada or on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired **Sino’s Securities** during the **Class Period** who are resident of Canada or were resident of Canada at the time of acquisition and who acquired **Sino’s Securities** outside of Canada, except the **Excluded Persons**;
- (n) “**Class Period**” means the period from and including March 19, 2007 to and including June 2, 2011;
- (o) “**Code**” means **Sino’s Code of Business Conduct**;

- (p) “**CPA**” means the Ontario *Class Proceedings Act, 1992*, SO 1992, c 6, as amended;
- (q) “**Credit Suisse**” means the defendant Credit Suisse Securities (Canada), Inc.;
- (r) “**Credit Suisse USA**” means the defendant Credit Suisse Securities (USA) LLC;
- (s) “**Defendants**” means **Sino, the Individual Defendants, Pöyry, BDO, E&Y** and the **Underwriters**;
- (t) “**December 2009 Offering Memorandum**” means Sino’s Final Offering Memorandum, dated December 10, 2009, relating to the distribution of Sino’s 4.25% Convertible Senior Notes due 2016 which **Sino** filed on **SEDAR** on December 11, 2009;
- (u) “**December 2009 Prospectus**” means **Sino**’s Final Short Form Prospectus, dated December 10, 2009, which **Sino** filed on **SEDAR** on December 11, 2009;
- (v) “**Dundee**” means the defendant Dundee Securities Corporation;
- (w) “**E&Y**” means the defendant, Ernst and Young LLP;
- (x) “**Excluded Persons**” means the **Defendants**, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is a member of the immediate family of an **Individual Defendant**;
- (y) “**Final Report**” means the report of the IC, as that term is defined in paragraph 10 hereof;
- (z) “**GAAP**” means Canadian generally accepted accounting principles;
- (aa) “**GAAS**” means Canadian generally accepted auditing standards;
- (bb) “**Horsley**” means the defendant David J. Horsley;
- (cc) “**Hyde**” means the defendant James M.E. Hyde;

- (dd) “**Impugned Documents**” mean the 2005 Annual Consolidated Financial Statements (filed on **SEDAR** on March 31, 2006), Q1 2006 Financial Statements (filed on **SEDAR** on May 11, 2006), the 2006 Annual Consolidated Financial Statements (filed on **SEDAR** on March 19, 2007), 2006 AIF (filed on **SEDAR** on March 30, 2007), 2006 Annual **MD&A** (filed on **SEDAR** on March 19, 2007), Management Information Circular dated April 27, 2007 (filed on **SEDAR** on May 4, 2007), Q1 2007 **MD&A** (filed on **SEDAR** on May 14, 2007), Q1 2007 Financial Statements (filed on **SEDAR** on May 14, 2007), **June 2007 Prospectus**, Q2 2007 **MD&A** (filed on **SEDAR** on August 13, 2007), Q2 2007 Financial Statements (filed on **SEDAR** on August 13, 2007), Q3 2007 **MD&A** (filed on **SEDAR** on November 12, 2007), Q3 2007 Financial Statements (filed on **SEDAR** on November 12, 2007), 2007 Annual Consolidated Financial Statements (filed on **SEDAR** on March 18, 2008), 2007 AIF (filed on **SEDAR** on March 28, 2008), 2007 Annual **MD&A** (filed on **SEDAR** on March 18, 2008), Amended 2007 Annual **MD&A** (filed on **SEDAR** on March 28, 2008), Management Information Circular dated April 28, 2008 (filed on **SEDAR** on May 6, 2008), Q1 2008 **MD&A** (filed on **SEDAR** on May 13, 2008), Q1 2008 Financial Statements (filed on **SEDAR** on May 13, 2008), **July 2008 Offering Memorandum**, Q2 2008 **MD&A** (filed on **SEDAR** on August 12, 2008), Q2 2008 Financial Statements (filed on **SEDAR** on August 12, 2008), Q3 2008 **MD&A** (filed on **SEDAR** on November 13, 2008), Q3 2008 Financial Statements (filed on **SEDAR** on November 13, 2008), 2008 Annual Consolidated Financial Statements (filed on **SEDAR** on March 16, 2009), 2008 Annual **MD&A** (filed on **SEDAR** on March 16, 2009), Amended 2008 Annual **MD&A** (filed on **SEDAR** on March 17, 2009), 2008 AIF (filed on **SEDAR** on March 31, 2009), Management Information Circular dated April 28, 2009 (filed on **SEDAR** on May 4, 2009), Q1 2009 **MD&A** (filed on **SEDAR** on May 11, 2009), Q1 2009 Financial Statements (filed on **SEDAR** on May 11, 2009), **June 2009 Prospectus**, **June 2009 Offering Memorandum**, Q2 2009 **MD&A** (filed on **SEDAR** on August 10, 2009), Q2 2009 Financial Statements (filed on **SEDAR** on August 10, 2009), Q3 2009 **MD&A** (filed on **SEDAR** on November 12, 2009),

Q3 2009 Financial Statements (filed on **SEDAR** on November 12, 2009), **December 2009 Prospectus, December 2009 Offering Memorandum**, 2009 Annual **MD&A** (filed on **SEDAR** on March 16, 2010), 2009 Audited Annual Financial Statements (filed on **SEDAR** on March 16, 2010), 2009 **AIF** (filed on **SEDAR** on March 31, 2010), Management Information Circular dated May 4, 2010 (filed on **SEDAR** on May 11, 2010), Q1 2010 **MD&A** (filed on **SEDAR** on May 12, 2010), Q1 2010 Financial Statements (filed on **SEDAR** on May 12, 2010), Q2 2010 **MD&A** (filed on **SEDAR** on August 10, 2010), Q2 2010 Financial Statements (filed on **SEDAR** on August 10, 2010), **October 2010 Offering Memorandum**, Q3 2010 **MD&A** (filed on **SEDAR** on November 10, 2010), Q3 2010 Financial Statements (filed on **SEDAR** on November 10, 2010), 2010 Annual **MD&A** (March 15, 2011), 2010 Audited Annual Financial Statements (filed on **SEDAR** on March 15, 2011), 2010 **AIF** (filed on **SEDAR** on March 31, 2011), and Management Information Circular dated May 2, 2011 (filed on **SEDAR** on May 10, 2011);

- (ee) “**Individual Defendants**” means **Chan, Martin, Poon, Horsley, Ardell, Bowland, Hyde, Mak, Murray, Wang, and West**, collectively;
- (ff) “**July 2008 Offering Memorandum**” means the Final Offering Memorandum dated July 17, 2008, relating to the distribution of Sino’s 5% Convertible Senior Notes due 2013 which **Sino** filed on **SEDAR** as a schedule to a material change report on July 25, 2008;
- (gg) “**June 2007 Prospectus**” means **Sino**’s Short Form Prospectus, dated June 5, 2007, which **Sino** filed on **SEDAR** on June 5, 2007;
- (hh) “**June 2009 Offering Memorandum**” means **Sino**’s Exchange Offer Memorandum dated June 24, 2009, relating to an offer to exchange Sino’s Guaranteed Senior Notes due 2011 for new 10.25% Guaranteed Senior Notes due 2014 which **Sino** filed on **SEDAR** as a schedule to a material change report on June 25, 2009;

- (ii) “**June 2009 Prospectus**” means Sino’s Final Short Form Prospectus, dated June 1, 2009, which Sino filed on **SEDAR** on June 1, 2009;
- (jj) “**Maison**” means the defendant Maison Placements Canada Inc.;
- (kk) “**Martin**” means the defendant W. Judson Martin;
- (ll) “**Mak**” means the defendant Edmund Mak;
- (mm) “**MD&A**” means Management’s Discussion and Analysis;
- (nn) “**Merrill**” means the defendant Merrill Lynch Canada Inc.;
- (oo) “**Muddy Waters**” means Muddy Waters LLC;
- (pp) “**Murray**” means the defendant Simon Murray;
- (qq) “**October 2010 Offering Memorandum**” means the Final Offering Memorandum dated October 14, 2010, relating to the distribution of Sino’s 6.25% Guaranteed Senior Notes due 2017;
- (rr) “**Offering**” or “**Offerings**” means the primary distributions in Canada of Sino’s **Securities** that occurred during the **Class Period** including the public offerings of Sino’s common shares pursuant to the **June 2007, June 2009** and **December 2009 Prospectuses**, as well as the offerings of Sino’s notes pursuant to **the July 2008, June 2009, December 2009, and October 2010 Offering Memoranda**, collectively;
- (ss) “**OSA**” means the *Securities Act*, RSO 1990 c S.5, as amended;
- (tt) “**OSC**” means the Ontario Securities Commission;
- (uu) “**Plaintiffs**” means the plaintiffs, the Trustees of the Labourers’ Pension Fund of Central and Eastern Canada (“**Labourers**”), the Trustees of the International Union of Operating Engineers Local 793 Pension Plan for Operating Engineers in

Ontario (“**Operating Engineers**”), Sjunde AP-Fonden (“**AP7**”), David C. Grant (“**Grant**”), and Robert Wong (“**Wong**”), collectively;

- (vv) “**Poon**” means the defendant Kai Kit Poon;
- (ww) “**Pöyry**” means the defendant, Pöyry (Beijing) Consulting Company Limited;
- (xx) “**PRC**” means the People’s Republic of China;
- (yy) “**Representation**” means the statement that Sino’s financial statements complied with **GAAP**;
- (zz) “**RBC**” means the defendant RBC Dominion Securities Inc.;
- (aaa) “**Scotia**” means the defendant Scotia Capital Inc.;
- (bbb) “**Second Report**” means the Second Interim Report of the IC, as that term is defined in paragraph 10 hereof;
- (ccc) “**Securities**” means Sino’s common shares, notes or other securities, as defined in the *OSA*;
- (ddd) “**Securities Legislation**” means, collectively, the *OSA*, the *Securities Act*, RSA 2000, c S-4, as amended; the *Securities Act*, RSBC 1996, c 418, as amended; the *Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, RSQ c V-1.1, as amended; the *Securities Act*, 1988, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended;
- (eee) “**SEDAR**” means the system for electronic document analysis and retrieval of the Canadian Securities Administrators;

- (fff) “**Sino**” means, as the context requires, either the defendant Sino-Forest Corporation, or Sino-Forest Corporation and its affiliates and subsidiaries, collectively;
- (ggg) “**TD**” means the defendant TD Securities Inc.;
- (hhh) “**TSX**” means the Toronto Stock Exchange;
- (iii) “**Underwriters**” means **Banc of America, Canaccord, CIBC, Credit Suisse, Credit Suisse USA, Dundee, Maison, Merrill, RBC, Scotia, and TD**, collectively;
- (jjj) “**Wang**” means the defendant Peter Wang;
- (kkk) “**West**” means the defendant Garry J. West; and
- (lll) “**WFOE**” means wholly foreign owned enterprise or an enterprise established in China in accordance with the relevant PRC laws, with capital provided solely by foreign investors.

II. CLAIM

2. The Plaintiffs claim:

- (a) An order certifying this action as a class proceeding and appointing the Plaintiffs as representative plaintiffs for the Class, or such other class as may be certified by the Court;
- (b) A declaration that the Impugned Documents contained, either explicitly or implicitly, the Representation, and that, when made, the Representation was a misrepresentation, both at law and within the meaning of the Securities Legislation;
- (c) A declaration that the Impugned Documents contained one or more of the other misrepresentations alleged herein, and that, when made, those other misrepresentations constituted misrepresentations, both at law and within the meaning of the Securities Legislation;
- (d) A declaration that Sino is vicariously liable for the acts and/or omissions of the Individual Defendants and of its other officers, directors and employees;
- (e) A declaration that the Underwriters, E&Y, BDO and Pöyry are each vicariously liable for the acts and/or omissions of their respective officers, directors, partners and employees;
- (f) On behalf of all of the Class Members who purchased Sino's Securities in the secondary market during the Class Period, and as against all of the Defendants other than the Underwriters, general damages in the sum of \$6.5 billion;
- (g) On behalf of all of the Class Members who purchased Sino common shares in the distribution to which the June 2007 Prospectus related, and as against Sino, Chan, Poon, Horsley, Martin, Mak, Murray, Hyde, Pöyry, BDO, Dundee, CIBC, Merrill and Credit Suisse general damages in the sum of \$175,835,000;
- (h) On behalf of all of the Class Members who purchased Sino common shares in the distribution to which the June 2009 Prospectus related, and as against Sino, Chan,

Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry, E&Y, Dundee, Merrill, Credit Suisse, Scotia and TD, general damages in the sum of \$330,000,000;

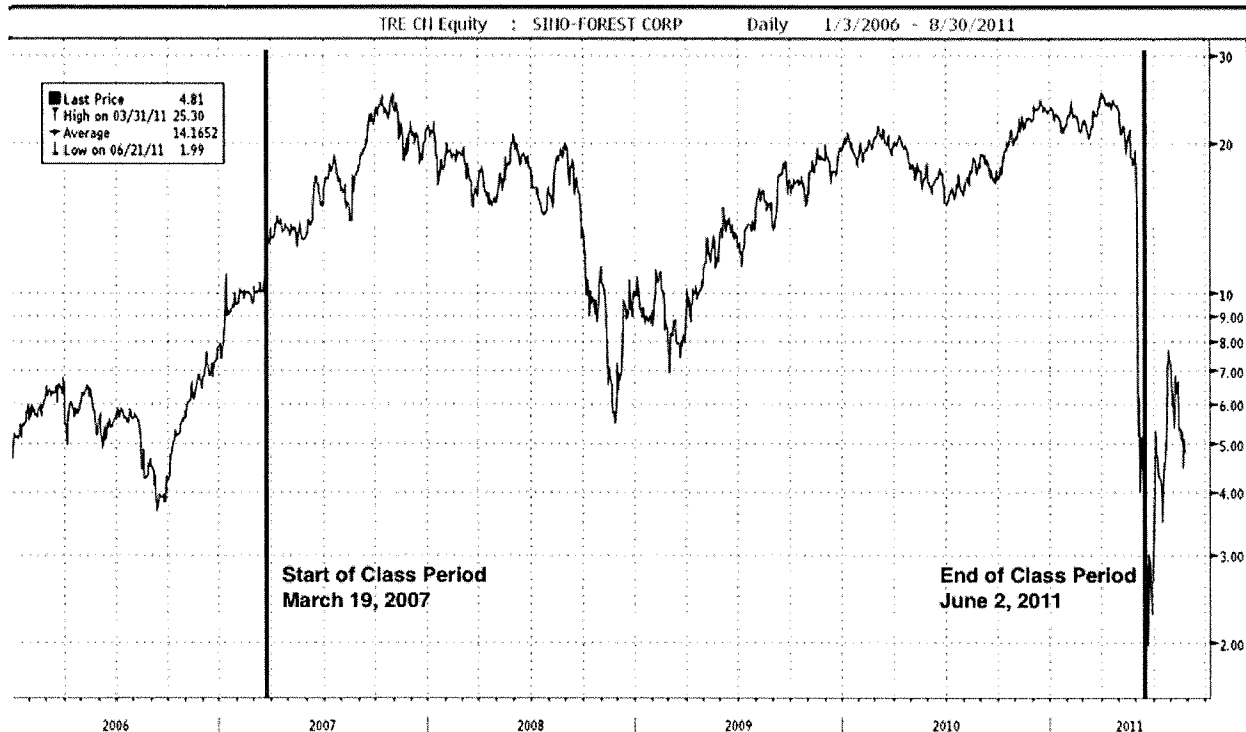
- (i) On behalf of all of the Class Members who purchased Sino common shares in the distribution to which the December 2009 Prospectus related, and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry, BDO, E&Y, Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD, general damages in the sum of \$319,200,000;
- (j) On behalf of all the Class Members who purchased Sino's 5% Convertible Senior Notes due 2013 pursuant to the July 2008 Offering Memorandum, and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry, BDO, E&Y and Credit Suisse USA, general damages in the sum of US\$345 million;
- (k) On behalf of all the Class Members who purchased Sino's 10.25% Guaranteed Senior Notes due 2014 pursuant to the June 2009 Offering Memorandum, and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry, BDO, E&Y and Credit Suisse USA, general damages in the sum of US\$400 million;
- (l) On behalf of all the Class Members who purchased Sino's 4.25% Convertible Senior Notes due 2016 pursuant to the December 2009 Offering Memorandum, and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry, BDO, E&Y, Credit Suisse USA and TD, general damages in the sum of US\$460 million;
- (m) On behalf of all the Class Members who purchased Sino's 6.25% Guaranteed Senior Notes due 2017 pursuant to the October 2010 Offering Memorandum, and as against Sino, Chan, Poon, Horsley, Wang, Mak, Murray, Hyde, Ardell, Pöyry, E&Y, Credit Suisse USA and Banc of America, general damages in the sum of US\$600 million;

- (n) On behalf of all of the Class Members, and as against Sino, Chan, Poon and Horsley, punitive damages, in respect of the conspiracy pled below, in the sum of \$50 million;
- (o) A declaration that Sino, Chan, Poon, Horsley, Martin, Mak, Murray and the Underwriters were unjustly enriched;
- (p) A constructive trust, accounting or such other equitable remedy as may be available as against Sino, Chan, Poon, Horsley, Martin, Mak, Murray and the Underwriters;
- (q) A declaration that the acts and omissions of Sino have effected a result, the business or affairs of Sino have been carried on or conducted in a manner, or the powers of the directors of Sino have been exercised in a manner, that is oppressive or unfairly prejudicial to or that unfairly disregards the interests of the Plaintiffs and the Class Members, pursuant to s. 241 of the *CBCA*;
- (r) An order directing a reference or giving such other directions as may be necessary to determine the issues, if any, not determined at the trial of the common issues;
- (s) Prejudgment and post judgment interest;
- (t) Costs of this action on a substantial indemnity basis or in an amount that provides full indemnity plus, pursuant to s 26(9) of the *CPA*, the costs of notice and of administering the plan of distribution of the recovery in this action plus applicable taxes; and
- (u) Such further and other relief as to this Honourable Court may seem just.

III. OVERVIEW

3. From the time of its establishment in 1994, Sino has claimed to be a legitimate business operating in the commercial forestry industry in the PRC and elsewhere. Throughout that period, Sino has also claimed to have experienced breathtaking growth.

4. Beguiled by Sino's reported results, and by Sino's constant refrain that China constituted an extraordinary growth opportunity, investors drove Sino's stock price dramatically higher, as appears from the following chart:



5. The Defendants profited handsomely from the market's appetite for Sino's securities. Certain of the Individual Defendants sold Sino shares at lofty prices, and thereby reaped millions of dollars of gains. Sino's senior management also used Sino's illusory success to justify their lavish salaries, bonuses and other perks. For certain of the Individual Defendants, these outsized gains were not enough. Sino stock options granted to Chan, Horsley and other insiders were backdated or otherwise mispriced, prior to and during the Class Period, in violation of the TSX Rules, GAAP and the Securities Legislation.

6. Sino itself raised in excess of \$2.7 billion¹ in the capital markets during this period. Meanwhile, the Underwriters were paid lucrative underwriting commissions, and BDO, E&Y and Pöyry garnered millions of dollars in fees to bless Sino's reported results and assets. To their great detriment, the Class Members relied upon these supposed gatekeepers.

7. As a reporting issuer in Ontario and elsewhere, Sino was required at all material times to comply with GAAP. Indeed, Sino, BDO and E&Y, Sino's auditors during the Class Period and previously, repeatedly misrepresented that Sino's financial statements complied with GAAP. This was false.

8. On June 2, 2011, Muddy Waters, a short seller and research firm with extensive PRC experience, issued its first research report in relation to Sino, and unveiled the scale of the deception that had been worked upon the Class Members. Muddy Waters' initial report effectively revealed, among other things, that Sino had materially misstated its financial results, had falsely claimed to have acquired trees that it did not own, had reported sales that had not been made, or that had been made in a manner that did not permit Sino to book those sales as revenue under GAAP, and had concealed numerous related party transactions. These revelations had a catastrophic effect on Sino's stock price.

9. On June 1, 2011, prior to the publication of Muddy Waters' report, Sino's common shares closed at \$18.21. After the Muddy Waters report became public, Sino shares fell to \$14.46 on the TSX (a decline of 20.6%), at which point trading was halted. When trading resumed the next day, Sino's shares fell to a close of \$5.23 (a decline of 71.3% from June 1).

10. On June 3, 2011, Sino announced that, in response to the allegations of Muddy Waters, its board had formed a committee, which Sino then falsely characterized as "independent" (the

¹ Dollar figures are in Canadian dollars (unless otherwise indicated) and are rounded for convenience.

“Independent Committee” or “IC”), to examine and review the allegations contained in the Muddy Waters’ report of June 2, 2011. The initial members of the IC were the Defendants Ardell, Bowland and Hyde. The IC subsequently retained legal, accounting and other advisers to assist it in the fulfillment of its mandate.

11. On August 26, 2011, the OSC issued a cease-trade order in respect of Sino’s securities, alleging that Sino appeared to have engaged in significant non-arm’s length transactions which may have been contrary to Ontario securities laws and the public interest, that Sino and certain of its officers and directors appeared to have misrepresented some of Sino’s revenue and/or exaggerated some of its timber holdings, and that Sino and certain of its officers and directors, including Chan, appeared to be engaging or participating in acts, practices or a course of conduct related to Sino’s securities which they (or any of them) knew or ought reasonably know would perpetuate a fraud.

12. On November 13, 2011, the IC released the Second Report. Therein, the IC revealed, *inter alia*, that: (1) Sino’s management had failed to cooperate in numerous important respects with the IC’s investigation; (2) “there is a risk” that certain of Sino’s operations “taken as a whole” were in violation of PRC law; (3) Sino adopted processes that “avoid[] Chinese foreign exchange controls which must be complied with in a normal cross-border sale and purchase transaction, and [which] could present an obstacle to future repatriation of sales proceeds, and could have tax implications as well”; (4) the IC “has not been able to verify that any relevant income taxes and VAT have been paid by or on behalf of the BVIs in China”; (5) Sino lacked proof of title to the vast majority of its purported holdings of standing timber; (6) Sino’s “transaction volumes with a number of AI and Suppliers do not match the revenue reported by such Suppliers in their SAIC filing”; (7) “[n]one of the BVI timber purchase contracts have as

attachments either (i) Plantation Rights Certificates from either the Counterparty or original owner or (ii) villager resolutions, both of which are contemplated as attachments by the standard form of BVI timber purchase contract employed by the Company; and (8) “[t]here are indications in emails and in interviews with Suppliers that gifts or cash payments are made to forestry bureaus and forestry bureau officials.”

13. On January 31, 2012, the IC released its Final Report. Therein, the IC effectively revealed that, despite having conducted an investigation over nearly eight months, and despite the expenditure of US\$50 million on that investigation, it had failed to refute, or even to provide plausible answers to, key allegations made by Muddy Waters:

This Final Report of the IC sets out the activities undertaken by the IC since mid-November, the findings from such activities and the IC’s conclusions regarding its examination and review. The IC’s activities during this period have been limited as a result of Canadian and Chinese holidays (Christmas, New Year and Chinese New Year) and the extensive involvement of IC members in the Company’s Restructuring and Audit Committees, both of which are advised by different advisors than those retained by the IC. The IC believes that, notwithstanding there remain issues which have not been fully answered, the work of the IC is now at the point of diminishing returns because much of the information which it is seeking lies with non-compellable third parties, may not exist or is apparently not retrievable from the records of the Company.

[...]

Given the circumstances described above, the IC understands that, with the delivery of this Final Report, its review and examination activities are terminated. The IC does not expect to undertake further work other than assisting with responses to regulators and the RCMP as required and engaging in such further specific activities as the IC may deem advisable or the Board may instruct. The IC has asked the IC Advisors to remain available to assist and advise the IC upon its instructions

14. Sino failed to meet the standards required of a public company in Canada. Aided by its auditors and the Underwriters, Sino raised billions of dollars from investors on the false premise that they were investing in a well managed, ethical and GAAP-compliant corporation. They

were not. Accordingly, this action is brought to recover the Class Members' losses from those who caused them: the Defendants.

IV. THE PARTIES

A. *The Plaintiffs*

15. Labourers are the trustees of the Labourers' Pension Fund of Central and Eastern Canada, a multi-employer pension plan providing benefits for employees working in the construction industry. The fund is a union-negotiated, collectively-bargained defined benefit pension plan established on February 23, 1972 and currently has approximately \$2 billion in assets, over 39,000 members and over 13,000 pensioners and beneficiaries and approximately 2,000 participating employers. A board of trustees representing members of the plan governs the fund. The plan is registered under the *Pension Benefits Act*, RSO 1990, c P.8 and the *Income Tax Act*, RSC 1985, 5th Supp, c.1. Labourers purchased Sino's common shares over the TSX during the Class Period and continued to hold shares at the end of the Class Period. In addition, Labourers purchased Sino common shares offered by the December 2009 Prospectus and in the distribution to which that Prospectus related.

16. Operating Engineers are the trustees of the International Union of Operating Engineers Local 793 Pension Plan for Operating Engineers in Ontario, a multi-employer pension plan providing pension benefits for operating engineers in Ontario. The pension plan is a union-negotiated, collectively-bargained defined benefit pension plan established on November 1, 1973 and currently has approximately \$1.5 billion in assets, over 9,000 members and pensioners and beneficiaries. The fund is governed by a board of trustees representing members of the plan. The plan is registered under the *Pension Benefits Act*, RSO 1990, c P.8 and the *Income Tax Act*, RSC 1985, 5th Supp, c.1. Operating Engineers purchased Sino's common shares over the TSX during the Class Period, and continued to hold shares at the end of the Class Period.

17. AP7 is the Swedish National Pension Fund. As of June 30, 2011, AP7 had approximately \$15.3 billion in assets under management. Funds managed by AP7 purchased Sino's common shares over the TSX during the Class Period and continued to hold those common shares at the end of the Class Period.

18. Grant is an individual residing in Calgary, Alberta. He purchased 100 of the Sino 6.25% Guaranteed Senior Notes due 2017 that were offered by the October 2010 Offering Memorandum and in the distribution to which that Offering Memorandum related. Grant continued to hold those Notes at the end of the Class Period.

19. Wong is an individual residing in Kincardine, Ontario. During the Class Period, Wong purchased Sino's common shares over the TSX and continued to hold some or all of such shares at the end of the Class Period. In addition, Wong purchased Sino common shares offered by the December 2009 Prospectus and in the distribution to which that Prospectus related, and continued to own those shares at the end of the Class Period.

B. *The Defendants*

20. Sino purports to be a commercial forest plantation operator in the PRC and elsewhere. Sino is a corporation formed under the *CBCA*.

21. At the material times, Sino was a reporting issuer in all provinces of Canada, and had its registered office located in Mississauga, Ontario. At the material times, Sino's shares were listed for trading on the TSX under the ticker symbol "TRE," on the Berlin exchange as "SFJ GR," on the over-the-counter market in the United States as "SNOFF" and on the Tradedgate market as "SFJ TH." Sino securities are also listed on alternative trading venues in Canada and elsewhere including, without limitation, AlphaToronto and PureTrading. Sino's shares also traded over-

the-counter in the United States. Sino has various debt instruments, derivatives and other securities that are traded in Canada and elsewhere.

22. As a reporting issuer in Ontario, Sino was required throughout the Class Period to issue and file with SEDAR:

- (a) within 45 days of the end of each quarter, quarterly interim financial statements prepared in accordance with GAAP that must include a comparative statement to the end of each of the corresponding periods in the previous financial year;
- (b) within 90 days of the end of the fiscal year, annual financial statements prepared in accordance with GAAP, including comparative financial statements relating to the period covered by the preceding financial year;
- (c) contemporaneously with each of the above, a MD&A of each of the above financial statements; and
- (d) within 90 days of the end of the fiscal year, an AIF, including material information about the company and its business at a point in time in the context of its historical and possible future development.

23. MD&As are a narrative explanation of how the company performed during the period covered by the financial statements, and of the company's financial condition and future prospects. The MD&A must discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in future.

24. AIFs are an annual disclosure document intended to provide material information about the company and its business at a point in time in the context of its historical and future development. The AIF describes the company, its operations and prospects, risks and other external factors that impact the company specifically.

25. Sino controlled the contents of its MD&As, financial statements, AIFs and the other documents particularized herein and the misrepresentations made therein were made by Sino.

26. Chan is a co-founder of Sino, and was the Chairman, Chief Executive Officer and a director of the company from 1994 until his resignation from those positions on or about August 25, 2011. As Sino's CEO, Chan signed and certified the company's disclosure documents during the Class Period. Chan, along with Hyde, signed each of the 2006-2010 Audited Annual Financial Statements on behalf of Sino's board. Chan resides in Hong Kong, China.

27. Chan certified each of Sino's Class Period annual and quarterly MD&As and financial statements, each of which is an Impugned Document. In so doing, he adopted as his own the false statements such documents contained, as particularized below. Chan signed each of Sino's Class Period annual financial statements, each of which is an Impugned Document. In so doing, he adopted as his own the false statements such documents contained, as particularized below. As a director and officer, he caused Sino to make the misrepresentations particularized below.

28. Since Sino was established, Chan has received lavish compensation from Sino. For example, for 2006 to 2010, Chan's total compensation (other than share-based compensation) was, respectively, US\$3.0 million, US\$3.8 million, US\$5.0 million, US\$7.6 million and US\$9.3 million.

29. As at May 1, 1995, shortly after Sino became a reporting issuer, Chan held 18.3% of Sino's outstanding common shares and 37.5% of its preference shares. As of April 29, 2011 he held 2.7% of Sino's common shares (the company no longer has preference shares outstanding). Chan has made in excess of \$10 million through the sale of Sino shares.

30. Horsley is Sino's Chief Financial Officer, and has held this position since October 2005. In his position as Sino's CFO, Horsley has signed and certified the company's disclosure documents during the Class Period. Horsley resides in Ontario. Horsley has made in excess of \$11 million through the sale of Sino shares.

31. Horsley certified each of Sino's Class Period annual and quarterly MD&As and financial statements, each of which is an Impugned Document. In so doing, he adopted as his own the false statements such documents contained, as particularized below. Horsley signed each of Sino's Class Period annual financial statements, each of which is an Impugned Document. In so doing, he adopted as his own the false statements such documents contained, as particularized below. As an officer, he caused Sino to make the misrepresentations particularized below.

32. Since becoming Sino's CFO, Horsley has also received lavish compensation from Sino. For 2006 to 2010, Horsley's total compensation (other than share-based compensation) was, respectively, US\$1.1 million, US\$1.4 million, US\$1.7 million, US\$2.5 million, and US\$3.1 million.

33. Poon is a co-founder of Sino, and has been the President of the company since 1994. He was a director of Sino from 1994 to May 2009, and he continues to serve as Sino's President. Poon resides in Hong Kong, China. While he was a board member, he adopted as his own the false statements made in each of Sino's annual financial statements, particularized below, when such statements were signed on his behalf. While he was a board member, he caused Sino to make the misrepresentations particularized below.

34. As at May 1, 1995, shortly after Sino became a reporting issuer, Poon held 18.3% of Sino's outstanding common shares and 37.5% of its preference shares. As of April 29, 2011 he

held 0.42% of Sino's common shares. Poon has made in excess of \$34.4 million through the sale of Sino shares.

35. Poon rarely attended board meetings while he was on Sino's board. From the beginning of 2006 until his resignation from the Board in 2009, he attended 5 of the 39 board meetings, or less than 13% of all board meetings held during that period.

36. Wang is a director of Sino, and has held this position since August 2007. Wang resides in Hong Kong, China. As a board member, he adopted as his own the false statements made in each of Sino's annual financial statements, particularized below, when such statements were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized below.

37. Martin has been a director of Sino since 2006, and was appointed vice-chairman in 2010. On or about August 25, 2011, Martin replaced Chan as Chief Executive Officer of Sino. Martin was a member of Sino's audit committee prior to early 2011. Martin has made in excess of \$474,000 through the sale of Sino shares. He resides in Hong Kong, China. As a board member, he adopted as his own the false statements made in each of Sino's annual financial statements, particularized below, when such statements were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized herein.

38. Mak is a director of Sino, and has held this position since 1994. Mak was a member of Sino's audit committee prior to early 2011. Mak and persons connected with Mak have made in excess of \$6.4 million through sales of Sino shares. Mak resides in British Columbia. As a board member, he adopted as his own the false statements made in each of Sino's annual

financial statements, particularized below, when such statements were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized below.

39. Murray is a director of Sino, and has held this position since 1999. Murray has made in excess of \$9.9 million through sales of Sino shares. Murray resides in Hong Kong, China. As a board member, he adopted as his own the false statements made in each of Sino's annual financial statements, particularized below, when such statements were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized below.

40. Since becoming a director, Murray has rarely attended board and board committee meetings. From the beginning of 2006 to the close of 2010, Murray attended 14 of 64 board meetings, or less than 22% of board meetings held during that period. During that same period, Murray attended 2 out of 13, or 15%, of the meetings held by the Board's Compensation and Nominating Committee, and attended *none* of the 11 meetings of that Committee held from the beginning of 2007 to the close of 2010.

41. Hyde is a director of Sino, and has held this position since 2004. Hyde was previously a partner of E&Y. Hyde is the chairman of Sino's Audit Committee. Hyde, along with Chan, signed each of the 2007-2010 Annual Consolidated Financial Statements on behalf of Sino's board. Hyde is also member of the Compensation and Nominating Committee. Hyde has made in excess of \$2.4 million through the sale of Sino shares. Hyde resides in Ontario. As a board member, he adopted as his own the false statements made in each of Sino's annual financial statements, particularized below, when he signed such statements or when they were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized below.

42. Ardell is a director of Sino, and has held this position since January 2010. Ardell is a member of Sino's audit committee. Ardell resides in Ontario. As a board member, he adopted as his own the false statements made in each of Sino's annual financial statements released while he was a board member, particularized below, when such statements were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized below.

43. Bowland was a director of Sino from February 2011 until his resignation from the Board of Sino in November 2011. While on Sino's Board, Bowland was a member of Sino's Audit Committee. He was formerly an employee of a predecessor to E&Y. Bowland resides in Ontario. As a board member, he adopted as his own the false statements made in each of Sino's annual financial statements released while he was a board member, particularized below, when such statements were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized below.

44. West is a director of Sino, and has held this position since February 2011. West was previously a partner at E&Y. West is a member of Sino's Audit Committee. West resides in Ontario. As a board member, he adopted as his own the false statements made in each of Sino's annual financial statements released while he was a board member, particularized below, when such statements were signed on his behalf. As a board member, he caused Sino to make the misrepresentations particularized below.

45. As officer and/or directors of Sino, the Individual Defendants were fiduciaries of Sino, and they made the misrepresentations alleged herein, adopted such misrepresentations, and/or caused Sino to make such misrepresentations while they were acting in their capacity as fiduciaries, and in violation of their fiduciary duties. In addition, Chan, Poon, Horsley, Martin,

Mak and Murray were unjustly enriched in the manner and to the extent particularized below while they were acting in their capacity as fiduciaries, and in violation of their fiduciary duties.

46. At all material times, Sino maintained the Code, which governed Sino's employees, officers and directors, including the Individual Defendants. The Code stated that the members of senior management "are expected to lead according to high standards of ethical conduct, in both words and actions..." The Code further required that Sino representatives act in the best interests of shareholders, corporate opportunities not be used for personal gain, no one trade in Sino securities based on undisclosed knowledge stemming from their position or employment with Sino, the company's books and records be honest and accurate, conflicts of interest be avoided, and any violations or suspected violations of the Code, and any concerns regarding accounting, financial statement disclosure, internal accounting or disclosure controls or auditing matters, be reported.

47. E&Y has been engaged as Sino's auditor since August 13, 2007. E&Y was also engaged as Sino's auditor from Sino's creation through February 19, 1999, when E&Y abruptly resigned during audit season and was replaced by the now-defunct Arthur Andersen LLP. E&Y was also Sino's auditor from 2000 to 2004, when it was replaced by BDO. E&Y is an expert of Sino within the meaning of the Securities Legislation.

48. E&Y, in providing what it purported to be "audit" services to Sino, made statements that it knowingly intended to be, and which were, disseminated to Sino's current and prospective security holders. At all material times, E&Y was aware of that class of persons, intended to and did communicate with them, and intended that that class of persons would rely on E&Y's statements relating to Sino, which they did to their detriment.

49. E&Y consented to the inclusion in the June 2009 and December 2009 Prospectuses, as well as the July 2008, June 2009, December 2009 and October 2010 Offering Memoranda, of its audit reports on Sino's Annual Financial Statements for various years, as alleged more particularly below.

50. BDO is the successor of BDO McCabe Lo Limited, the Hong Kong, China based auditing firm that was engaged as Sino's auditor during the period of March 21, 2005 through August 12, 2007, when they resigned at Sino's request, and were replaced by E&Y. BDO is an expert of Sino within the meaning of the Securities Legislation.

51. During the term of its service as Sino's auditor, BDO provided what it purported to be "audit" services to Sino, and in the course thereof made statements that it knowingly intended to be, and which were, disseminated to Sino's current and prospective security holders. At all material times, BDO was aware of that class of persons, intended to and did communicate with them, and intended that that class of persons rely on BDO's statements relating to Sino, which they did to their detriment.

52. BDO consented to the inclusion in each of the June 2007 and December 2009 Prospectuses and the July 2008, June 2009 and December 2009 Offering Memoranda, of its audit reports on Sino's Annual Financial Statements for 2005 and 2006.

53. E&Y and BDO's annual Auditors' Report was made "to the shareholders of Sino-Forest corporation," which included the Class Members. Indeed, s. 1000.11 of the Handbook of the Canadian Institute of Chartered Accountants states that "the objective of financial statements for profit-oriented enterprises focuses primarily on the information needs *of investors and creditors*" [emphasis added].

54. Sino's shareholders, including numerous Class Members, appointed E&Y as auditors of Sino-Forest by shareholder resolutions passed on various dates, including on June 21, 2004, May 26, 2008, May 25, 2009, May 31, 2010 and May 30, 2011.

55. Sino's shareholders, including numerous Class Members, appointed BDO as auditors of Sino-Forest by resolutions passed on May 16, 2005, June 5, 2006 and May 28, 2007.

56. During the Class Period, with the knowledge and consent of BDO or E&Y (as the case may be), Sino's audited annual financial statements for the years ended December 31, 2006, 2007, 2008, 2009 and 2010, together with the report of BDO or E&Y thereon (as the case may be), were presented to the shareholders of Sino (including numerous Class Members) at annual meetings of such shareholders held in Toronto, Canada on, respectively, May 28, 2007, May 26, 2008, May 25, 2009, May 31, 2010 and May 30, 2011. As alleged elsewhere herein, all such financial statements constituted Impugned Documents.

57. Pöyry is an international forestry consulting firm which purported to provide certain forestry consultation services to Sino. Pöyry is an expert of Sino within the meaning of the Securities Legislation.

58. Pöyry, in providing what it purported to be "forestry consulting" services to Sino, made statements that it knowingly intended to be, and which were, disseminated to Sino's current and prospective security holders. At all material times, Pöyry was aware of that class of persons, intended to and did communicate with them, and intended that that class of persons would rely on Pöyry's statements relating to Sino, which they did to their detriment.

59. Pöyry consented to the inclusion in the June 2007, June 2009 and December 2009 Prospectuses, as well as the July 2008, June 2009, December 2009 and October 2010 Offering Memoranda, of its various reports, as detailed below in paragraph ●.

60. The Underwriters are various financial institutions who served as underwriters in one or more of the Offerings.

61. In connection with the distributions conducted pursuant to the June 2007, June 2009 and December 2009 Prospectuses, the Underwriters who underwrote those distributions were paid, respectively, an aggregate of approximately \$7.5 million, \$14.0 million and \$14.4 million in underwriting commissions. In connection with the offerings of Sino's notes in July 2008, December 2009, and October 2010, the Underwriters who underwrote those offerings were paid, respectively, an aggregate of approximately US\$2.2 million, US\$8.5 million and \$US6 million. Those commissions were paid in substantial part as consideration for the Underwriters' purported due diligence examination of Sino's business and affairs.

62. None of the Underwriters conducted a reasonable investigation into Sino in connection with any of the Offerings. None of the Underwriters had reasonable grounds to believe that there was no misrepresentation in any of the Impugned Documents. In the circumstances of this case, including the facts that Sino operated in an emerging economy, Sino had entered Canada's capital markets by means of a reverse merger, and Sino had reported extraordinary results over an extended period of time that far surpassed those reported by Sino's peers, the Underwriters all ought to have exercised heightened vigilance and caution in the course of discharging their duties to investors, which they did not do. Had they done so, they would have uncovered Sino's true nature, and the Class Members to whom they owed their duties would not have sustained the losses that they sustained on their Sino investments.

V. THE OFFERINGS

63. Through the Offerings, Sino raised in aggregate in excess of \$2.7 billion from investors during the Class Period. In particular:

- (a) On June 5, 2007, Sino issued and filed with SEDAR the June 2007 Prospectus pursuant to which Sino distributed to the public 15,900,000 common shares at a price of \$12.65 per share for gross proceeds of \$201,135,000. The June 2007 Prospectus incorporated by reference Sino's: (1) 2006 AIF; (2) 2006 Audited Annual Financial Statements; (3) 2006 Annual MD&A; (4) Management Information Circular dated April 27, 2007; (5) Q1 2007 Financial Statements; and (6) Q1 2007 MD&A;
- (b) On July 17, 2008, Sino issued the July 2008 Offering Memorandum pursuant to which Sino sold through private placement US\$345 million in aggregate principal amount of convertible senior notes due 2013. The July 2008 Offering Memorandum included: (1) Sino's Consolidated Annual Financial Statements for 2005, 2006 and 2007; (2) Sino's unaudited interim financial statements for the three-month periods ended March 31, 2007 and 2008; (3) the section of the 2007 AIF entitled "Audit Committee" and the charter of the Audit Committee attached as an appendix to the 2007 AIF; and (4) the Pöyry report entitled "Sino-Forest Corporation Valuation of China Forest Assets Report as at 31 December 2007" dated March 14, 2008;
- (c) On June 1, 2009, Sino issued and filed with SEDAR the June 2009 Prospectus pursuant to which Sino distributed to the public 34,500,000 common shares at a price of \$11.00 per share for gross proceeds of \$379,500,000. The June 2009 Prospectus incorporated by reference Sino's: (1) 2008 AIF; (2) 2007 and 2008 Annual Consolidated Financial Statements; (3) Amended 2008 Annual MD&A; (4) Q1 2009 MD&A; (5) Q1 2008 and 2009 Financial Statements; (6) Q1 2009 MD&A; (7) Management Information Circular dated April 28, 2009; and (8) the Pöyry report titled "Valuation of China Forest Corp Assets As at 31 December 2008" dated April 1, 2009;

- (d) On June 24, 2009, Sino issued the June 2009 Offering Memorandum for exchange of certain of its then outstanding senior notes due 2011 with new notes, pursuant to which Sino issued US\$212,330,000 in aggregate principal amount of 10.25% Guaranteed Senior Notes due 2014. The June 2009 Offering Memorandum incorporated by reference: (1) Sino's 2005, 2006 and 2007 Consolidated Annual Financial Statements; (2) the auditors' report of BDO dated March 19, 2007 with respect to Sino's Consolidated Annual Financial Statements for 2005 and 2006; (3) the auditors' report of E&Y dated March 12, 2008 with respect to Sino's Consolidated Annual Financial Statements for 2007 except as to notes 2, 18 and 23; (4) Sino's Consolidated Annual Financial Statements for 2007 and 2008 and the auditors' report of E&Y dated March 13, 2009; (5) the section entitled "Audit Committee" in the 2008 AIF, and the charter of the Audit Committee attached as an appendix to the 2008 AIF; and (6) the unaudited interim financial statements for the three-month periods ended March 31, 2008 and 2009;
- (e) On December 10, 2009, Sino issued the December 2009 Offering Memorandum pursuant to which Sino sold through private placement US\$460,000,000 in aggregate principal amount of 4.25% convertible senior notes due 2016. This Offering Memorandum incorporated by reference: (1) Sino's Consolidated Annual Financial Statements for 2005, 2006, 2007; (2) the auditors' report of BDO dated March 19, 2007 with respect to Sino's Annual Financial Statements for 2005 and 2006; (3) the auditors' report of E&Y dated March 12, 2008 with respect to Sino's Consolidated Annual Financial Statements for 2007, except as to notes 2, 18 and 23; (4) Sino's Consolidated Annual Financial Statements for 2007 and 2008 and the auditors' report of E&Y dated March 13, 2009; (5) the unaudited interim consolidated financial statements for the nine-month periods ended September 30, 2008 and 2009; (6) the section entitled "Audit Committee" in the 2008 AIF, and the charter of the Audit Committee attached to the 2008 AIF; (7) the Pöyry report entitled "Sino-Forest Corporation Valuation of China Forest Assets as at 31 December 2007"; and (8) the Pöyry report entitled "Sino-Forest Corporation Valuation of China Forest Corp Assets as at 31 December 2008" dated April 1, 2009;

- (f) On December 10, 2009, Sino issued and filed with SEDAR the December 2009 Prospectus (together with the June 2007 Prospectus and the June 2009 Prospectus, the “**Prospectuses**”) pursuant to which Sino distributed to the public 21,850,000 common shares at a price of \$16.80 per share for gross proceeds of \$367,080,000. The December 2009 Prospectus incorporated by reference Sino’s: (1) 2008 AIF; (2) 2007 and 2008 Annual Consolidated Financial Statements; (3) Amended 2008 Annual MD&A; (4) Q3 2008 and 2009 Financial Statements; (5) Q3 2009 MD&A; (6) Management Information Circular dated April 28, 2009; and (7) the Pöyry report titled “Valuation of China Forest Corp Assets As at 31 December 2008” dated April 1, 2009;
- (g) On February 8, 2010, Sino closed the acquisition of substantially all of the outstanding common shares of Mandra Forestry Holdings Limited. Concurrent with this acquisition, Sino completed an exchange with holders of 99.7% of the USD\$195 million notes issued by Mandra Forestry Finance Limited and 96.7% of the warrants issued by Mandra Forestry Holdings Limited, for new 10.25% guaranteed senior notes issued by Sino in the aggregate principal amount of USD\$187,177,375 with a maturity date of July 28, 2014. On February 11, 2010, Sino exchanged the new 2014 Senior Notes for an additional issue of USD\$187,187,000 in aggregate principal amount of Sino’s existing 2014 Senior Notes, issued pursuant to the June 2009 Offering Memorandum; and
- (h) On October 14, 2010, Sino issued the October 2010 Offering Memorandum pursuant to which Sino sold through private placement US\$600,000,000 in aggregate principal amount of 6.25% guaranteed senior notes due 2017. The October 2010 Offering Memorandum incorporated by reference: (1) Sino’s Consolidated Annual Financial Statements for 2007, 2008 and 2009; (2) the auditors’ report of E&Y dated March 15, 2010 with respect to Sino’s Annual Financial Statements for 2008 and 2009; and (3) Sino’s unaudited interim financial statements for the six-month periods ended June 30, 2009 and 2010.

64. The offering documents referenced in the preceding paragraph included, or incorporated other documents by reference that included, the Representation and the other misrepresentations in such documents that are particularized elsewhere herein. Had the truth in regard to Sino's management, business and affairs been timely disclosed, securities regulators likely would not have receipted the Prospectuses, nor would any of the Offerings have occurred.

65. Each of Chan, Horsley, Martin and Hyde signed the June 2007 Prospectus, and therein falsely certified that that prospectus, together with the documents incorporated therein by reference, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby. Each of Dundee, CIBC, Merrill and Credit Suisse also signed the June 2007 Prospectus, and therein falsely certified that, to the best of its knowledge, information and belief, that prospectus, together with the documents incorporated therein by reference, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby.

66. Each of Chan, Horsley, Martin and Hyde signed the June 2009 Prospectus, and therein falsely certified that that prospectus, together with the documents incorporated therein by reference, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby. Each of Dundee, Merrill, Credit Suisse, Scotia and TD also signed the June 2009 Prospectus, and therein falsely certified that, to the best of its knowledge, information and belief, that prospectus, together with the documents incorporated therein by reference, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby.

67. Each of Chan, Horsley, Martin and Hyde signed the December 2009 Prospectus, and therein falsely certified that that prospectus, together with the documents incorporated therein by reference, constituted full, true and plain disclosure of all material facts relating to the securities

offered thereby. Each of Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD also signed the December 2009 Prospectus, and therein falsely certified that, to the best of its knowledge, information and belief, that prospectus, together with the documents incorporated therein by reference, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby.

68. E&Y consented to the inclusion in: (1) the June 2009 Prospectus, of its audit reports on Sino's Audited Annual Financial Statements for 2007 and 2008; (2) the December 2009 Prospectus, of its audit reports on Sino's Audited Annual Financial Statements for 2007 and 2008; (3) the July 2008 Offering Memorandum, of its audit reports on Sino's Audited Annual Financial Statements for 2007, and its adjustments to Sino's Audited Annual Financial Statements for 2005 and 2006; (4) the December 2009 Offering Memorandum, of its audit reports on Sino's Audited Annual Financial Statements for 2007 and 2008; and (5) the October 2010 Offering Memoranda, of its audit reports on Sino's Audited Annual Financial Statements for 2008 and 2009.

69. BDO consented to the inclusion in each of the June 2007 and December 2009 Prospectuses and the July 2008, June 2009 and December 2009 Offering Memoranda of its audit reports on Sino's Audited Annual Financial Statements for 2006 and 2005.

VI. THE MISREPRESENTATIONS

70. During the Class Period, Sino made the misrepresentations particularized below. These misrepresentations related to:

- A. Sino's history and fraudulent origins;
- B. Sino's forestry assets;
- C. Sino's related party transactions;

- D. Sino's relationships with forestry bureaus and its purported title to forestry assets in the PRC;
- E. Sino's relationships with its "Authorized Intermediaries;"
- F. Sino's cash flows;
- G. Certain risks to which Sino was exposed; and
- H. Sino's compliance with GAAP and the Auditors' compliance with GAAS.

A. *Misrepresentations relating to Sino's History and Fraudulent Origins*

(i) Sino Overstates the Value of, and the Revenues Generated by, the Leizhou Joint Venture

71. At the time of its founding by way of reverse merger in 1994, Sino's business was conducted primarily through an equity joint venture between Sino's Hong Kong subsidiary, Sino-Wood Partners, Limited ("Sino-Wood"), and the Leizhou Forestry Bureau, which was situated in Guangdong Province in the south of the PRC. The name of the venture was Zhanjiang Leizhou Eucalyptus Resources Development Co. Ltd. ("**Leizhou**"). The stated purpose of Leizhou, established in 1994, was:

Managing forests, wood processing, the production of wood products and wood chemical products, and establishing a production facility with an annual production capacity of 50,000 m³ of Micro Density Fiber Board (MDF), managing a base of 120,000 mu (8,000 ha) of which the forest annual utilization would be 8,000 m³.

72. There are two types of joint ventures in the PRC relevant to Sino: equity joint ventures ("**EJV**") and cooperating joint ventures ("**CJV**"). In an EJV, profits and assets are distributed in proportion to the parties' equity holdings upon winding up. In a CJV, the parties may contract to divide profits and assets disproportionately to their equity interests.

73. According to a Sino prospectus issued in January 1997, Leizhou, an EJV, was responsible for 20,000 hectares of the 30,000 hectares that Sino claimed to have “phased-in.” Leizhou was the key driver of Sino’s purported early growth.

74. Sino claimed to hold 53% of the equity in Leizhou, which was to total US\$10 million, and Sino further claimed that the Leizhou Forestry Bureau was to contribute 20,000 ha of forestry land. In reality, however, the terms of the EJV required the Leizhou Forestry Bureau to contribute a mere 3,533 ha.

75. What was also unknown to investors was that Leizhou did not generate the sales claimed by Sino. More particularly, in 1994, 1995 and 1996, respectively, Sino claimed to have generated US\$11.3 million, US\$23.9 million and US\$23.1 million in sales from Leizhou. In reality, however, these sales did not occur, or were materially overstated.

76. Indeed, in an undisclosed letter from Leizhou Forestry Bureau to Zhanjiang City Foreign and Economic Relations and Trade Commission, dated February 27, 1998, the Bureau complained:

To: Zhanjiang Municipal Foreign Economic Relations & Trade Commission

Through mutual consultation between Leizhou Forestry Administration (hereinafter referred to as *our side*) and Sino-Wood Partners Limited (hereinafter referred to as the *foreign party*), and, with the approval document ZJMPZ No.021 [1994] issued by your commission on 28th January 1994 for approving the contracts and articles of association entered into by both parties, and, with the approval certificate WJMZHZZZ No.065 [1994] issued by your commission, both parties jointly established Zhanjiang Eucalyptus Resources Development Co. Ltd. (hereinafter referred to as the Joint Venture) whose incorporate number is 162622-0012 and duly registered the same with Zhanjiang Administration for Industry and Commerce and obtained the business license GSQHYZ No.00604 on 29th January in the same year. It has been 4 years since the registration and we set out the situation as follows:

I. Information of the investment of both sides

- A. The investment of our side: according to the contract and articles of association signed by both sides and approved by your commission, our side has paid in RMB95,481,503.29 (equivalent to USD11,640,000.00) to the Joint Venture on 20th June 1995 through an in-kind contribution. The payment was made in accordance with the prescribed procedures and confirmed by signatures of the legal representatives of both parties. According to the Capital Verification Report from Yuexi (粤西) Accounting Firm, this payment accounts for 99.1% of the agreed capital contribution from our side, which is USD11,750,000, and accounts for 46.56% of the total investment.
- B. The investment of the foreign party: the foreign party has paid in USD1,000,000 on 16th March 1994, which was in the starting period of the Joint Venture. According to the Capital Verification Report from Yuexi (粤西) Accounting Firm, this payment only accounts for 7.55% of the agreed capital contribution from the foreign party totaling USD13,250,000, and accounts for 4% of the total investment. Then, in the prescribed investment period, the foreign party did not further pay capital into the Joint Venture. In view of this, your commission sent a "Notice on Time for Capital Contribution" to the foreign party on 30th January 1996. In accordance with the notice, the foreign party then on 10th April sent a letter to your commission, requesting for postponing the deadline for capital contribution to 20th December the same year. On 14th May 1996, your commission replied to Allen Chan (陈德源), the Chairman of the Joint Venture, stating that "postponement of the deadline for capital contribution is subject to the consent of our side and requires amendment of the term on the capital contribution time in the original contract, and both parties shall sign a bilateral supplementary contract; after the application has been approved, the postponed deadline will become effective.". Based on the spirit of the letter dated 14th May from your commission and for the purpose of achieving mutual communication and dealing with the issues of the Joint Venture actively and appropriately, on 11th June 1996, Chan Shixing (陈识兴) and two other Directors from our side sent a joint letter to Allen Chan (陈德源), the Chairman of the Joint Venture, to propose a meeting of the board to be convened before 30th June 1996 in Zhanjiang, in order to discuss how to deal with the issues of the Joint Venture in accordance with the relevant State provisions. Unfortunately, the foreign party neither had discussion with our side pursuant to your commission's letter, nor replied to the proposal of our side, and furthermore failed to make payment to the Joint Venture. Now, it has been two years beyond the deadline for capital contribution (29th January 1996), and more than one year beyond the date prescribed by the Notice on Time for Capital Contribution issued by your commission (30th April 1996). However, the foreign party has been evading the discussion of the capital contribution issue, and moreover has taken no further action.

II. *The Joint Venture is not capable of attaining substantial operation*

According to the contract and articles of association, the main purposes of setting up the Joint Venture are, on the one hand, to invest and construct a project producing 50,000 cubic meter Medium Density Fiberboard (MDF) a year; and on the other hand, to create a forest base of 120,000 mu, with which to produce 80,000 cubic meter of timber as raw material for the production of medium density fiberboard. The contract and articles of association also prescribed that the whole funding required for the MDF board project should be paid by the foreign party in cash; our side should pay in-kind the proportion of the fund prescribed by the contract. *After contributing capital of USD1,000,000 in the early stage, the foreign party not only failed to make subsequent capital contributions, but also in their own name successively withdrew a total amount of RMB4,141,045.02, from the funds they contributed, of which USD270,000 was paid to Huadu Baixing Wood Products Factory (花都市百兴木制品厂), which has no business relationship with the Joint Venture. This amount of money equals 47.6% of [the foreign party's] paid in capital. Although our side has almost paid off the agreed capital contribution (only short 0.9% of the total committed), due to the limited contribution from the foreign party and the fact that they withdrew a huge amount of money from those funds originally contributed by them, it is impossible for the Joint Venture to construct or set up production projects and to commence production operation while the funds have been insufficient and the foreign party did not pay in the majority of the subscribed capital. In fact, the Joint Venture therefore is merely a shell, existing in name only.*

Additionally, after the establishment of the Joint Venture, its internal operations have been extremely abnormal, for example, annual board meetings have not been held as scheduled; annual reports on the status and the results of the annual financial audit are missing; the withdrawal of the huge amount of funds by the foreign party was not discussed in the board meetings, etc. It is hard to list all here.

In light of the present state of contributions by both sides and the status of the Joint Venture from its establishment till now, our side now applies to your commission for:

1. The cancellation of the approval certificate for "Zhanjiang Eucalyptus Resources Development Co. Ltd.", i.e. WJMZHZZZ No. 065[1994], based on the relevant provisions of Certain Regulations on the Subscription of Capital by the Parties to Sino-Foreign Joint Equity Enterprises,

2. Direct the Joint Venture to complete the deregistration procedures for “Zhanjiang Eucalyptus Resources Development Co. Ltd.” at the local Administration for Industry and Commerce, and for the return of its business license.
3. Coordination with both parties to resolve the relevant remaining issues.

Please let us have your reply on whether the above is in order.

The Seal of the Leizhou Forestry Bureau

1998, February 27

[Translation; emphasis added.]

77. In its 1996 Annual Financial Statements, Sino stated:

The \$14,992,000 due from the LFB represents cash collected from the sale of wood chips on behalf of the Leizhou EJV. As originally agreed to by Sino-Wood, the cash was being retained by the LFB to fund the ongoing plantation costs of the Leizhou EJV incurred by the LFB. Sino-Wood and LFB have agreed that the amount due to the Leizhou EJV, after reduction for plantation costs incurred, will be settled in 1997 concurrent with the settlement of capital contributions due to the Leizhou EJV by Sino-Wood.

78. These statements were false, inasmuch as Leizhou never generated such sales. Leizhou was wound-up in 1998.

79. At all material times, Sino’s founders, Chan and Poon, were fully aware of the reality relating to Leizhou, and knowingly misrepresented the true status of Leizhou, as well as its true revenues and profits.

(ii) *Sino’s Fictitious Investment in SJXT*

80. In Sino’s audited financial statements for the year ended December 31, 1997, filed on SEDAR on May 20, 1998 (the “**1997 Financial Statements**”), Sino stated that, in order to establish strategic partnerships with key local wood product suppliers and to build a strong distribution for the wood-based product and contract supply businesses, it had acquired a 20% equity interest in “Shanghai Jin Xiang Timber Ltd.” (“**SJXT**”). Sino then described SJXT as an

EJV that had been formed in 1997 by the Ministry of Forestry in China, and declared that its function was to organize and manage the first and only official market for timber and log trading in Eastern China. It further stated that the investment in SJXT was expected to provide the Company with good accessibility to a large base of potential customers and companies in the timber and log businesses in Eastern China.

81. There is, in fact, no entity known as “Shanghai Jin Xiang Timber Ltd.” While an entity called “Shanghai Jin Xiang Timber Wholesale Market” does exist, Sino did not have, as claimed in its disclosure documents, an equity stake in that venture.

82. According to the 1997 Audited Annual Financial Statements, the total investment of SJXT was estimated to be US\$9.7 million, of which Sino would be required to contribute approximately US\$1.9 million for a 20% equity interest. The 1997 Audited Annual Financial Statements stated that, as at December 31, 1997, Sino had made capital contributions to SJXT in the amount of US\$1.0 million. In Sino’s balance sheet as at December 31, 1997, the SJXT investment was shown as an asset of \$1.0 million.

83. In October 1998, Sino announced an Agency Agreement with SJXT. At that time, Sino stated that it would provide 130,000 m³ of various wood products to SJXT over an 18 month period, and that, based on then-current market prices, it expected this contract to generate “significant revenue” for Sino-Forest amounting to approximately \$40 million. The revenues that were purportedly anticipated from the SJXT contract were highly material to Sino. Indeed, Sino’s total reported revenues in 1998 were \$92.7 million.

84. In Sino’s Audited Annual Financial Statements for the year ended December 31, 1998, which statements were filed on SEDAR on May 18, 1999 (the “**1998 Financial Statements**”), Sino again stated that, in 1997, it had acquired a 20% equity interest in SJXT, that the total

investment in SJXT was estimated to be US\$9.7 million, of which Sino would be required to contribute approximately \$1.9 million, representing 20% of the registered capital, and that, as at December 31, 1997 and 1998, Sino had made contributions in the amount of US\$1.0 million to SJXT. In Sino's balance sheet as at December 31, 1998, the SJXT investment was again shown as an asset of US\$1.0 million.

85. Sino also stated in the 1998 Audited Annual Financial Statements that, during 1998, the sale of logs and lumber to SJXT amounted to approximately US\$537,000. These sales were identified in the notes to the 1998 Financial Statements as related party transactions.

86. In Sino's Annual Report for 1998, Chan stated that lumber and wood products trading constituted a "promising new opportunity." Chan explained that:

SJXT represents a very significant development for our lumber and wood products trading business. The market is prospering and continues to look very promising. Phase I, consisting of 100 shops, is completed. Phases II and III are expected to be completed by the year 2000. This expansion would triple the size of the Shanghai Timber Market.

The Shanghai Timber Market is important to Sino-Forest as a generator of significant new revenue. In addition to supplying various forest products to the market from our own operations, our direct participation in SJXT increases our activities in sourcing a wide range of other wood products both from inside China and internationally.

The Shanghai Timber Market is also very beneficial to the development of the forest products industry in China because it is the first forest products national sub-market in the eastern region of the country.

[...]

The market also greatly facilitates Sino-Forest's networking activities, enabling us to build new industry relationships and add to our market intelligence, all of which increasingly leverage our ability to act as principal in our dealings.

[Emphasis added.]

87. Chan also stated in the 1998 Annual Report that the “Agency Agreement with SJXT [is] expected to generate approximately \$40 million over 18 months.”

88. In Sino’s Annual Report for 1999, Sino stated:

There are also promising growth opportunities as Sino-Forest’s investment in Shanghai Jin Xiang Timber Ltd. (SJXT or the Shanghai Timber Market), develops. The Company also continues to explore opportunities to establish and reinforce ties with other international forestry companies and to bring our e-commerce technology into operation.

Sino-Forest’s investment in the Shanghai Timber Market — the first national forest products submarket in eastern China — has provided a strong foundation for the Company’s lumber and wood products trading business.

[Emphasis added.]

89. In Sino’s MD&A for the year ended December 31, 1999, Sino also stated that:

Sales from lumber and wood products trading increased 264% to \$34.2 million compared to \$9.4 million in 1998. The increase in lumber and wood products trading is attributable largely to the increase in new business generated from our investment in Shanghai Jin Xiang Timber Ltd. (SJXT) and a larger sales force in 1999. Lumber and wood products trading on an agency basis has increased 35% from \$2.3 million in 1998 to \$3.1 million in 1999. The increase in commission income on lumber and wood products trading is attributable to approximately \$1.8 million of fees earned from a new customer.

[Emphasis added.]

90. That same MD&A, however, also states that “The investment in SJXT has contributed to the significant growth of the lumber and wood products trading business, *which has recorded an increase in sales of 219% from \$11.7 million in 1998 to \$37.2 million in 1999*” (emphasis added).

91. In Sino’s Audited Annual Financial Statements for the year ended December 31, 1999, which statements were filed on SEDAR on May 18, 2000 (the “1999 Financial Statements”), Sino stated:

During the year, Shanghai Jin Xiang Timber Ltd. ["SJXT"] applied to increase *the original total capital contributions of \$868,000* [Chinese renminbi 7.2 million] to \$1,509,000 [Chinese renminbi 12.5 million]. Sino-Wood is required to *make an additional contribution of \$278,000* as a result of the increase in total capital contributions. The additional capital contribution of \$278,000 was made in 1999 *increasing its equity interest in SJXT from 27.8% to 34.4%*. The principal activity of SJXT is to organize trading of timber and logs in the PRC market.

[Emphasis added.]

92. The statements made in the 1999 Financial Statements contradicted Sino's prior representations in relation to SJXT. Among other things, Sino previously claimed to have made a capital contribution of \$1,037,000 for a 20% equity interest in SJXT.

93. In addition, note 2(b) to the 1999 Financial Statements stated that, "[a]s at December 31, 1999, \$796,000...advances to SJXT remained outstanding. The advances to SJXT were unsecured, non-interest bearing and without a fixed repayment date." Thus, assuming that Sino's contributions to SJXT were actually made, then Sino's prior statements in relation to SJXT were materially misleading, and violated GAAP, inasmuch as those statements failed to disclose that Sino had made to SJXT, a related party, a non-interest bearing loan of \$796,000.

94. In Sino's Audited Annual Financial Statements for the year ended December 31, 2000, which statements were filed on SEDAR on May 18, 2000 (the "**2000 Financial Statements**"), Sino stated:

In 1999, Shanghai Jin Xiang Timber Ltd. ("SJXT") applied to increase the original total capital contributions of \$868,000 [Chinese renminbi 7.2 million] to \$1,509,000 [Chinese renminbi 12.5 million]. Sino-Wood is required to make an additional contribution of \$278,000 as a result of the increase in total capital contributions. The additional capital contribution of \$278,000 was made in 1999 increasing its equity interest in SJXT from 27.8% to 34.4%. The principal activity of SJXT is to organize the trading of timber and logs in the PRC market. During the year, advances to SJXT of \$796,000 were repaid.

95. In Sino's balance sheet as at December 31, 2000, the SJXT investment was shown as an asset of \$519,000, being the sum of Sino's purported SJXT investment of \$1,315,000 as at December 31, 1999, and the \$796,000 of "advances" purportedly repaid to Sino by SJXT during the year ended December 31, 2000.

96. In Sino's Annual Reports (including the audited annual financial statements contained therein) for the years 2001 and beyond, there is no discussion whatsoever of SJXT. Indeed, Sino's "promising" and "very significant" investment in SJXT simply evaporated, without explanation, from Sino's disclosure documents. In fact, and unbeknownst to the public, Sino never invested in a company called "Shanghai Jin Xiang Timber Ltd." Chan and Poon knew, or were reckless in not knowing of, that fact.

97. At all material times, Sino's founders, Chan and Poon, were fully aware of the reality relating to SJXT, and knowingly misrepresented the true status of SJXT and Sino's interest therein.

(iii) Sino's Materially Deficient and Misleading Class Period Disclosures regarding Sino's History

98. During the Class Period, the Sino disclosure documents identified below purported to provide investors with an overview of Sino's history. However, those disclosure documents, and indeed all of the Impugned Documents, failed to disclose the material fact that, from its very founding, Sino was a fraud, inasmuch as its purportedly key investments in Leizhou and SJXT were either grossly inflated or fictitious.

99. Accordingly, the statements particularized in paragraphs 100 to 104 below were misrepresentations. The misleading nature of such statements was exacerbated by the fact that, throughout the Class Period, Sino's senior management and Board purported to be governed by

the Code, which touted the “high standards of ethical conduct, in both words and actions”, of Sino’s senior management and Board.

100. In the Prospectuses, Sino described its history, but did not disclose that the SJXT investment was fictitious, or that the revenues generated by Leizhou were non-existent or grossly overstated.

101. In particular, the June 2007 Prospectus stated merely that:

The Corporation was formed under the *Business Corporations Act* (Ontario) upon the amalgamation of Mt. Kearsarge Minerals Inc. and 1028412 Ontario Inc. pursuant to articles of amalgamation dated March 14, 1994. The articles of amalgamation were amended by articles of amendment filed on July 20, 1995 and May 20, 1999 to effect certain changes in the provisions attaching to the Corporation’s class A subordinate-voting shares and class B multiple-voting shares. On June 25, 2002, the Corporation filed articles of continuance to continue under the *Canada Business Corporations Act*. On June 22, 2004, the Corporation filed articles of amendment whereby its class A subordinate-voting shares were reclassified as Common Shares and its class B multiple-voting shares were eliminated.

102. Similarly, the June 2009 Prospectus stated only that:

The Corporation was formed under the *Business Corporations Act* (Ontario) upon the amalgamation of Mt. Kearsarge Minerals Inc. and 1028412 Ontario Inc. pursuant to articles of amalgamation dated March 14, 1994. The articles of amalgamation were amended by articles of amendment filed on July 20, 1995 and May 20, 1999 to effect certain changes in the provisions attaching to the Corporation’s class A subordinate-voting shares and class B multiple-voting shares. On June 25, 2002, the Corporation filed articles of continuance to continue under the *Canada Business Corporations Act*. On June 22, 2004, the Corporation filed articles of amendment whereby its class A subordinate-voting shares were reclassified as Common Shares and its class B multiple-voting shares were eliminated.

103. Finally, the December 2009 Prospectus stated only that:

The Corporation was formed under the *Business Corporations Act* (Ontario) upon the amalgamation of Mt. Kearsarge Minerals Inc. and 1028412 Ontario Inc. pursuant to articles of amalgamation dated March 14, 1994. The articles of amalgamation were amended by articles of amendment filed on July 20, 1995 and May 20, 1999 to effect certain changes in the provisions attaching to the

Corporation's class A subordinate-voting shares and class B multiple-voting shares. On June 25, 2002, the Corporation filed articles of continuance to continue under the *Canada Business Corporations Act* (the "CBCA"). On June 22, 2004, the Corporation filed articles of amendment whereby its class A subordinate-voting shares were reclassified as Common Shares and its class B multiple-voting shares were eliminated.

104. The failure to disclose the true nature of, and/or Sino's revenues and profits from, SJXT and Leizhou in the historical narrative in the Prospectuses rendered those Prospectuses materially false and misleading. Those historical facts would have alerted persons who purchased Sino shares under the Prospectuses, and/or in the secondary markets, to the highly elevated risk of investing in a company that continued to be controlled by Chan and Poon, both of whom were founders of Sino, and both of whom had knowingly misrepresented the true nature of Leizhou and SJXT from the time of Sino's creation. Thus, Sino was required to disclose those historical facts to the Class Members during the Class Period, but failed to do so, either in the Prospectuses or in any other Impugned Document.

B. *Misrepresentations relating to Sino's Forestry Assets*

(i) Sino Overstates its Yunnan Forestry Assets

105. In a press release issued by Sino and filed on SEDAR on March 23, 2007, Sino announced that it had entered into an agreement to sell 26 million shares to several institutional investors for gross proceeds of US\$200 million, and that the proceeds would be used for the acquisition of standing timber, including pursuant to a new agreement to purchase standing timber in Yunnan Province. It further stated in that press release that Sino-Panel (Asia) Inc. ("**Sino-Panel**"), a wholly-owned subsidiary of Sino, had entered on that same day into an agreement with Gengma Dai and Wa Tribes Autonomous Region Forestry Company Ltd., ("**Gengma Forestry**") established in Lincang City, Yunnan Province in the PRC, and that, under that Agreement, Sino-Panel would acquire approximately 200,000 hectares of non-state owned

commercial standing timber in Lincang City and surrounding cities in Yunnan for US\$700 million to US\$1.4 billion over a 10-year period.

106. These same terms of Sino's Agreement with Gengma Forestry were disclosed in Sino's Q1 2007 MD&A. Moreover, throughout the Class Period, Sino discussed its purported Yunnan acquisitions in the Impugned Documents, and Pöyry repeatedly made statements regarding said holdings, as particularized below.

107. The reported acquisitions did not take place. Sino overstated to a material degree the size and value of its forestry holdings in Yunnan Province. It simply does not own all of the trees it claims to own in Yunnan. Sino's overstatement of the Yunnan forestry assets violated GAAP.

108. The misrepresentations about Sino's acquisition and holdings of the Yunnan forestry assets were made in all of the Impugned Documents that were MD&As, financial statements, AIFs, Prospectuses and Offering Memoranda, except for the 2005 Audited Annual Financial Statements, the Q1 2006 interim financial statements, the 2006 Audited Annual Financial Statements, the 2006 Annual MD&A.

(ii) Sino Overstates its Suriname Forestry Assets; Alternatively, Sino fails to Disclose the Material Fact that its Suriname Forestry Assets are contrary to the Laws of Suriname

109. In mid-2010, Sino became a majority shareholder of Greenheart Group Ltd., a Bermuda corporation having its headquarters in Hong Kong, China and a listing on the Hong Kong Stock Exchange ("**Greenheart**").

110. In August 2010, Greenheart issued an aggregate principal amount of US\$25,000,000 convertible notes for gross proceeds of US\$24,750,000. The sole subscriber of these convertible notes was Greater Sino Holdings Limited, an entity in which Murray has an indirect interest. In

addition, Chan and Murray then became members of Greenheart's Board, Chan became the Board's Chairman, and Martin became the CEO of Greenheart and a member of its Board.

111. On August 24, 2010 and December 28, 2010, Greenheart granted to Chan, Martin and Murray options to purchase, respectively, approximately 6.8 million, 6.8 million and 1.1 million Greenheart shares. The options are exercisable for a five-year term.

112. As at March 31, 2011, General Enterprise Management Services International Limited, a company in which Murray has an indirect interest, held 7,000,000 shares of Greenheart, being 0.9% of the total issued and outstanding shares of Greenheart.

113. As a result of the aforesaid transactions and interests, Sino, Chan, Martin and Murray stood to profit handsomely from any inflation in the market price of Greenheart's shares.

114. At all material times, Greenheart purported to have forestry assets in New Zealand and Suriname. On March 1, 2011, Greenheart issued a press release in which it announced that:

Greenheart acquires certain rights to additional 128,000 hectare concession in Suriname

312,000 hectares now under Greenheart management

Hong Kong, March 1, 2011 – Greenheart Group Limited (“Greenheart” or “the Company”) (HKSE: 00094), an investment holding company with forestry assets in Suriname and New Zealand (subject to certain closing conditions) today announced that *the Company has acquired 60% of Vista Marine Services N.V. (“Vista”), a private company based in Suriname, South America that controls certain harvesting rights to a 128,000 hectares hardwood concession. Vista will be rebranded as part of the Greenheart Group. This transaction will increase Greenheart’s concessions under management in Suriname to approximately 312,000 hectares.* The cost of this acquisition is not material to the Company as a whole but the Company is optimistic about the prospects of Vista and the positive impact that it will bring. *The concession is located in the Sipalawini district of Suriname, South America, bordering Lake Brokopondo and has an estimated annual allowable cut of approximately 100,000 cubic meters.*

Mr. Judson Martin, Chief Executive Officer of Greenheart and Vice-Chairman of Sino-Forest Corporation, the Company's controlling shareholder said, "This acquisition is in line with our growth strategy to expand our footprint in Suriname. In addition to increased harvestable area, this acquisition will bring synergies in sales, marketing, administration, financial reporting and control, logistics and overall management. I am pleased to welcome Mr. Ty Wilkinson to Greenheart as our minority partner. Mr. Wilkinson shares our respect for the people of Suriname and the land and will be appointed Chief Executive Officer of this joint venture and be responsible for operating in a sustainable and responsible manner. This acquisition further advances Greenheart's strategy of becoming a global agri-forestry company. We will continue to actively seek well-priced and sustainable concessions in Suriname and neighboring regions in the coming months."

[Emphasis added.]

115. In its 2010 AIF, filed on SEDAR on March 31, 2011, Sino stated:

We hold a majority interest in Greenheart Group which, together with its subsidiaries, owns certain rights and ***manages approximately 312,000 hectares of hardwood forest concessions in the Republic of Suriname, South America*** ("Suriname") and 11,000 hectares of a radiata pine plantation on 13,000 hectares of freehold land in New Zealand as at March 31, 2011. ***We believe that our ownership in Greenheart Group will strengthen our global sourcing network in supplying wood fibre for China in a sustainable and responsible manner.***

[Emphasis added.]

116. The statements reproduced in the preceding paragraph were false and/or materially misleading when made. Under the Suriname *Forest Management Act*, it is prohibited for one company or a group of companies in which one person or company has a majority interest to control more than 150,000 hectares of land under concession. Therefore, either Greenheart's concessions under management in Suriname did not exceed 150,000 hectares, or Greenheart's concessions under management in Suriname violated the laws of Suriname, which was a material fact not disclosed in any of the Impugned Documents.

117. In each of the October 2010 Offering Memorandum, the 2010 Annual MD&A, the 2010 AIF, Sino represented that Greenheart had well in excess of 150,000 hectares of concession

under management in Suriname without however disclosing that Suriname law imposed a limit of 150,000 hectares on Greenheart and its subsidiaries.

118. Finally, Vista's forestry concessions are located in a region of Suriname populated by the Saramaka, an indigenous people. Pursuant to the American Convention on Human Rights and a decision of the Inter-American Court of Human Rights, the Saramaka people must have effective control over their land, including the management of their reserves, and must be effectively consulted by the State of Suriname. Sino has not disclosed in any of the Impugned Documents where it has discussed Greenheart and/or Suriname assets that Vista's purported concessions in Suriname, if they exist at all, are impaired due to the unfulfilled rights of the indigenous people of Suriname, in violation of GAAP. The Impugned Documents that omitted that disclosure were the 2010 Annual MD&A, the 2010 Audited Annual Financial Statements, and the 2010 AIF.

(iii) Sino overstates its Jiangxi Forestry Assets

119. On June 11, 2009, Sino issued a press release in which it stated:

Sino-Forest Corporation (TSX: TRE), a leading commercial forest plantation operator in China, announced today that its wholly-owned subsidiary, Sino-Panel (China) Investments Limited ("Sino-Panel"), has entered into a Master Agreement for the Purchase of Pine and Chinese Fir Plantation Forests (the "Jiangxi Master Agreement") with Jiangxi Zhonggan Industrial Development Company Limited ("Jiangxi Zhonggan"), which will act as the authorized agent for the original plantation rights holders.

Under the Jiangxi Master Agreement, Sino-Panel will, through PRC subsidiaries of Sino-Forest, acquire between 15 million and 18 million cubic metres (m³) of wood fibre located in plantations in Jiangxi Province over a three-year period with a price not to exceed RMB300 per m³, to the extent permitted under the relevant PRC laws and regulations. ***The plantations in which such amount of wood fibre to acquire is between 150,000 and 300,000 hectares*** to achieve an estimated average wood fibre yield of approximately 100 m³ per hectare, and include tree species such as pine, Chinese fir and others. Jiangxi Zhonggan will ensure plantation forests sold to Sino-Panel and its PRC subsidiaries are non-state-owned, non-natural, commercial plantation forest trees.

In addition to securing the maximum tree acquisition price, Sino-Panel has pre-emptive rights to lease the underlying plantation land at a price, permitted under the relevant PRC laws and regulations, not to exceed RMB450 per hectare per annum for 30 years from the

time of harvest. The land lease can also be extended to 50 years as permitted under PRC laws and regulations. The specific terms and conditions of purchasing or leasing are to be determined upon the execution of definitive agreements between the PRC subsidiaries of Sino-Panel and Jiangxi Zhonggan upon the authorisation of original plantation rights holders, and subject to the requisite governmental approval and in compliance with the relevant PRC laws and regulations.

Sino-Forest Chairman and CEO Allen Chan said, "We are fortunate to have been able to capture and support investment opportunities in China's developing forestry sector by locking up a large amount of fibre at competitive prices. The Jiangxi Master Agreement is Sino-Forest's fifth, long-term, fibre purchase agreement during the past two years. These five agreements cover a total plantation area of over one million hectares in five of China's most densely forested provinces."

[Emphasis added.]

120. According to Sino's 2010 Annual MD&A, as of December 31, 2010, Sino had acquired 59,700 ha of plantation trees from Jiangxi Zhonggan Industrial Development Company Limited ("**Zhonggan**") for US\$269.1 million under the terms of the master agreement. (In its interim report for the second quarter of 2011, which was issued after the Class Period, Sino claims that, as at June 30, 2011, this number had increased to 69,100 ha, for a purchase price of US\$309.6 million).

121. However, as was known to Sino, Chan, Poon and Horsley, and as ought to have been known to the remaining Individual Defendants, BDO, E&Y and Pöyry, Sino's plantation acquisitions through Zhonggan are materially smaller than Sino has claimed.

(iv) Poyry makes Misrepresentations in relation to Sino's Forestry Assets

122. As particularized above, Sino overstated its forestry assets in Yunnan and Jiangxi Provinces in the PRC and in Suriname. Accordingly, Sino's total assets are overstated to a material degree in all of the Impugned Documents, in violation of GAAP, and each such statement of Sino's total assets constitutes a misrepresentation.

123. In addition, during the Class Period, Pöyry and entities affiliated with it made statements that are misrepresentations in regard to Sino's Yunnan Province "assets," namely:

- (a) In a report dated March 14, 2008, filed on SEDAR on March 31, 2008 (the "2008 Valuations"), Pöyry: (a) stated that it had determined the valuation of the Sino forest assets to be US\$3.2 billion as at 31 December 2007; (b) provided tables and figures regarding Yunnan; (c) stated that "Stands in Yunnan range from 20 ha to 1000 ha," that "In 2007 Sino-Forest purchased an area of mixed broadleaf forest in Yunnan Province," that "Broadleaf forests already acquired in Yunnan are all mature," and that "Sino-Forest is embarking on a series of forest acquisitions/expansion efforts in Hunan, Yunnan and Guangxi;" and (d) provided a detailed discussion of Sino's Yunnan "holdings" at Appendixes 3 and 5. Pöyry's 2008 Valuations were incorporated in Sino's 2007 Annual MD&A, amended 2007 Annual MD&A, 2007 AIF, each of the Q1, Q2, and Q3 2008 MD&As, Annual 2008 MD&A, amended Annual 2008 MD&A, each of the Q1, Q2 and Q3 2009, annual 2009 MD&A, and July 2008 and December 2009 Offering Memoranda;
- (b) In a report dated April 1, 2009 and filed on SEDAR on April 2, 2009 (the "2009 Valuations"), Pöyry stated that "[t]he area of forest owned in Yunnan has quadrupled from around 10 000 ha to almost 40 000 ha over the past year," provided figures and tables regarding Yunnan, and stated that "Sino-Forest has increased its holding of broadleaf crops in Yunnan during 2008, with this province containing nearly 99% of its broadleaf resource." Pöyry's 2009 Valuations were incorporated in Sino's 2008 AIF, each of the Q1, Q2, Q3 2009 MD&As, Annual 2009 MD&A, June 2009 Offering Memorandum, and June 2009 and December 2009 Prospectuses;
- (c) In a "Final Report" dated April 23, 2010, filed on SEDAR on April 30, 2010 (the "2010 Valuations"), Pöyry stated that "Guangxi, Hunan and Yunnan are the three largest provinces in terms of Sino-Forest's holdings. The largest change in area by province, both in absolute and relative terms [sic] has been Yunnan, where the

area of forest owned has almost tripled, from around 39 000 ha to almost 106 000 ha over the past year,” provided figures and tables regarding Yunnan, stated that “Yunnan contains 106 000 ha, including 85 000 ha or 99% of the total broadleaf forest,” stated that “the three provinces of Guangxi, Hunan and Yunnan together contain 391 000 ha or about 80% of the total forest area of 491 000 ha” and that “[a]lmost 97% of the broadleaf forest is in Yunnan,” and provided a detailed discussion of Sino’s Yunnan “holdings” at Appendixes 3 and 4. Pöyry’s 2010 Valuations were incorporated in Sino’s 2009 AIF, the annual 2009 MD&A, each of the Q1, Q2 and Q3 2010 MD&As, and the October 2010 Offering Memorandum;

- (d) In a “Summary Valuation Report” regarding “Valuation of Purchased Forest Crops as at 31 December 2010” and dated May 27, 2011, Pöyry provided tables and figures regarding Yunnan, stated that “[t]he major changes in area by species from December 2009 to 2010 has been in Yunnan pine, with acquisitions in Yunnan and Sichuan provinces” and that “[a]nalysis of [Sino’s] inventory data for broadleaf forest in Yunnan, and comparisons with an inventory that Pöyry undertook there in 2008 supported the upwards revision of prices applied to the Yunnan broadleaf large size log,” and stated that “[t]he yield table for Yunnan pine in Yunnan and Sichuan provinces was derived from data collected in this species in these provinces by Pöyry during other work;” and
- (e) In a press release titled “Summary of Sino-Forest’s China Forest Asset 2010 Valuation Reports” and which was “jointly prepared by Sino-Forest and Pöyry to highlight key findings and outcomes from the 2010 valuation reports,” Pöyry reported on Sino’s “holdings” and estimated the market value of Sino’s forest assets on the 754,816 ha to be approximately US\$3.1 billion as at December 31, 2010.

C. *Misrepresentations relating to Sino's Related Party Transactions*

(i) Related Party Transactions Generally

124. Under GAAP and GAAS, a “related party” exists “when one party has the ability to exercise directly or indirectly, control, joint control or significant influence over the other.” (CICA Handbook 3840.03) Examples include a parent-subsidary relationship or an entity that is economically dependent upon another.

125. Related parties raise the concern that transactions may not be conducted at arm’s length, and pricing or other terms may not be determined at fair market values. For example, when a subsidiary “sells” an asset to its parent at a given price, it may not be appropriate that that asset be reported on the balance sheet or charged against the earnings of the parent at that price. Where transactions are conducted between arm’s length parties, this concern is generally not present.

126. The existence of related party transactions is important to investors irrespective of the reported dollar values of the transactions because the transactions may be controlled, manipulated and/or concealed by management (for example, for corporate purposes or because fraudulent activity is involved), and because such transactions may be used to benefit management or persons close to management at the expense of the company, and therefore its shareholders.

(ii) Sino fails to disclose that Zhonggan was a Related Party

127. Irrespective of the true extent of Zhonggan’s transactions in Jiangxi forestry plantations, Sino failed to disclose, in violation of GAAP, that Zhonggan was a related party of Sino. More particularly, according to AIC records, the legal representative of Zhonggan is Lam Hong Chiu, who is an executive vice president of Sino. Lam Hong Chiu is also a director and a 50%

shareholder of China Square Industrial Limited, a BVI corporation which, according to AIC records, owns 80% of the equity of Zhonggan.

128. The Impugned Documents that omitted that disclosure were the Q2 2009 MD&A, the Q2 2009 interim financial statements, the Q3 2009 MD&A, the Q3 2009 interim financial statements, the December 2009 Prospectus, the 2009 Annual MD&A, the 2009 Audited Annual Financial Statements, the 2009 AIF, the Q1 2010 MD&A, the Q1 2010 interim financial statements, the Q2 2010 MD&A, the Q2 2010 interim financial statements, the Q3 2010 MD&A, the Q3 2010 interim financial statements, the 2010 Annual MD&A, the 2010 Audited Annual Financial Statements, and the 2010 AIF.

(iii) Sino fails to disclose that Homix was a Related Party

129. On January 12, 2010, Sino issued a press release in which it announced the acquisition by one of its wholly-owned subsidiaries of Homix Limited (“**Homix**”), which it described as a company engaged in research and development and manufacturing of engineered-wood products in China, for an aggregate amount of US\$7.1 million. That press release stated:

HOMIX has an R&D laboratory and two engineered-wood production operations based in Guangzhou and Jiangsu Provinces, covering eastern and southern China wood product markets. The company has developed a number of new technologies with patent rights, specifically suitable for domestic plantation logs including poplar and eucalyptus species. HOMIX specializes in curing, drying and dyeing methods for engineered wood and has the know-how to produce recomposed wood products and laminated veneer lumber. Recomposed wood technology is considered to be environment-friendly and versatile as it uses fibre from forest plantations, recycled wood and/or wood residue. This reduces the traditional use of large-diameter trees from natural forests. There is growing demand for recomposed wood technology as it reduces cost for raw material while increases the utilization and sustainable use of plantation fibre for the production of furniture and interior/exterior building materials.

[...]

Mr. Allen Chan, Sino-Forest’s Chairman & CEO, said, “As we continue to ramp up our replanting programme with improved eucalyptus species, it is important for Sino-Forest to continue investing in the research and development that maximizes all aspects of the

forest product supply chain. Modernization and improved productivity of the wood processing industry in China is also necessary given the country's chronic wood fibre deficit. Increased use of technology improves operation efficiency, and maximizes and broadens the use of domestic plantation wood, which reduces the need for logging domestic natural forests and for importing logs from strained tropical forests. HOMIX has significant technological capabilities in engineered-wood processing."

Mr. Chan added, "By acquiring HOMIX, we intend to use six-year eucalyptus fibre instead of 30-year tree fibre from other species to produce quality lumber using recomposed technology. We believe that this will help preserve natural forests as well as improve the demand for and pricing of our planted eucalyptus trees."

130. Sino's 2009 Audited Annual Financial Statements, Q1/2010 Unaudited Interim Financial Statements, 2010 Audited Annual Financial Statements, the MD&As related to each of the aforementioned financial statements, and Sino's AIFs for 2009 and 2010, each discussed the acquisition of Homix, but nowhere disclosed that Homix was in fact a related party of Sino.

131. More particularly, Hua Chen, a Senior Vice President, Administration & Finance, of Sino in the PRC, and who joined Sino in 2002, is a 30% shareholder of an operating subsidiary of Homix, Jiangsu Dayang Wood Co., Ltd. ("**Jiangsu**")

132. In order to persuade current and prospective Sino shareholders that there was a commercial justification for the Homix acquisition, Sino misrepresented Homix's patent designs registered with the PRC State Intellectual Property Office. In particular, in its 2009 Annual Report, Sino stated:

HOMIX acquisition

In accordance with our strategy to focus on research and development and to improve the end-use of our wood fibre, we acquired HOMIX Ltd. in January 2010 for \$7.1 million. This corporate acquisition is small but strategically important *adding valuable intellectual property rights* and two engineered-wood processing facilities located in Guangdong and Jiangsu Provinces to our operations. *Homix has developed environment-friendly technology, an efficient process using recomposed technology to convert small-diameter plantation logs into building materials and furniture.* Since we plan to grow high volumes of eucalypt and other FGHY species, this acquisition will help us achieve our long-term objectives of maximizing the use of our fibre, supplying a

variety of downstream customers and enhancing economic rural development. [Emphasis added]

133. However, Homix itself then had no patent designs registered with the PRC State Intellectual Property Office. At that time, Homix had two subsidiaries, Jiangsu and Guangzhou Pany Dacheng Wood Co. The latter then had no patent designs registered with the PRC State Intellectual Property Office, while Jiangsu had two patent designs. However, each such design was for wood dyeing, and not for the conversion of small-diameter plantation logs into building materials and furniture.

(iv) Sino fails to disclose that Yunnan Shunxuan was a Related Party

134. In addition, during the Class Period, Sino purportedly purchased approximately 1,600 hectares of timber in Yunnan province from Yunnan Shunxuan Forestry Co. Ltd. Yunnan Shunxuan was part of Sino, acting under a separate label. Accordingly, it was considered a related party for the purposes of the GAAP disclosure requirements, a fact that Sino failed to disclose.

135. The Impugned Documents that omitted that disclosure were the 2009 Annual MD&A, the 2009 Audited Annual Financial Statements, the 2009 AIF, the Q1 2010 MD&A, the Q1 2010 interim financial statements, the Q2 2010 MD&A, the Q2 2010 interim financial statements, the Q3 2010 MD&A, the Q3 2010 interim financial statements, the 2010 Annual MD&A, the 2010 Audited Annual Financial Statements, and the 2010 AIF.

136. Sino's failure to disclose that Yunnan Shunxuan was a related party was a violation of GAAP, and a misrepresentation.

(v) Sino fails to disclose that Yuda Wood was a Related Party

137. Huaihua City Yuda Wood Co. Ltd., based in Huaihua City, Hunan Province ("**Yuda Wood**"), was a major supplier of Sino at material times. Yuda Wood was founded in April 2006

and, from 2007 until 2010, its business with Sino totalled approximately 152,164 Ha and RMB 4.94 billion.

138. During that period, Yuda Wood was a related party of Sino. Indeed, in the Second Report, the IC acknowledged that *“there is evidence suggesting close cooperation [between Sino and Yuda Wood] (including administrative assistance, possible payment of capital at the time of establishment, joint control of certain of Yuda Wood’s RMB bank accounts and the numerous emails indicating coordination of funding and other business activities)”* [emphasis added.]

139. The fact that Yuda Wood was a related party of Sino during the Class Period was a material fact and was required to be disclosed under GAAP, but, during the Class Period, that fact was not disclosed by Sino in any of the Impugned Documents, or otherwise.

(vi) Sino fails to Disclose that Major Suppliers were Related Parties

140. At material times, Sino had at least thirteen suppliers where former Sino employees, consultants or secondees are or were directors, officers and/or shareholders of one or more such suppliers. Due to these and other connections between these suppliers and Sino, some or all of such suppliers were in fact undisclosed related parties of Sino.

141. Including Yuda Wood, the thirteen suppliers referenced above accounted for 43% of Sino’s purported plantation purchases between 2006 and the first quarter of 2011.

142. In none of the Impugned Documents did Sino disclose that any of these suppliers were related parties, nor did it disclose sufficient particulars of its relations with such suppliers as would have enabled the investing public to ascertain that those suppliers were related parties.

D. *Misrepresentations relating to Sino's Relations with Forestry Bureaus and its Purported Title to Forestry Assets in the PRC*

143. In at least two instances during the Class Period, PRC forestry bureau officials were either concurrently or subsequently employees of, or consultants to, Sino. One forestry bureau assigned employees to Sino and other companies to assist in the development of the forestry industry in its jurisdiction.

144. In addition, a vice-chief of the forestry bureau was assigned to work closely with Sino, and while that vice chief still drew a basic salary from the forestry bureau, he also acted as a consultant to Sino in the conduct of Sino's business. This arrangement was in place for several years. That vice-chief appeared on Sino's payroll from January 2007 with a monthly payment of RMB 15,000, which was significant compared with his forestry bureau salary.

145. In addition, at material times, Sino and/or its subsidiaries and/or its suppliers made cash payments and gave "gifts" to forestry bureau officials, which potentially constituted a serious criminal offence under the laws of the PRC. At least some of these payments and gifts were made or given in order to induce the recipients to issue "confirmation letters" in relation to Sino's purported holdings in the PRC of standing timber. These practices utterly compromised the integrity of the process whereby those "confirmation letters" were obtained.

146. Further, a chief of a forestry bureau who had authorized the issuance of confirmations to Sino was arrested due to corruption charges. That forestry bureau had issued confirmations only to Sino and to no other companies. Subsequent to the termination of that forestry bureau chief, that forestry bureau did not issue confirmations to any company.

147. The foregoing facts were material because: (1) they undermined the reliability (if any) of the documentation upon which Sino relied and continues to rely to establish its ownership of

standing timber; and (2) the corruption in which Sino was engaged exposed Sino to potential criminal penalties, including substantial fines, as well as a risk of severe reputational damage in Sino's most important market, the PRC.

148. However, none of these facts was disclosed in any of the Impugned Documents. On the contrary, Sino only made the following disclosure regarding former government officials in its 2007 Annual Report (and in no other Impugned Document), which was materially incomplete, and a misrepresentation:

To ensure successful growth, we have trained and promoted staff from within our organization, and hired knowledgeable people with relevant working experience and industry expertise – some joined us from forestry bureaus in various regions and provinces and/or state-owned tree farms. [...] 4. Based in Heyuan, Guangdong, Deputy GM responsible for Heyuan plantations, previously with forestry bureau; studied at Yangdongxian Dangxiao [Mr. Liang] 5. Based in Hunan, Plantation controller, graduated from Hunan Agricultural University, previously Assistant Manager of state-owned farm trees in Hunan [Mr. Xie].

149. In respect of Sino's purported title to standing timber in the PRC, Sino possessed Plantation Rights Certificates, or registered title, only in respect of 18% of its purported holdings of standing timber as at December 31, 2010, a fact nowhere disclosed by Sino during the Class Period. This fact was highly material to Sino, inasmuch as standing timber comprised a large proportion of Sino's assets throughout the Class Period, and in the absence of Plantation Rights Certificates, Sino could not establish its title to that standing timber.

150. Rather than disclose this highly material fact, Sino made the following misrepresentations in the following Impugned Documents:

- (a) In the 2008 AIF: "*We have obtained the plantation rights certificates or requisite approvals for acquiring the relevant plantation rights for most of the purchased tree plantations and planted tree plantations currently under our management*, and we are in the process of applying for the plantation rights

certificates for those plantations for which we have not obtained such certificates” [emphasis added];

(b) In the 2009 AIF: “*We have obtained the plantation rights certificates or requisite approvals for acquiring the relevant plantation rights for most of the purchased plantations and planted plantations currently under our management*, and we are in the process of applying for the plantation rights certificates for those plantations for which we have not obtained such certificates” [emphasis added]; and

(c) In the 2010 AIF: “*We have obtained the plantation rights certificates or requisite approvals for acquiring the relevant plantation rights for most of the purchased plantations and planted plantations currently under our management*, and we are in the process of applying for the plantation rights certificates for those plantations for which we have not obtained such certificates” [emphasis added].

151. In the absence of Plantation Rights Certificates, Sino relies principally on the purchase contracts entered into by its BVI subsidiaries (“BVIs”) in order to demonstrate its ownership of standing timber.

152. However, under PRC law, those contracts are void and unenforceable.

153. In the alternative, if those contracts are valid and enforceable, they are enforceable only as against the counterparties through which Sino purported to acquire the standing timber, and not against the party who has registered title (if any) to the standing timber. Because some or all of those counterparties were or became insolvent, corporate shells or thinly capitalized, then any claims that Sino would have against those counterparties under PRC law, whether for unjust enrichment or otherwise, were of little to no value, and certainly constituted no substitute for registered title to the standing timber which Sino purported to own.

154. Sino never disclosed these material facts during the Class Period, whether in the Impugned Documents or otherwise. On the contrary, Sino made the following misrepresentations in relation to its purported title to standing timber:

- (a) In the July 2008 Offering Memorandum, Sino stated “Based on the relevant purchase contracts and the approvals issued by the relevant forestry bureaus, we legally own our purchased plantations”;
- (b) In the June 2009 Offering Memorandum, Sino stated “Based on the relevant purchase contracts and the approvals issued by the relevant forestry bureaus, we legally own our purchased plantations”;
- (c) In the October 2010 Offering Memorandum, Sino stated “Based on the relevant purchase contracts and the approvals issued by the relevant forestry bureaus, we legally own our purchased plantations”;
- (d) In the 2006 AIF, Sino stated “Based on the supplemental purchase contracts and the plantation rights certificates issued by the relevant forestry departments, we have the legal right to own our purchased tree plantations”;
- (e) In the 2007 AIF, Sino stated “Based on the relevant purchase contracts and the approvals issued by the relevant forestry departments, we have the legal right to own our purchased tree plantations”;
- (f) In the 2008 AIF, Sino stated “Based on the relevant purchase contracts and the approvals issued by the relevant forestry bureaus, we legally own our purchased tree plantations”;

- (g) In the 2009 AIF, Sino stated “Based on the relevant purchase contracts and the approvals issued by the local forestry bureaus, we legally own our purchased plantations”;
- (h) In the December 2009 Offering Memorandum, Sino stated “Based on the relevant purchase contracts and the approvals issued by the local forestry bureaus, we legally own our purchased plantations”; and
- (i) In the 2010 AIF, Sino stated “Based on the relevant purchase contracts and the approvals issued by the relevant forestry bureaus, we legally own our purchased plantations.”

155. In addition, during the Class Period, Sino never disclosed the material fact, belatedly revealed in the Second Report, that “*in practice it is not able to obtain Plantation Rights Certificates for standing timber purchases when no land transfer rights are transferred*” [emphasis added].

156. On the contrary, during the Class Period, Sino made the following misrepresentation in each of the 2006 and 2007 AIFs:

Since 2000, the PRC has been improving its system of registering plantation land ownership, plantation land use rights and plantation ownership rights and its system of issuing certificates to the persons having plantation land use rights, to owners owning the plantation trees and to owners of the plantation land. In April 2000, the PRC State Forestry Bureau announced the “Notice on the Implementation of Nationwide Uniform Plantation Right Certificates” (Lin Zi Fa [2000] No. 159) on April 19, 2000 (the “Notice”). Under the Notice, a new uniform form of plantation rights certificate is to be used commencing from the date of the Notice. *The same type of new form plantation rights certificate will be issued to the persons having the right to use the plantation land, to persons who own the plantation land and plantation trees, and to persons having the right to use plantation trees.*

[Emphasis added]

157. Under PRC law, county and provincial forestry bureaus have no authority to issue confirmation letters. Such letters cannot be relied upon in a court of law to resolve a dispute and are not a guarantee of title. Notwithstanding this, during the Class Period, Sino made the following misrepresentations:

- (a) In the 2006 AIF: “In addition, for the purchased tree plantations, *we have obtained confirmations from the relevant forestry bureaus that we have the legal right to own the purchased tree plantations for which we have not received certificates*” [emphasis added]; and
- (b) In the 2007 AIF: “For our Purchased Tree Plantations, we have applied for the relevant Plantation Rights Certificates with the competent local forestry departments. As the relevant locations where we purchased our Purchased Tree Plantations have not fully implemented the new form Plantation Rights Certificate, we are not able to obtain all the corresponding Plantation Rights Certificates for our Purchased Tree Plantations. *In this connection, we obtained confirmation on our ownership of our Purchased Tree Plantations from the relevant forestry departments.*” [emphasis added]

E. Misrepresentations relating to Sino's Relationships with its AIs

158. In addition to the misrepresentations alleged above in relation to Sino's AIs, including those alleged in Section VI.C hereof (*Misrepresentations relating to Sino's Related Party Transactions*), Sino made the following misrepresentations during the Class Period in relation to its relationships with its AIs.

(i) Sino Misrepresents the Degree of its Reliance on its AIs

159. On March 30, 2007, Sino issued and filed on SEDAR its 2006 AIF. In that AIF, Sino stated:

...PRC laws and regulations require foreign companies to obtain licenses to engage in any business activities in the PRC. As a result of these requirements, we currently engage in our trading activities through PRC authorized intermediaries that have the requisite business licenses. There is no assurance that the PRC government will not take action to restrict our ability to engage in trading activities through our authorized intermediaries. ***In order to reduce our reliance on the authorized intermediaries, we intend to use a WFOE in the PRC to enter into contracts directly with suppliers of raw timber, and then process the raw timber, or engage others to process raw timber on its behalf, and sell logs, wood chips and wood-based products to customers, although it would not be able to engage in pure trading activities.***

[Emphasis added.]

160. In its 2007 AIF, which Sino filed on March 28, 2008, Sino again declared its intention to reduce its reliance upon AIs.

161. These statements were false and/or materially misleading when made, inasmuch as Sino had no intention to reduce materially its reliance on AIs, because its AIs were critical to Sino's ability to inflate its revenue and net income. Rather, these statements had the effect of mitigating any investor concern arising from Sino's extensive reliance upon AIs.

162. Throughout the Class Period, Sino continued to depend heavily upon AIs for its purported sales of standing timber. In fact, contrary to Sino's purported intention to reduce its reliance on its AIs, Sino's reliance on its AIs in fact *increased* during the Class Period.

(ii) *Sino Misrepresents the Tax-related Risks Arising from its use of AIs*

163. Throughout the Class Period, Sino materially understated the tax-related risks arising from its use of AIs.

164. Tax evasion penalties in the PRC are severe. Depending on whether the PRC authorities seek recovery of unpaid taxes by means of a civil or criminal proceeding, its claims for unpaid tax are subject to either a five- or ten-year limitation period. The unintentional failure to pay taxes is subject to a 0.05% per day interest penalty, while an intentional failure to pay taxes is punishable with fines of up to five times the unpaid taxes, and confiscation of part or all of the criminal's personal properties maybe also imposed.

165. Therefore, because Sino professed to be unable to determine whether its AIs have paid required taxes, the tax-related risks arising from Sino's use of AIs were potentially devastating. Sino failed, however, to disclose these aspects of the PRC tax regime in its Class Period disclosure documents, as alleged more particularly below.

166. Based upon Sino's reported results, Sino's tax accruals in all of its Impugned Documents that were interim and annual financial statements were materially deficient. For example, depending on whether the PRC tax authorities would assess interest at the rate of 18.75% per annum, or would assess no interest, on the unpaid income taxes of Sino's BVI subsidiaries, and depending also on whether one assumes that Sino's AIs have paid no income taxes or have paid 50% of the income taxes due to the PRC, then Sino's tax accruals in its 2007, 2008, 2009 and 2010 Audited Annual Financial Statements were understated by, respectively, US\$10 million to US\$150 million, US\$50 million to US\$260 million, US\$81 million to US\$371 million, and US\$83 million to US\$493 million. Importantly, were one to consider the impact of unpaid taxes other than unpaid income taxes (for example, unpaid value-added taxes), then the amounts by

which Sino's tax accruals were understated in these financial statements would be substantially larger.

167. The aforementioned estimates of the amounts by which Sino's tax accruals were understated also assume that the PRC tax authorities only impose interest charges on Sino's BVI Subsidiaries and impose no other penalties for unpaid taxes, and assume further that the PRC authorities seek back taxes only for the preceding five years. As indicated above, each of these assumptions is likely to be unduly optimistic. In any case, Sino's inadequate tax accruals violated GAAP, and constituted misrepresentations.

168. Sino also violated GAAP in its 2009 Audited Annual Financial Statements by failing to apply to its 2009 financial results the PRC tax guidance that was issued in February 2010. Although that guidance was issued after year-end 2009, GAAP required that Sino apply that guidance to its 2009 financial results, because that guidance was issued in the subsequent events period.

169. Based upon Sino's reported profit margins on its dealings with AIs, which margins are extraordinary both in relation to the profit margins of Sino's peers, and in relation to the limited risks that Sino purports to assume in its transactions with its AIs, Sino's AIs are not satisfying their tax obligations, a fact that was either known to the Defendants or ought to have been known. If Sino's extraordinary profit margins are real, then Sino and its AIs must be dividing the gains from non-payment of taxes to the PRC.

170. During the Class Period, Sino never disclosed the true nature of the tax-related risks to which it was exposed. This omission, in violation of GAAP, rendered each of the following statements a misrepresentation:

- (a) In the 2006 Annual Financial Statements, note 11 [b] “Provision for tax related liabilities” and associated text;
- (b) In the 2006 Annual MD&A, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (c) In the AIF dated March 30, 2007, the section “Estimation of the Company’s provision for income and related taxes,” and associated text;
- (d) In the Q1 and Q2 2007 Financial Statements, note 5 “Provision for Tax Related Liabilities,” and associated text;
- (e) In the Q3 2007 Financial Statements, note 6 “Provision for Tax Related Liabilities,” and associated text;
- (f) In the 2007 Annual Financial Statements, note 13 [b] “Provision for tax related liabilities,” and associated text;
- (g) In the 2007 Annual MD&A and Amended 2007 Annual MD&A, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (h) In the AIF dated March 28, 2008, the section “Estimation of the Corporation’s provision for income and related taxes,” and associated text;
- (i) In the Q1, Q2 and Q3 2008 Financial Statements, note 12 “Provision for Tax Related Liabilities,” and associated text;
- (j) In the Q1, Q2 and Q3 2008 MD&As, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (k) In the July 2008 Offering Memorandum, the subsection “Taxation” in the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and associated text;

- (l) In the 2008 Annual Financial Statements, note 13 [d] “Provision for tax related liabilities,” and associated text;
- (m) In the 2008 Annual MD&A and Amended 2008 Annual MD&A, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (n) In the AIF dated March 31, 2009, the section “We may be liable for income and related taxes to our business and operations, particularly our BVI Subsidiaries, in amounts greater than the amounts we have estimated and for which we have provisioned,” and associated text;
- (o) In the Q1, Q2 and Q3 2009 Financial Statements, note 13 “Provision for Tax Related Liabilities,” and associated text;
- (p) In the Q1, Q2 and Q3 2009 MD&As, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (q) In the 2009 Annual Financial Statements, note 15 [d] “Provision for tax related liabilities,” and associated text;
- (r) In the 2009 Annual MD&A, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (s) In the AIF dated March 31, 2010, the section “We may be liable for income and related taxes to our business and operations, particularly our BVI Subsidiaries, in amounts greater than the amounts we have estimated and for which we have provisioned,” and associated text;
- (t) In the Q1 and Q2 2010 Financial Statements, note 14 “Provision for Tax Related Liabilities,” and associated text;
- (u) In the Q1 and Q2 2010 MD&As, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;

- (v) In the Q3 2010 Financial Statements, note 14 “Provision and Contingencies for Tax Related Liabilities,” and associated text; and
- (w) In the Q3 2010 MD&As, the subsection “Provision and Contingencies for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (x) In the October 2010 Offering Memorandum, the subsection “Taxation” in the section “Selected Financial Information,” and associated text;
- (y) In the 2010 Annual Financial Statements, note 18 “Provision and Contingencies for Tax Related Liabilities,” and associated text;
- (z) In the 2010 Annual MD&A, the subsection “Provision and Contingencies for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text; and
- (aa) In the AIF dated March 31, 2011, the section “We may be liable for income and related taxes to our business and operations, particularly our BVI Subsidiaries, in amounts greater than the amounts we have estimated and for which we have provisioned,” and associated text.

171. In every Impugned Document that is a financial statement, the line item “Accounts payable and accrued liabilities” and associated figures on the Consolidated Balance Sheets fails to properly account for Sino’s tax accruals and is a misrepresentation, and a violation of GAAP.

172. During the Class Period, Sino also failed to disclose in any of the Impugned Documents that were AIFs, MD&As, financial statements, Prospectuses or Offering Memoranda, the risks relating to the repatriation of its earnings from the PRC. In 2010, Sino added two new sections to its AIF regarding the risk that it would not be able to repatriate earnings from its BVI subsidiaries (which deal with the AIs). The amount of retained earnings that may not be able to be repatriated is stated therein to be US\$1.4 billion. Notwithstanding this disclosure, Sino did not

disclose in these Impugned Documents that it would be unable to repatriate *any* earnings absent proof of payment of PRC taxes, which it has admitted that it lacks.

(iii) *Sino Misrepresents its Accounting Treatment of its AIs*

173. In addition, there are material discrepancies in Sino's descriptions of its accounting treatment of its AIs. Beginning in the 2003 AIF, Sino described its AIs as follows:

Because of the provisions in the Operational Procedures that specify when we and the authorized intermediary assume the risks and obligations relating to the raw timber or wood chips, as the case may be, we treat these transactions for accounting purposes as providing that we take title to the raw timber when it is delivered to the authorized intermediary. Title then passes to the authorized intermediary once the timber is processed into wood chips. ***Accordingly, we treat the authorized intermediaries for accounting purposes as being both our suppliers and customers in these transactions.***

[Emphasis added.]

174. Sino's disclosures were consistent in that regard up to and including Sino's first AIF issued in the Class Period (the 2006 AIF), which states:

Because of the provisions in the Operational Procedures that specify when we and the AI assume the risks and obligations relating to the raw timber or wood chips, as the case may be, we treat these transactions for accounting purposes as providing that we take title to the raw timber when it is delivered to the AI. Title then passes to the AI once the timber is processed into wood chips. ***Accordingly, we treat the AI for accounting purposes as being both our supplier and customer in these transactions.***

[Emphasis added.]

175. In subsequent AIFs, Sino ceased without explanation to disclose whether it treated AIs for accounting purposes as being both the supplier and the customer.

176. Following the issuance of Muddy Waters' report on the last day of the Class Period, however, Sino declared publicly that Muddy Waters was "wrong" in its assertion that, for accounting purposes, Sino treated its AIs as being both supplier and customer in transactions. This claim by Sino implies either that Sino misrepresented its accounting treatment of AIs in its

2006 AIF (and in its AIFs for prior years), or that Sino changed its accounting treatment of its AIs after the issuance of its 2006 AIF. If the latter is true, then Sino was obliged by GAAP to disclose its change in its accounting treatment of its AIs. It failed to do so.

F. *Misrepresentations relating to Sino's Cash Flow Statements*

177. Given the nature of Sino's operations, that of a frequent trader of standing timber, Sino improperly accounted for its purchases of timber assets as "Investments" in its Consolidated Statements Of Cash Flow. In fact, such purchases are "Inventory" within the meaning of GAAP, given the nature of Sino's business.

178. Additionally, Sino violated the GAAP 'matching' principle in treating timber asset purchases as "Investments" and the sale of timber assets as "Inventory": cash flow that came into the company was treated as cash flow from operations, but cash flow that was spent by Sino was treated as cash flow for investments. As a result, "Additions to timber holding" was improperly treated as a "Cash Flows Used In Investing Activities" instead of "Cash Flows From Operating Activities" and the item "Depletion of timber holdings included in cost of sales" should not be included in "Cash Flows From Operating Activities," because it is not a cash item.

179. The effect of these misstatements is that Sino's Cash Flows From Operating Activities were materially overstated throughout the Class Period, which created the impression that Sino was a far more successful cash generator than it was. Such mismatching and misclassification is a violation of GAAP.

180. Cash Flows From Operating Activities are one of the crucial metrics used by the financial analysts who followed Sino's performance. These misstatements were designed to, and did, have the effect of causing such analysts to materially overstate the value of Sino. This material

overstatement was incorporated into various research reports made available to the Class Members, the market and the public at large.

181. Matching is a foundational requirement of GAAP reporting. E&Y and BDO were aware, at all material times, that Sino was required to adhere to the matching principle. If E&Y and BDO had conducted GAAS-complaint audits, they would have been aware that Sino's reporting was not GAAP compliant with regard to the matching principle. Accordingly, if they had conducted GAAS-compliant audits, the statements by E&Y and BDO that Sino's reporting was GAAP-compliant were not only false, but were made, at a minimum, recklessly.

182. Further, at all material times, E&Y and BDO were aware that misstatements in Cash Flows From Operating Activities would materially impact the market's valuation of Sino.

183. Accordingly, in every Impugned Document that is a financial statement, the Consolidated Statements Of Cash Flow are a misrepresentation and, particularly, the Cash Flows From Operating Activities item and associated figures is materially overstated, the "additions to timber holdings" item and figures is required to be listed as Cash Flows From Operating Activities, and the "depletion of timber holdings included in cost of sales" item and figures should not have been included.

G. *Misrepresentations relating to Certain Risks to which Sino was exposed*

(i) Sino is conducting "business activities" in China

184. At material times, PRC law required foreign entities engaging in "business activities" in the PRC to register to obtain and maintain a license. Violation of this requirement could have resulted in both administrative sanctions and criminal punishment, including banning the unlicensed business activities, confiscating illegal income and properties used exclusively therefor, and/or an administrative fines of no more than RMB 500,000. Possible criminal punishment included a criminal fine from 1 to 5 times the amount of the profits gained.

185. Consequently, were Sino's BVI subsidiaries to have been engaged in unlicensed in "business activities" in the PRC during the Class Period, they would have been exposed to risks that were highly material to Sino.

186. Under PRC law, the term "business activities" generally encompasses any for-profit activities, and Sino's BVI subsidiaries were in fact engaged in unlicensed "business activities" in the PRC during the Class Period. However, Sino did not disclose this fact in any of the Impugned Documents, including in its AIFs for 2008-2010, which purported to make full disclosure of the material risks to which Sino was then exposed.

(ii) Sino fails to disclose that no proceeds were paid to it by its AIs

187. In the Second Report, Sino belatedly revealed that:

In practice, proceeds from the Entrusted Sale Agreements are not paid to SF but are held by the AIs as instructed by SF and subsequently used to pay for further purchases of standing timber by the same or other BVIs. The AIs will continue to hold these proceeds until the Company instructs the AIs to use these proceeds to pay for new BVI standing timber purchases. ***No proceeds are directly paid to the Company, either onshore or offshore.***

[Emphasis added]

188. This material fact was never disclosed in any of the Impugned Documents during the Class Period. On the contrary, Sino made the following statements during the Class Period in relation to the proceeds paid to it by its AIs, each of which was materially misleading and therefore a misrepresentation:

- (a) In the 2005 financial statements, Sino stated: “As a result, *the majority* of the accounts receivable arising from sales of wood chips and standing timber are realized through instructing the debtors to settle the amounts payable on standing timber and other PRC liabilities” [emphasis added];
- (b) In the 2006 Annual MD&A, the subsection “Provision for Tax Related Liabilities” in the section “Critical Accounting Estimates,” and associated text;
- (c) In the 2006 financial statements, Sino stated: “As a result, *the majority* of the accounts receivable arising from sales of wood chips and standing timber are realized through instructing the debtors to settle the amounts payable on standing timber and other liabilities denominated in Renminbi” [emphasis added];
- (d) In the 2007 financial statements, Sino stated: “As a result, *the majority* of the accounts receivable arising from sales of standing timber are realized through instructing the debtors to settle the amounts payable on standing timber and other liabilities denominated in Renminbi;”
- (e) In the 2008 financial statements, Sino stated: “As a result, *the majority* of the accounts receivable arising from sales of standing timber are realized through instructing the debtors to settle the amounts payable on standing timber and other liabilities denominated in Renminbi” [emphasis added];
- (f) In the 2009 financial statements, Sino stated: “As a result, *the majority* of the accounts receivable arising from sales of standing timber are realized through instructing the debtors to settle the amounts payable on standing timber and other liabilities denominated in Renminbi” [emphasis added]; and

- (g) In the 2010 financial statements, Sino stated: “As a result, *the majority* of the accounts receivable arising from sales of standing timber are realized through instructing the debtors to settle the amounts payable on standing timber and other liabilities denominated in Renminbi” [emphasis added].

H. *Misrepresentations relating to Sino’s GAAP Compliance and the Auditors’ GAAS Compliance*

(i) Sino, Chan and Horsley misrepresent that Sino complied with GAAP

189. In each of its Class Period financial statements, Sino represented that its financial reporting was GAAP-compliant, which was a misrepresentation for the reasons set out elsewhere herein.

190. In particular, Sino misrepresented in those financial statements that it was GAAP-compliant as follows:

- (a) In the annual statements filed on March 19, 2007, at Note 1: “These consolidated financial statements Sino-Forest Corporation (the “Company”) have been prepared in United States dollars in accordance with Canadian generally accepted accounting principles”;
- (b) In the annual financial statements filed on March 18, 2008, at Note 1: “The consolidated financial statements of Sino-Forest Corporation (the “Company”) have been prepared in United States dollars and in accordance with Canadian generally accepted accounting principles”;
- (c) In the annual financial statements filed on March 16, 2009, at note 1: “The consolidated financial statements of Sino-Forest Corporation (the “Company”) have been prepared in United States dollars and in accordance with Canadian generally accepted accounting principles”;

- (d) In the annual financial statements filed on March 16, 2010, at note 1: “The consolidated financial statements of Sino-Forest Corporation (the “Company”) have been prepared in United States dollars and in accordance with Canadian generally accepted accounting principles”; and
- (e) In the annual financial statements filed on March 15, 2011, at note 1: “The consolidated financial statements of Sino-Forest Corporation (the “Company”) have been prepared in United States dollars and in accordance with Canadian generally accepted accounting principles”.

191. In each of its Class Period MD&As, Sino represented that its reporting was GAAP-compliant, which was a misrepresentation for the reasons set out elsewhere herein.

192. In particular, Sino misrepresented in those MD&As that it was GAAP-compliant as follows:

- (a) In the annual MD&A filed on March 19, 2007: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (GAAP)”;
- (b) In the quarterly MD&A filed on May 14, 2007: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (“GAAP”)”;
- (c) In the quarterly MD&A filed on August 13, 2007: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (“GAAP”)”;
- (d) In the quarterly MD&A filed on November 12, 2007: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (“GAAP”)”;

- (e) In the annual MD&A filed on March 18, 2008: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (GAAP)”;
- (f) In the amended annual MD&A filed on March 28, 2008: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (GAAP)”;
- (g) In the quarterly MD&A filed on May 13, 2008: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (“GAAP”)”;
- (h) In the quarterly MD&A filed on August 12, 2008: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (“GAAP”)”;
- (i) In the quarterly MD&A filed on November 13, 2008: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (“GAAP”)”;
- (j) In the annual MD&A filed on March 16, 2009: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (GAAP)”;
- (k) In the amended annual MD&A filed on March 17, 2009: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (GAAP)”;
- (l) In the quarterly MD&A filed on May 11, 2009: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (GAAP)”;
- (m) In the quarterly MD&A filed on August 10, 2009: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian generally accepted accounting principles (GAAP)”;

- (n) In the quarterly MD&A filed on November 12, 2009: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian Generally Accepted Accounting Principles (“GAAP”);
- (o) In the annual MD&A files on March 16, 2010: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian Generally Accepted Accounting Principles (“GAAP”);
- (p) In the quarterly MD&A filed on May 12, 2010: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian Generally Accepted Accounting Principles (“GAAP”);
- (q) In the quarterly MD&A filed on August 10, 2010: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian Generally Accepted Accounting Principles (“GAAP”);
- (r) In the quarterly MD&A filed on November 10, 2010: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian Generally Accepted Accounting Principles (“GAAP”); and
- (s) In the annual MD&A filed on March 15, 2011: “Except where otherwise indicated, all financial information reflected herein is determined on the basis of Canadian Generally Accepted Accounting Principles (“GAAP”).”

193. In the Offerings, Sino represented that its reporting was GAAP-compliant, which was a misrepresentation for the reasons set out elsewhere herein.

194. In particular, Sino misrepresented in the Offerings that it was GAAP-compliant as follows:

- (a) In the July 2008 Offering Memorandum: “We prepare our financial statements on a consolidated basis in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”)[...],” “Our auditors conduct their audit of our

financial statements in accordance with auditing standards generally accepted in Canada” and “Each of the foregoing reports or financial statements will be prepared in accordance with Canadian generally accepted accounting principles other than for reports prepared for financial periods commencing on or after January 1, 2011 [...]”;

- (b) In the June 2009 Offering Memorandum: “We prepare our financial statements on a consolidated basis in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”)[...],” “Our auditors conduct their audit of our financial statements in accordance with auditing standards generally accepted in Canada,” “The audited and unaudited consolidated financial statements were prepared in accordance with Canadian GAAP,” “Our audited and consolidated financial statements for the years ended December 31, 2006, 2007 and 2008 and our unaudited interim consolidated financial statements for the three-month periods ended March 31, 2008 and 2009 have been prepared in accordance with Canadian GAAP”;
- (c) In the June 2009 Offering Memorandum: “We prepare our financial statements on a consolidated basis in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”)[...],” “Our auditors conduct their audit of our financial statements in accordance with auditing standards generally accepted in Canada” and “The audited and unaudited consolidated financial statements were prepared in accordance with Canadian GAAP”; and
- (d) In the October 2010 Offering Memorandum: “We prepare our financial statements on a consolidated basis in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”)[...],” “Our auditors conduct their audit of our financial statements in accordance with auditing standards generally accepted in Canada,” “The audited and unaudited consolidated financial statements were prepared in accordance with Canadian GAAP,” “Our audited and consolidated financial statements for the years ended December 31, 2007, 2008 and 2009 and our unaudited interim consolidated financial statements for the six-

month periods ended June 30, 2009 and 2010 have been prepared in accordance with Canadian GAAP.”

195. In the Class Period Management’s Reports, Chan and Horsley represented that Sino’s reporting was GAAP-compliant, which was a misrepresentation for the reasons set out elsewhere herein.

196. In particular, Chan and Horsley misrepresented in those Management’s Reports that Sino’s financial statements were GAAP-compliant as follows:

- (a) In the annual statements filed on March 19, 2007 Chan and Horsley stated: “The consolidated financial statements contained in this Annual Report have been prepared by management in accordance with Canadian generally accepted accounting principles”;
- (b) In the annual financial statements filed on March 18, 2008 Chan and Horsley stated: “The consolidated financial statements contained in this Annual Report have been prepared by management in accordance with Canadian generally accepted accounting principles”;
- (c) In the annual financial statements filed on March 16, 2009 Chan and Horsley stated: “The consolidated financial statements contained in this Annual Report have been prepared by management in accordance with Canadian generally accepted accounting principles”;
- (d) In the annual financial statements filed on March 16, 2010 Chan and Horsley stated: “The consolidated financial statements contained in this Annual Report have been prepared by management in accordance with Canadian generally accepted accounting principles”; and
- (e) In the annual financial statements filed on March 15, 2011 Chan and Horsley stated: “The consolidated financial statements contained in this Annual Report

have been prepared by management in accordance with Canadian generally accepted accounting principles.”

(ii) *E&Y and BDO misrepresent that Sino complied with GAAP and that they complied with GAAS*

197. In each of Sino’s Class Period annual financial statements, E&Y or BDO, as the case may be, represented that Sino’s reporting was GAAP-compliant, which was a misrepresentation for the reasons set out elsewhere herein. In addition, in each such annual financial statement, E&Y and BDO, as the case may be, represented that they had conducted their audit in compliance with GAAS, which was a misrepresentation because they did not in fact conduct their audits in accordance with GAAS.

198. In particular, E&Y and BDO misrepresented that Sino’s financial statements were GAAP-compliant and that they had conducted their audits in compliance with GAAS as follows:

- (a) In Sino’s annual financial statements filed on March 19, 2007, BDO stated: “We conducted our audit in accordance with Canadian generally accepted auditing standards” and “In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles”;
- (b) In the June 2007 Prospectus, BDO stated: “We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents”;
- (c) In Sino’s annual financial statements filed on March 18, 2008, E&Y stated: “We conducted our audit in accordance with Canadian generally accepted auditing standards” and “In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at

December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. The financial statements as at December 31, 2006 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 19, 2007”;

- (d) In the July 2008 Offering Memorandum, BDO stated: “We conducted our audit in accordance with Canadian generally accepted auditing standards” and “In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles” and E&Y stated “We conducted our audit in accordance with Canadian generally accepted auditing standards” and “In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles”;
- (e) In Sino’s annual financial statements filed on March 16, 2009, E&Y stated: “We conducted our audits in accordance with Canadian generally accepted auditing standards” and “In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles”;
- (f) In Sino’s annual financial statements filed on March 16, 2010, E&Y stated: “We conducted our audits in accordance with Canadian generally accepted auditing standards” and “In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows

for the years then ended in accordance with Canadian generally accepted accounting principles”; and

- (g) In Sino’s annual financial statements filed on March 15, 2011, E&Y stated: “We conducted our audits in accordance with Canadian generally accepted auditing standards.” and “In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sino-Forest corporation as at December 31, 2010 and 2009 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.”

(iii) *The Market Relied on Sino’s Purported GAAP-compliance and E&Y’s and BDO’s purported GAAS-compliance in Sino’s Financial Reporting*

199. As a public company, Sino communicated the results it claimed to have achieved to the Class Members via quarterly and annual financial results, among other disclosure documents. Sino’s auditors, E&Y and BDO, as the case may be, were instrumental in the communication of Sino’s financial information to the Class Members. The auditors certified that the financial statements were compliant with GAAP and that they had performed their audits in compliance with GAAS. Neither was true.

200. The Class Members invested in Sino’s securities on the critical premise that Sino’s financial statements were in fact GAAP-compliant, and that Sino’s auditors had in fact conducted their audits in compliance with GAAS. Sino’s reported financial results were also followed by analysts at numerous financial institutions. These analysts promptly reported to the market at large when Sino made earnings announcements, and incorporated into their Sino-related analyses and reports Sino’s purportedly GAAP-compliant financial results. These analyses and reports, in turn, significantly affected the market price for Sino’s securities.

201. The market, including the Class Members, would not have relied on Sino's financial reporting had the auditors disclosed that Sino's financial statements were not reliable or that they had not followed the processes that would have amply revealed that those statements were reliable.

VII. CHAN'S AND HORSLEY'S FALSE CERTIFICATIONS

202. Pursuant to National Instrument 52-109, the defendants Chan, as CEO, and Horsley, as CFO, were required at the material times to certify Sino's annual and quarterly MD&As and Financial Statements as well as the AIFs (and all documents incorporated into the AIFs). Such certifications included statements that the filings "do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made" and that the reports "fairly present in all material respects the financial condition, results of operations and cash flows of the issuer."

203. As particularized elsewhere herein, however, the Impugned Documents contained the Representation, which was false, as well as the other misrepresentations alleged above. Accordingly, the certifications given by Chan and Horsley were false and were themselves misrepresentations. Chan and Horsley made such false certifications knowingly or, at a minimum, recklessly.

VIII. THE TRUTH IS REVEALED

204. On June 2, 2011, Muddy Waters issued its initial report on Sino, and stated in part therein:

Sino-Forest Corp (TSE: TRE) is the granddaddy of China RTO frauds. It has always been a fraud – reporting excellent results from one of its early joint ventures – even though, because of TRE’s default on its investment obligations, the JV never went into operation. TRE just lied.

The foundation of TRE’s fraud is a convoluted structure whereby it claims to run most of its revenues through “authorized intermediaries” (“AI”). AIs are supposedly timber trader customers who purportedly pay much of TRE’s value added and income taxes. At the same time, these AIs allow TRE a gross margin of 55% on standing timber merely for TRE having speculated on trees.

The sole purpose of this structure is to fabricate sales transactions while having an excuse for not having the VAT invoices that are the mainstay of China audit work. If TRE really were processing over one billion dollars in sales through AIs, TRE and the AIs would be in serious legal trouble. No legitimate public company would take such risks – particularly because this structure has zero upside.

[...]

On the other side of the books, TRE massively exaggerates its assets. TRE significantly falsifies its investments in plantation fiber (trees). It purports to have purchased \$2.891 billion in standing timber under master agreements since 2006 [...]

[...]

Valuation

Because TRE has \$2.1 billion in debt outstanding, which we believe exceeds the potential recovery, we value its equity at less than \$1.00 per share.

205. Muddy Waters’ report also disclosed that (a) Sino’s business is a fraudulent scheme; (b) Sino systemically overstated the value of its assets; (c) Sino failed to disclose various related party transactions; (d) Sino misstated that it had enforced high standards of governance; (e) Sino misstated that its reliance on the AIs had decreased; (f) Sino misrepresented the tax risk associated with the use of AIs; and (g) Sino failed to disclose the risks relating to repatriation of earnings from PRC.

206. After Muddy Waters’ initial report became public, Sino shares fell to \$14.46, at which point trading was halted (a decline of 20.6% from the pre-disclosure close of \$18.21). When

trading was allowed to resume the next day, Sino's shares fell to a close of \$5.23 (a decline of 71.3% from June 1).

207. On November 13, 2011 Sino released the Second Report in redacted form. Therein, the Committee summarized its findings:

B. Overview of Principal Findings

The following sets out a very high level overview of the IC's principal findings and should be read in conjunction with the balance of this report.

Timber Ownership

[...]

The Company does not obtain registered title to BVI purchased plantations. In the case of the BVIs' plantations, the IC has visited forestry bureaus, Suppliers and AIs to seek independent evidence to establish a chain of title or payment transactions to verify such acquisitions. The purchase contracts, set-off arrangement documentation and forestry bureau confirmations constitute the documentary evidence as to the Company's contractual or other rights. ***The IC has been advised that the Company's rights to such plantations could be open to challenge. However, Management has advised that, to date, it is unaware of any such challenges that have not been resolved*** with the Suppliers in a manner satisfactory to the Company.

Forestry Bureau Confirmations and Plantation Rights Certificates

Registered title, through Plantation Rights Certificates is not available in the jurisdictions (i.e. cities and counties) examined by the IC Advisors for standing timber that is held without land use/lease rights. ***Therefore the Company was not able to obtain Plantation Rights Certificates for its BVIs standing timber assets in those areas.*** In these circumstances, the Company sought confirmations from the relevant local forestry bureau acknowledging its rights to the standing timber.

The IC Advisors reviewed forestry bureau confirmations for virtually all BVIs assets and non-Mandra WFOE purchased plantations held as at December 31, 2010. The IC Advisors, in meetings organized by Management, met with a sample of forestry bureaus with a view to obtaining verification of the Company's rights to standing timber in those jurisdictions. The result of such meetings to date have concluded with the forestry bureaus or related entities having issued new confirmations as to the Company's contractual rights to the Company in respect of 111,177 Ha. as of December 31, 2010 and 133,040 Ha. as of March 31, 2011, and have acknowledged the issuance of existing confirmations issued to the

Company as to certain rights, among other things, in respect of 113,058 Ha. as of December 31, 2010.

Forestry bureau confirmations are not officially recognized documents and are not issued pursuant to a legislative mandate or, to the knowledge of the IC, a published policy. It appears they were issued at the request of the Company or its Suppliers. The confirmations are not title documents, in the Western sense of that term, although the IC believes they should be viewed as comfort indicating the relevant forestry bureau does not dispute SF's claims to the standing timber to which they relate and might provide comfort in case of disputes. The purchase contracts are the primary evidence of the Company's interest in timber assets.

In the meetings with forestry bureaus, the IC Advisors did not obtain significant insight into the internal authorization or diligence processes undertaken by the forestry bureaus in issuing confirmations and, as reflected elsewhere in this report, the IC did not have visibility into or complete comfort regarding the methods by which those confirmations were obtained. It should be noted that several Suppliers observed that SF was more demanding than other buyers in requiring forestry bureau confirmations.

Book Value of Timber

Based on its review to date, the IC is satisfied that the book value of the BVIs timber assets of \$2.476 billion reflected on its 2010 Financial Statements and of SP WFOE standing timber assets of \$298.6 million reflected in its 2010 Financial Statements reflects the purchase prices for such assets as set out in the BVIs and WFOE standing timber purchase contracts reviewed by the IC Advisors. Further, the purchase prices for such BVIs timber assets have been reconciled to the Company's financial statements based on set-off documentation relating to such contracts that were reviewed by the IC. However, ***these comments are also subject to the conclusions set out above under "Timber Ownership" on title and other rights to plantation assets.***

The IC Advisors reviewed documentation acknowledging the execution of the set-off arrangements between Suppliers, the Company and AIs for the 2006-2010 period. ***However, the IC Advisors were unable to review any documentation of AIs or Suppliers which independently verified movements of cash in connection with such set-off arrangements between Suppliers, the Company and the AIs used to settle purchase prices paid to Suppliers by AIs on behalf of SF.*** We note also that the independent valuation referred to in Part VIII below has not yet been completed.

Revenue Reconciliation

As reported in its First Interim Report, the IC has reconciled reported 2010 total revenue to the sales prices in BVIs timber sales contracts, together with macro customer level data from other businesses. However, ***the IC was unable to review any documentation of AIs or Suppliers which independently verified movements***

of cash in connection with set-off arrangements used to settle purchase prices paid, or sale proceeds received by, or on behalf of SF.

Relationships

- Yuda Wood: The IC is satisfied that Mr. Huang Ran is not currently an employee of the Company and that Yuda Wood is not a subsidiary of the Company. However, *there is evidence suggesting close cooperation (including administrative assistance, possible payment of capital at the time of establishment, joint control of certain of Yuda Wood's RMB bank accounts and the numerous emails indicating coordination of funding and other business activities)*. Management has explained these arrangements were mechanisms that allowed the Company to monitor its interest in the timber transactions. Further, *Huang Ran (a Yuda Wood employee) has an ownership and/or directorship in a number of Suppliers* (See Section VI.B). The IC Advisors have been introduced to persons identified as influential backers of Yuda Wood but were unable to determine the relationships, if any, of such persons with Yuda Wood, the Company or other Suppliers or AIs. *Management explanations of a number of Yuda Wood-related emails and answers to E&Y's questions are being reviewed by the IC and may not be capable of independent verification.*

- Other: The IC's review has identified other situations which require further review. *These situations suggest that the Company may have close relationships with certain Suppliers, and certain Suppliers and AIs may have cross-ownership and other relationships with each other.* The IC notes that in the interviews conducted by the IC with selected AIs and Suppliers, all such parties represented that they were independent of SF. Management has very recently provided information and analysis intended to explain these situations. The IC is reviewing this material from Management and intends to report its findings in this regard in its final report to the Board. Some of such information and explanations may not be capable of independent verification.

- Accounting Considerations: *To the extent that any of SF's purchase and sale transactions are with related parties for accounting purposes, the value of these transactions as recorded on the books and records of the Company may be impacted.*

[...]

BVI Structure

The BVI structure used by SF to purchase and sell standing timber assets could be challenged by the relevant Chinese authorities as the undertaking of "business activities" within China by foreign companies, which may only be undertaken by entities established within China with the requisite approvals. However, there is no clear definition of what constitutes "business activities" under Chinese law and there are different views among the IC's Chinese counsel and the Company's Chinese counsel as to whether the purchase and sale of timber in China as

undertaken by the BVIs could be considered to constitute “business activities” within China. In the event that the relevant Chinese authorities consider the BVIs to be undertaking “business activities” within China, they may be required to cease such activities and could be subject to other regulatory action. As regularization of foreign businesses in China is an ongoing process, the government has in the past tended to allow foreign companies time to restructure their operations in accordance with regulatory requirements (the cost of which is uncertain), rather than enforcing the laws strictly and imposing penalties without notice. See Section II.B.2

C. Challenges

Throughout its process, the IC has encountered numerous challenges in its attempts to implement a robust independent process which would yield reliable results. Among those challenges are the following:

(a) Chinese Legal Regime for Forestry:

- national laws and policies appear not yet to be implemented at all local levels;
- in practice, none of the local jurisdictions tested in which BVIs hold standing timber appears to have instituted a government registry and documentation system for the ownership of standing timber as distinct from a government registry system for the ownership of plantation land use rights;
- the registration of plantation land use rights, the issue of Plantation Rights Certificates and the establishment of registries, is incomplete in some jurisdictions based on the information available to the IC;
- as a result, *title to standing timber, when not held in conjunction with a land use right, cannot be definitively proven by reference to a government maintained register*; and
- Sino-Forest has requested confirmations from forestry bureaus of its acquisition of timber holdings (excluding land leases) as additional evidence of ownership. Certain forestry bureaus and Suppliers have indicated the confirmation was beyond the typical diligence practice in China for acquisition of timber holdings.

(b) Obtaining Information from Third Parties: For a variety of reasons, all of them outside the control of the IC, it is very difficult to obtain information from third parties in China. These reasons include the following:

- *many of the third parties from whom the IC wanted information (e.g., AIs, Suppliers and forestry bureaus) are not compellable by the Company or Canadian legal processes*;
- third parties appeared to have concerns relating to disclosure of information regarding their operations that could become public or fall into the hands of

Chinese government authorities: *many third parties explained their reluctance to provide requested documentation and information as being “for tax reasons” but declined to elaborate*; and

- awareness of MW allegations, investigations and information gathering by the OSC and other parties, and court proceedings; while not often explicitly articulated, third parties had an awareness of the controversy surrounding SF and a reluctance to be associated with any of these allegations or drawn into any of these processes.

[...]

(e) Corporate Governance/Operational Weaknesses: ***Management has asserted that business in China is based upon relationships.*** The IC and the IC Advisors have observed this through their efforts to obtain meetings with forestry bureaus, Suppliers and AIs and their other experience in China. The importance of relationships appears to have resulted in dependence on a relatively small group of Management who are integral to maintaining customer relationships, negotiating and finalizing the purchase and sale of plantation fibre contracts and the settlement of accounts receivable and accounts payable associated with plantation fibre contracts. This concentration of authority or lack of segregation of duties has been previously disclosed by the Company as a control weakness. As a result and as disclosed in the 2010 MD&A, senior Management in their ongoing evaluation of disclosure controls and procedures and internal controls over financial reporting, recognizing the disclosed weakness, determined that the design and controls were ineffective. The Chairman and Chief Financial Officer provided annual and quarterly certifications of their regulatory filings. Related to this weakness the following challenges presented themselves in the examination by the IC and the IC Advisors:

- operational and administration systems that are generally not sophisticated having regard to the size and complexity of the Company’s business and in relation to North American practices; including:

- ***incomplete or inadequate record creation and retention practices;***
- contracts not maintained in a central location;
- significant volumes of data maintained across multiple locations on decentralized servers;
- ***data on some servers in China appearing to have been deleted on an irregular basis, and there is no back-up system;***
- no integrated accounting system: accounting data is not maintained on a single, consolidated application, which can require extensive manual procedures to produce reports; and

- a treasury function that was centralized for certain major financial accounts, but was not actively involved in the control or management of numerous local operations bank accounts;
- ***no internal audit function*** although there is evidence the Company has undertaken and continues to assess its disclosure controls and procedures and internal controls over financial reporting using senior Management and independent control consultants;
- ***SF employees conduct Company affairs from time to time using personal devices and non-corporate email addresses*** which have been observed to be shared across groups of staff and changed on a periodic and organized basis; this complicated and delayed the examination of email data by the IC Advisors; and
- lack of full cooperation/openness in the ICs examination from certain members of Management.

(f) Complexity, Lack of Visibility into, and Limitations of BVIs Model: ***The use of AIs and Suppliers as an essential feature of the BVIs standing timber business model contributes to the lack of visibility into title documentation, cash movements and tax liability since cash settlement in respect of the BVIs standing timber transactions takes place outside of the Company's books.***

(g) Cooperation and openness of the Company's executives throughout the process: From the outset, the IC Advisors sought the full cooperation and support of Allen Chan and the executive management team. Initially, the executive management team appeared ill-prepared to address the IC's concerns in an organized fashion and there was perhaps a degree of culture shock as Management adjusted to the IC Advisors' examination. ***In any event, significant amounts of material information, particularly with respect to the relationship with Yuda Wood, interrelationships between AIs and/or Suppliers, were not provided to the IC Advisors as requested.*** In late August 2011 on the instructions of the IC, interviews of Management were conducted by the IC Advisors in which documents evidencing these connections were put to the Management for explanation. As a result of these interviews (which were also attended by BJ) the Company placed certain members of Management on administrative leave upon the advice of Company counsel. At the same time the OSC made allegations in the CTO of Management misconduct.

[...]

(h) Independence of the IC Process: ***The cooperation and collaboration of the IC with Management (operating under the direction of the new Chief Executive Officer) and with Company counsel in completing certain aspects of the IC's mandate has been noted by the OSC and by E&Y. Both have questioned the degree of independence of the IC from Management as a result of this interaction.*** The IC has explained the practical impediments to its work in the context of the distinct business culture (and associated issues of privacy) in the

forestry sector in China in which the Company operates. Cooperation of third parties in Hong Kong and China, including employees, depends heavily on relationships and trust. As noted above, the Company's placing certain members of Management on administrative leave, as well as the OSC's allegations in the CTO, further hampered the IC's ability to conduct its process. As a result, the work of the IC was frequently done with the assistance of, or in reliance on, the new Chief Executive Officer and his Management team and Company counsel. Given that Mr. Martin was, in effect, selected by the IC and BJ was appointed in late June 2011, the IC concluded that, while not ideal, this was a practical and appropriate way to proceed in the circumstances. As evidenced by the increased number of scheduled meetings with forestry bureaus, Suppliers and AIs, and, very recently, the delivery to the IC of information regarding AIs and Suppliers and relationships among the Company and such parties, it is acknowledged that Mr. Martin's involvement in the process has been beneficial. It is also acknowledged that in executing his role and assisting the IC he has had to rely on certain of the members of Management who had been placed on administrative leave.

[Emphasis added]

208. On January 31, 2012, Sino released the Final Report. In material part, it read:

This Final Report of the IC sets out the activities undertaken by the IC since mid-November, the findings from such activities and the IC's conclusions regarding its examination and review. The IC's activities during this period have been limited as a result of Canadian and Chinese holidays (Christmas, New Year and Chinese New Year) and the extensive involvement of IC members in the Company's Restructuring and Audit Committees, both of which are advised by different advisors than those retained by the IC. ***The IC believes that, notwithstanding there remain issues which have not been fully answered, the work of the IC is now at the point of diminishing returns because much of the information which it is seeking lies with non-compellable third parties, may not exist or is apparently not retrievable from the records of the Company.***

In December 2011, the Company defaulted under the indentures relating to its outstanding bonds with the result that its resources are now more focused on dealing with its bondholders. This process is being overseen by the Restructuring Committee appointed by the Board. Pursuant to the Waiver Agreement dated January 18, 2012 between the Company and the holders of a majority of the principal amount of its 2014 Notes, the Company agreed, among other things, that the final report of the IC to the Board would be made public by January 31, 2012.

Given the circumstances described above, the IC understands that, with the delivery of this Final Report, its review and examination activities are terminated. the IC does not expect to undertake further work other than assisting with responses to regulators and the RCMP as required and engaging in such further specific activities as the IC may deem advisable or the Board may instruct. The

IC has asked the IC Advisors to remain available to assist and advise the IC upon its instructions.

[...]

II. RELATIONSHIPS

The objectives of the IC's examination of the Company's relationships with its AIs and Suppliers were to determine, in light of the MW allegations, if such relationships are arm's length and to obtain, if possible, independent verification of the cash flows underlying the set-off transactions described in Section II.A of the Second Interim Report. ***That the Company's relationships with its AIs and Suppliers be arm's length is relevant to SF's ability under GAAP to:***

- ***book its timber assets at cost in its 2011 and prior years' financial statements, both audited and unaudited***
- ***recognize revenue from standing timber sales as currently reflected in its 2011 and prior years' financial statements, both audited and unaudited.***

A. Yuda Wood

Yuda Wood was founded in April 2006 and was until 2010 a Supplier of SF. Its business with SF from 2007 to 2010 totalled approximately 152,164 Ha and RMB 4.94 billion. Section VI.A and Schedule VI.A.2(a) of the Second Interim Report described the MW allegations relating to Yuda Wood, the review conducted by the IC and its findings to date. The IC concluded that Huang Ran is not currently an employee, and that Yuda Wood is not a subsidiary, of the Company. ***However, there is evidence suggesting a close cooperation between SF and Yuda Wood which the IC had asked Management to explain.*** At the time the Second Interim Report was issued, the IC was continuing to review Management's explanations of a number of Yuda Wood-related emails and certain questions arising therefrom.

Subsequent to the issuance of its Second Interim Report in mid-November, the IC, with the assistance of the IC Advisors, has reviewed the Management responses provided to date relating to Yuda Wood and has sought further explanations and documentary support for such explanations. This was supplementary to the activities of the Audit Committee of SF and its advisors who have had during this period primary carriage of examining Management's responses on the interactions of SF and Yuda Wood. ***While many answers and explanations have been obtained, the IC believes that they are not yet sufficient to allow it to fully understand the nature and scope of the relationship between SF and Yuda Wood. Accordingly, based on the information it has obtained, the IC is still unable to independently verify that the relationship of Yuda Wood is at arm's length to SF.*** It is to be noted that Management is of the view that Yuda Wood is unrelated to SF for accounting purposes. The IC remains satisfied that Yuda is not a subsidiary of SF. Management continues to undertake work related to Yuda

Wood, including seeking documentation from third parties and responding to e-mails where the responses are not yet complete or prepared. Management has provided certain banking records to the Audit Committee that the Audit Committee advises support Management's position that SF did not capitalize Yuda Wood (but that review is not yet completed). The IC anticipates that Management will continue to work with the Audit Committee, Company counsel and E&Y on these issues.

B. Other Relationships

Section VI.B.1 of the Second Interim Report described certain other relationships which had been identified in the course of the IC's preparation for certain interviews with AIs and Suppliers. *These relationships include (i) thirteen Suppliers where former SF employees, consultants or secondees are or have been directors, officers and/or shareholders (including Yuda Wood); (ii) an AI with a former SF employee in a senior position; (iii) potential relationships between AIs and Suppliers; (iv) set-off payments for BVI standing timber purchases being made by companies that are not AIs and other setoff arrangements involving non-AI entities; (v) payments by AIs to potentially connected Suppliers; and (vi) sale of standing timber to an AI potentially connected to a Supplier of that timber. Unless expressly addressed herein, the IC has no further update of a material nature on the items raised above.*

On the instructions of the IC, the IC Advisors gave the details of these possible relationships to Management for further follow up and explanation. Just prior to the Second Interim Report, Management provided information regarding AIs and Suppliers relationships among the Company and such parties.

This information was in the form of a report dated November 10, 2011, subsequently updated on November 21, 2011 and January 20, 2012 (the latest version being the "Kaitong Report") prepared by Kaitong Law Firm ("Kaitong"), a Chinese law firm which advises the Company. The Kaitong Report has been separately delivered to the Board. *Kaitong has advised that much of the information in the Kaitong Report was provided by Management and has not been independently verified by such law firm or the IC.*

[...]

The Kaitong Report generally describes certain relationships amongst AIs and Suppliers and certain relationships between their personnel and Sino-Forest, either identified by Management or through SAIC and other searches. The Kaitong Report also specifically addresses certain relationships identified in the Second Interim Report. The four main areas of information in the Kaitong Report are as follows and are discussed in more detail below:

(i) Backers to Suppliers and AIs: The Kaitong Report explains the concept of "backers" to both Suppliers and AIs. The Kaitong Report suggests that backers are individuals with considerable influence in political, social or business circles,

or all three. The Kaitong Report also states that such backers or their identified main business entities do not generally appear in SAIC filings by the Suppliers or AIs as shareholders thereof and, in most instances, in any other capacity.

(ii) Suppliers and AIs with Former SF Personnel: The appendices to the Kaitong Report list certain Suppliers that have former SF personnel as current shareholders.

(iii) Common Shareholders Between Suppliers and AIs: The Kaitong Report states that there are 5 Suppliers and 3 AIs with current common shareholders but there is no cross majority ownership positions between Suppliers and AIs.

(iv) Transactions Involving Suppliers and AIs that have Shareholders in common: The Kaitong Report states that, where SF has had transactions with Suppliers and AIs that have certain current shareholders in common as noted above, the subject timber in those transactions is not the same; that is, the timber which SF buys from such Suppliers and the timber which SF sells to such AIs are located in different counties or provinces.

The IC Advisors have reviewed the Kaitong Report on behalf of the IC. The IC Advisors liaised with Kaitong and met with Kaitong and current and former Management. A description of the Kaitong Report and the IC's findings and comments are summarized below. By way of summary, the Kaitong Report provides considerable information regarding relationships among Suppliers and AIs, and between them and SF, but much of this information related to the relationship of each backer with the associated Suppliers and AIs is not supported by any documentary or other independent evidence. ***As such, some of the information provided is unverified and, particularly as it relates to the nature of the relationships with the backers, is viewed by the IC to be likely unverifiable by it.***

1. Backers to Suppliers and AIs

[...]

Given the general lack of information on the backers or the nature and scope of the relationships between the Suppliers or AIs and their respective backers and the absence of any documentary support or independent evidence of such relationships, the IC has been unable to reach any conclusion as to the existence, nature or importance of such relationships. ***As a result, the IC is unable to assess the implications, if any, of these backers with respect to SF's relationships with its Suppliers or AIs. Based on its experience to date, including interviews with Suppliers and AIs involving persons who have now been identified as backers in the Kaitong Report, the IC believes that it would be very difficult for the IC Advisors to arrange interviews with either the AIs or Suppliers or their respective backers and, if arranged, that such interviews would yield very little, if any, verifiable information to such advisors.*** The IC understands Management is continuing to seek meetings with its AIs and Suppliers with the objective of

obtaining information, to the extent such is available, that will provide further background to the relationships to the Audit Committee.

[...]

2. Suppliers and AIs with Former SF Personnel

The Appendices to the Kaitong Report list the Suppliers with former SF personnel as current shareholders. According to the information previously obtained by the IC Advisors, the identification of former SF personnel indicated in the Kaitong Report to be current shareholders of past or current Suppliers is correct.

(a) Suppliers with former SF personnel

The Kaitong Report, which is limited to examining Suppliers where ex-SF employees are current shareholders as shown in SAIC filings, does not provide material new information concerning Suppliers where former SF employees were identified by the IC in the Second Interim Report as having various past or present connections to current or former Suppliers except that the Kaitong Report provides an explanation of two transactions identified in the Second Interim Report. These involved purchases of standing timber by SF from Suppliers controlled by persons who were employees of SF at the time of these transactions. Neither of the Suppliers have been related to an identified backer in the Kaitong Report. The explanations are similar indicating that neither of the SF employees was an officer in charge of plantation purchases or one of SF's senior management at the time of the transactions. The employees in question were Shareholder #14 in relation to a RMB 49 million purchase from Supplier #18 in December 2007 (shown in SAIC filings to be 100% owned by him) and Shareholder #20 in relation to a RMB 3.3 million purchase from Supplier #23 (shown in SAIC filings to be 70% owned by him) in October 2007. ***The Kaitong Report indicates Shareholder #20 is a current employee of SF who then had responsibilities in SF's wood board production business.***

The IC is not aware that the employees' ownership positions were brought to the attention of the Board at the time of the transactions or, subsequently, until the publication of the Second Interim Report and understands the Audit Committee will consider such information.

(b) AIs with former SF personnel

The Kaitong Report indicates that no SF employees are listed in SAIC filing reports as current shareholders of AIs. Except as noted herein, the IC agrees with this statement. The Kaitong Report does not address the apparent role of an ex-employee Officer #3 who was introduced to the IC as the person in charge of AI #2 by Backer #5 of AI Conglomerate #1. Backer #5 is identified in the Kaitong Report as a backer of two AIs, including AI#2. (The Kaitong Report properly does not include AI #14. as an AI for this purpose, whose 100% shareholder is former SF employee Officer #3. However, the IC is satisfied that the activities of

this entity primarily relate to certain onshoring transactions that facilitated the transfer of SF BVI timber assets to SF WFOE subsidiaries.)

There was one other instance where a past shareholding relationship has been identified between an AI #10 and persons who were previously or are still shown on the SF human resources records, Shareholder #26 and Shareholder #27. Management has explained that such entity sold wood board processing and other assets to SF and that the persons associated with that company consulted with SF after such sale in relation to the purchased wood board processing assets. ***Such entity subsequently also undertook material timber purchases as an AI of SF in 2007-2008 over a time period in which such persons are shown as shareholders of such AI in the SAIC filing reviewed (as to 47.5% for Shareholder #26 and as to 52.5% for Shareholder #27). That time period also intersects the time that Shareholder #26 is shown in such human resources records and partially intersects the time that Shareholder #27 is shown on such records. Management has also explained that Shareholder #26 subsequent to the time of such AI sales became an employee of a SF wood board processing subsidiary. Management has provided certain documentary evidence of its explanations. The IC understands that the Audit Committee will consider this matter.***

3. Common Shareholders between Supplier and AIs

The Kaitong Report states that there are 5 Suppliers and 3 AIs that respectively have certain common current shareholders but also states that there is no cross control by those current shareholders of such Suppliers or AIs based on SAIC filings. The Kaitong Report correctly addresses current cross shareholdings in Suppliers and AIs based on SAIC filings but does not address certain other shareholdings. With the exception of one situation of cross control in the past, the IC has not identified a circumstance in the SAIC filings reviewed where the same person controlled a Supplier at the time it controlled a different AI. ***The one exception is that from April 2002 to February 2006, AI #13 is shown in SAIC filings as the 90% shareholder of Supplier/AI #14. AI #13 did business with SF BVIs from 2005 through 2007 and Supplier/AI #14 supplied SF BVIs from 2004 through 2006. However, the IC to date has only identified one contract involving timber bought from Supplier/AI #14 that was subsequently sold to AI #13. It involved a parcel of 2,379 Ha. timber sold to AI #13 in December 2005 that originated from a larger timber purchase contract with Supplier/AI #14 earlier that year. Management has provided an explanation for this transaction. The IC understands that the Audit Committee will consider this matter.***

4. Transactions involving Suppliers and AIs with Current Shareholders in Common

The Kaitong Report states that where SF has had transactions with 5 Suppliers and 3 AIs that have current shareholders in common (but no one controlling shareholder) as shown in SAIC filings, the subject timber in the transactions they

each undertook with SF is not the same; that is, the timber which SF buys from the Suppliers and the timber which SF sells to the AIs where the Supplier and AI have a current common shareholder were located in different areas and do not involve the same plots of timber. The Kaitong Report further states that where SF has had transactions with 5 Suppliers and 3 AIs with current shareholders in common as shown in SAIC filings, SF had transactions with those AIs prior to having transactions with those Suppliers, thus SF was not overstating its transactions by buying and selling to the same counterparties.

[...]

The Kaitong Report does not specifically address historical situations involving common shareholders and potential other interconnections between AIs and Suppliers that may appear as a result of the identification of backers. There is generally no ownership connection shown in SAIC filings between backers and the Suppliers and AIs associated with such backers in the Kaitong Report.

[...]

VI. OUTSTANDING MATTERS

As noted in Section I above, the IC understands that with the delivery of this report, its examination and review activities are terminated. The IC would expect its next steps may include only:

- (a) assisting in responses to regulators and RCMP as required; and
- (b) such other specific activities as it may deem advisable or the Board may instruct.

[Emphasis added]

IX. SINO REWARDS ITS EXPERTS

209. Bowland, Hyde and West are former E&Y partners and employees. They served on Sino's Audit Committee but purported to exercise oversight of their former E&Y colleagues. In addition, Sino's Vice-President, Finance (Corporate), Thomas M. Maradin, is a former E&Y employee.

210. The charter of Sino's Audit Committee required that Ardell, Bowland, Hyde and West "review and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the Auditor." Sino's practice of appointing E&Y personnel to its board – and paying them handsomely (for example, Hyde was paid \$163,623 by Sino in 2010, \$115,962 in 2009, \$57,000 in 2008 and \$55,875 in 2007, plus options and other compensation) – undermined the Audit Committee's oversight of E&Y.

211. E&Y's independence was impaired by the significant non-audit fees it was paid during 2008-2010, which total \$712,000 in 2008, \$1,225,000 in 2009 and \$992,000 in 2010.

212. Further, Andrew Fyfe, the former Asia-Pacific President for Pöyry Forestry Industry Ltd, was appointed Chief Operating Officer of Greenheart, and is the director of several Sino subsidiaries. Fyfe signed the Pöyry valuation report dated June 30, 2004, March 22, 2005, March 23, 2006, March 14, 2008 and April 1, 2009.

213. George Ho, Sino's Vice President, Finance (China), is a former Senior Manager of the BDO.

X. THE DEFENDANTS' RELATIONSHIP TO THE CLASS

214. By virtue of their purported accounting, financial and/or managerial acumen and qualifications, and by virtue of their having assumed, voluntarily and for profit, the role of gatekeepers, the Defendants had a duty at common law, informed by the Securities Legislation and/or the *CBCA*, to exercise care and diligence to ensure that the Impugned Documents fairly and accurately disclosed Sino's financial condition and performance in accordance with GAAP.

215. Sino is a reporting issuer and had an obligation to make timely, full, true and accurate disclosure of material facts and changes with respect to its business and affairs.

216. The Individual Defendants, by virtue of their positions as senior officers and/or directors of Sino, owed a duty to the Class Members to ensure that public statements on behalf of Sino were not untrue, inaccurate or misleading. The continuous disclosure requirements in Canadian securities law mandated that Sino provide the Impugned Documents, including quarterly and annual financial statements. These documents were meant to be read by Class Members who acquired Sino's Securities in the secondary market and to be relied on by them in making investment decisions. This public disclosure was prepared to attract investment, and Sino and the Individual Defendants intended that Class Members would rely on public disclosure for that purpose. With respect to Prospectuses and Offering Memoranda, these documents were prepared for primary market purchasers. They include detailed content as mandated under Canadian securities legislation, national instruments and OSC rules. They were meant to be read by the Class Members who acquired Sino's Securities in the primary market, and to be relied on by them in making decisions about whether to purchase the shares or notes under the Offerings to which these Prospectuses and Offering Memoranda related.

217. Chan and Horsley had statutory obligations under Canadian securities law to ensure the accuracy of disclosure documents and provided certifications in respect of the annual reports, financial statements and Prospectuses during the Class Period. The other Individual Defendants were directors of Sino during the Class Period and each had a statutory obligation as a director under the *CBCA* to manage or supervise the management of the business and affairs of Sino. These Individual Defendants also owed a statutory duty of care to shareholders under section 122 of the *CBCA*. In addition, Poon, along with Chan, co-founded Sino and has been its president since 1994. He is intimately aware of Sino's operations and as a long-standing senior officer, he

had an obligation to ensure proper disclosure. Poon authorized, permitted or acquiesced in the release of the Impugned Documents.

218. BDO and E&Y acted as Sino's auditors and provided audit reports in Sino's annual financial statements that were directed to shareholders. These audit reports specified that BDO and E&Y had conducted an audit in accordance with GAAS, which was untrue, and included their opinions that the financial statements presented fairly, in all material respects, the financial position of Sino, the results of operations and Sino's cash flows, in accordance with GAAP. BDO and E&Y knew and intended that Class Members would rely on the audit reports and assurances about the material accuracy of the financial statements.

219. Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD each signed one or more of the Prospectuses and certified that, to the best of its knowledge, information and belief, the particular prospectus, together with the documents incorporated therein by reference, constituted full, true and plain disclosure of all material facts relating to the securities offered thereby. These defendants knew that the Class Members who acquired Sino's Securities in the primary market would rely on these assurances and the trustworthiness that would be credited to the Prospectuses because of their involvement. Further, those Class Members that purchased shares under these Prospectuses purchased their shares from these defendants as principals.

220. Credit Suisse USA, TD and Banc of America acted as initial purchasers or dealer managers for one or more of the note Offerings. These defendants knew that persons purchasing these notes would rely on the trustworthiness that would be credited to the Offering Memoranda because of their involvement.

XI. THE PLAINTIFFS' CAUSES OF ACTION

A. *Negligent Misrepresentation*

221. As against all Defendants except Pöyry and the Underwriters, and on behalf of all Class Members who acquired Sino's Securities in the secondary market, the Plaintiffs plead negligent misrepresentation for all of the Impugned Documents except the Offering Memoranda.

222. Labourers and Wong, on behalf of Class Members who purchased Sino Securities in one of the distributions to which a Prospectus related, plead negligent misrepresentation as against Sino, Chan, Horsley, Poon, Wang, Martin, Mak, Murray, Hyde, BDO, E&Y, Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD for the Prospectuses.

223. Grant, on behalf of Class Members who purchased Sino Securities in one of the distributions to which an Offering Memorandum related, pleads negligent misrepresentation as against Sino, BDO and E&Y for the Offering Memoranda.

224. In support of these claims, the sole misrepresentation that the Plaintiffs plead is the Representation. The Representation is contained in the language relating to GAAP particularized above, and was untrue for the reasons particularized elsewhere herein.

225. The Impugned Documents were prepared for the purpose of attracting investment and inducing members of the investing public to purchase Sino securities. The Defendants knew and intended at all material times that those documents had been prepared for that purpose, and that the Class Members would rely reasonably and to their detriment upon such documents in making the decision to purchase Sino securities.

226. The Defendants further knew and intended that the information contained in the Impugned Documents would be incorporated into the price of Sino's publicly traded securities

such that the trading price of those securities would at all times reflect the information contained in the Impugned Documents.

227. As set out elsewhere herein, the Defendants, other than Pöyry, Credit Suisse USA and Banc of America, had a duty at common law to exercise care and diligence to ensure that the Impugned Documents fairly and accurately disclosed Sino's financial condition and performance in accordance with GAAP.

228. These Defendants breached that duty by making the Representation as particularized above.

229. The Plaintiffs and the other Class Members directly or indirectly relied upon the Representation in making a decision to purchase the securities of Sino, and suffered damages when the falsity of the Representation was revealed on June 2, 2011.

230. Alternatively, the Plaintiffs and the other Class Members relied upon the Representation by the act of purchasing Sino securities in an efficient market that promptly incorporated into the price of those securities all publicly available material information regarding the securities of Sino. As a result, the repeated publication of the Representation in these Impugned Documents caused the price of Sino's shares to trade at inflated prices during the Class Period, thus directly resulting in damage to the Plaintiffs and Class Members.

B. *Statutory Claims, Negligence, Oppression, Unjust Enrichment and Conspiracy*

(i) Statutory Liability—Secondary Market under the Securities Legislation

231. The Plaintiffs plead the claim found in Part XXIII.1 of the *OSA*, and, if required, the equivalent sections of the Securities Legislation other than the *OSA*, against all Defendants except the Underwriters.

232. Each of the Impugned Documents except for the December 2009 and October 2010 Offering Memoranda is a “Core Document” within the meaning of the Securities Legislation.

233. Each of these Impugned Documents contained one or more misrepresentations as particularized above. Such misrepresentations and the Representation are misrepresentations for the purposes of the Securities Legislation.

234. Each of the Individual Defendants was an officer and/or director of Sino at material times. Each of the Individual Defendants authorized, permitted or acquiesced in the release of some or all of these Impugned Documents.

235. Sino is a reporting issuer within the meaning of the Securities Legislation.

236. E&Y is an expert within the meaning of the Securities Legislation. E&Y consented to the use of its statements particularized above in these Impugned Documents.

237. BDO is an expert within the meaning of the Securities Legislation. BDO consented to the use of its statements particularize above in these Impugned Documents.

238. Pöyry is an expert within the meaning of the Securities Legislation. Pöyry consented to the use of its statements particularized above in these Impugned Documents.

239. At all material times, each of Sino, Chan, Poon and Horsley, BDO and E&Y knew or, in the alternative, was wilfully blind to the fact, that the Impugned Documents contained the Representation and that the Representation was false, and that the Impugned Documents contained other of the misrepresentations that are alleged above to have been contained therein.

(ii) Statutory Liability – Primary Market for Sino’s Shares under the Securities Legislation

240. As against Sino, Chan, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry, BDO, E&Y, Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD, and on behalf

of those Class Members who purchased Sino shares in one of the distributions to which the June 2009 or December 2009 Prospectuses related, Labourers and Wong assert the cause of action set forth in s. 130 of the *OSA* and, if necessary, the equivalent provisions of the Securities Legislation other than the *OSA*.

241. Sino issued the June 2009 and December 2009 Prospectuses, which contained the Representation and the other misrepresentations that are alleged above to have been contained in those Prospectuses or in the Sino disclosure documents incorporated therein by reference.

(iii) Statutory Liability – Primary Market for Sino’s Notes under the Securities Legislation

242. As against Sino, and on behalf of those Class Members who purchased or otherwise acquired Sino’s notes in one of the offerings to which the July 2008, June 2009, December 2009, and October 2010 Offering Memoranda related, Grant asserts the cause of action set forth in s. 130.1 of the *OSA* and, if necessary, the equivalent provisions of the Securities Legislation other than the *OSA*.

243. Sino issued the July 2008, June 2009, December 2009 and October 2010 Offering Memoranda, which contained the Representation and the other misrepresentations that are alleged above to have been contained in those Offering Memoranda or in the Sino disclosure documents incorporated therein by reference.

(iv) Negligence Simpliciter – Primary Market for Sino’s Securities

244. Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, BDO, E&Y, Pöyry and the Underwriters (collectively, the “**Primary Market Defendants**”) acted negligently in connection with one or more of the Offerings.

245. As against Sino, Chan, Horsley, Poon, Wang, Martin, Mak, Murray, Hyde, BDO, E&Y, Pöyry, Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD, and on

behalf of those Class Members who purchased Sino's Securities in one of the distributions to which those Prospectuses related, Labourers and Wong assert negligence simpliciter.

246. As against Sino, BDO, E&Y, Pöyry, Credit Suisse USA, Banc of America and TD, and on behalf of those Class Members who purchased Sino's Securities in one of the distributions to which the Offering Memoranda related, Grant asserts negligence simpliciter.

247. The Primary Market Defendants owed a duty of care to ensure that the Prospectuses and/or the Offering Memoranda they issued, or authorized to be issued, or in respect of which they acted as an underwriter, initial purchaser or dealer manager, made full, true and plain disclosure of all material facts relating to the Securities offered thereby, or to ensure that their opinions or reports contained in such Prospectuses and Offering Memoranda did not contain a misrepresentation.

248. At all times material to the matters complained of herein, the Primary Market Defendants ought to have known that such Prospectuses or Offering Memoranda and the documents incorporated therein by reference were materially misleading in that they contained the Representation and the other misrepresentations particularized above.

249. Chan, Poon, Horsley, Wang, Martin, Mak, Murray and Hyde were senior officers and/or directors at the time the Offerings to which the Prospectuses related. These Prospectuses were created for the purposes of obtaining financing for Sino's operations. Chan, Horsley, Martin and Hyde signed each of the Prospectuses and certified that they made full, true and plain disclosure of all material facts relating to the shares offered. Wang, Mak and Murray were directors during one or more of these Offerings and each had a statutory obligation to manage or supervise the management of the business and affairs of Sino. Poon was a director for the June 2007 share Offering and was president of Sino at the time of the June 2009 and December 2009 Offering.

Poon, along with Chan, co-founded Sino and has been the president since 1994. He is intimately aware of Sino's business and affairs.

250. The Underwriters acted as underwriters, initial purchasers or dealer managers for the Offerings to which the Prospectuses and Offering Memoranda related. They had an obligation to conduct due diligence in respect of those Offerings and ensure that those Securities were offering at a price that reflected their true value or that such distributions did not proceed if inappropriate. In addition, Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD signed one or more of the Prospectuses and certified that to the best of their knowledge, information and belief, the Prospectuses constituted full, true and plain disclosure of all material facts relating to the shares offered.

251. E&Y and BDO acted as Sino's auditors and had a duty to maintain or to ensure that Sino maintained appropriate internal controls to ensure that Sino's disclosure documents adequately and fairly presented the business and affairs of Sino on a timely basis.

252. Pöyry had a duty to ensure that its opinions and reports reflected the true nature and value of Sino's assets. Pöyry, at the time it produced each of the 2008 Valuations, 2009 Valuations, and 2010 Valuations, specifically consented to the inclusion of those valuations or a summary at any time that Sino or its subsidiaries filed any documents on SEDAR or issued any documents pursuant to which any securities of Sino or any subsidiary were offered for sale.

253. The Primary Market Defendants have violated their duties to those Class Members who purchased Sino's Securities in the distributions to which a Prospectus or an Offering Memorandum related.

254. The reasonable standard of care expected in the circumstances required the Primary Market Defendants to prevent the distributions to which the Prospectuses or the Offering Memoranda related from occurring prior to the correction of the Representation and the other misrepresentations alleged above to have been contained in the Prospectuses or the Offering Memoranda, or in the documents incorporated therein by reference. Those Defendants failed to meet the standard of care required by causing the Offerings to occur before the correction of such misrepresentations.

255. In addition, by failing to attend and participate in Sino board and board committee meetings to a reasonable degree, Murray and Poon effectively abdicated their duties to the Class Members and as directors of Sino.

256. Sino, E&Y, BDO and the Individual Defendants further breached their duty of care as they failed to maintain or to ensure that Sino maintained appropriate internal controls to ensure that Sino's disclosure documents adequately and fairly presented the business and affairs of Sino on a timely basis.

257. Had the Primary Market Defendants exercised reasonable care and diligence in connection with the distributions to which the Prospectuses related, then securities regulators likely would not have issued a receipt for any of the Prospectuses, and those distributions would not have occurred, or would have occurred at prices that reflected the true value of Sino's shares.

258. Had the Primary Market Defendants exercised reasonable care and diligence in connection with the distributions to which the Offering Memoranda related, then those distributions would not have occurred, or would have occurred at prices that reflected the true value of Sino's notes.

259. The Primary Market Defendants' negligence in relation to the Prospectuses and the Offering Memoranda resulted in damage to Labourers, Grant and Wong, and to the other Class Members who purchased Sino's Securities in the related distributions. Had those Defendants satisfied their duty of care to such Class Members, then those Class Members would not have purchased the Securities that they acquired under the Prospectuses or the Offering Memoranda, or they would have purchased them at a much lower price that reflected their true value.

(v) *Unjust Enrichment of Chan, Martin, Poon, Horsley, Mak and Murray*

260. As a result of the Representation and the other misrepresentations particularized above, Sino's shares traded, and were sold by Chan, Martin, Poon, Horsley, Mak and Murray, at artificially inflated prices during the Class Period.

261. Chan, Martin, Poon, Horsley, Mak and Murray were enriched by their wrongful acts and omissions during the Class Period, and the Class Members who purchased Sino shares from such Defendants suffered a corresponding deprivation.

262. There was no juristic reason for the resulting enrichment of Chan, Martin, Poon, Horsley, Mak and Murray.

263. The Class Members who purchased Sino shares from Chan, Martin, Poon, Horsley, Mak and Murray during the Class Period are entitled to the difference between the price they paid to such Defendants for such shares, and the price that they would have paid had the Defendants not made the Representation and the other misrepresentations particularized above, and had not committed the wrongful acts and omissions particularized above.

(vi) Unjust Enrichment of Sino

264. Throughout the Class Period, Sino made the Offerings. Such Offerings were made via various documents, particularized above, that contained the Representation and the misrepresentations particularized above.

265. The Securities sold by Sino via the Offerings were sold at artificially inflated prices as a result of the Representation and the others misrepresentations particularized above.

266. Sino was enriched by, and those Class Members who purchased the Securities via the Offerings were deprived of, an amount equivalent to the difference between the amount for which the Securities offered were actually sold, and the amount for which such securities would have been sold had the Offerings not included the Representation and the misrepresentations particularized above.

267. The Offerings violated Sino's disclosure obligations under the Securities Legislation and the various instruments promulgated by the securities regulators of the Provinces in which such Offerings were made. There was no juristic reason for the enrichment of Sino.

(vi) Unjust Enrichment of the Underwriters

268. Throughout the Class Period, Sino made the Offerings. Such Offerings were made via the Prospectuses and the Offering Memoranda, which contained the Representation and the other misrepresentations particularized above. Each of the Underwriters underwrote one or more of the Offerings.

269. The Securities sold by Sino via the Offerings were sold at artificially inflated prices as a result of the Representation and the other misrepresentations particularized above. The Underwriters earned fees from the Class, whether directly or indirectly, for work that they never

performed, or that they performed with gross negligence, in connection with the Offerings, or some of them.

270. The Underwriters were enriched by, and those Class Members who purchased securities via the Offerings were deprived of, an amount equivalent to the fees the Underwriters earned in connection with the Offerings.

271. The Offerings violated Sino's disclosure obligations under the Securities Legislation and the various instruments promulgated by the securities regulators of the Provinces in which such Offerings were made. There was no juristic reason for the enrichment of the Underwriters.

272. In addition, some or all of the Underwriters also acted as brokers in secondary market transactions relating to Sino securities, and earned trading commissions from the Class Members in those secondary market transactions in Sino's Securities. Those Underwriters were enriched by, and those Class Members who purchased Sino securities through those Underwriters in their capacity as brokers were deprived of, an amount equivalent to the commissions the Underwriters earned on such secondary market trades.

273. Had those Underwriters who also acted as brokers in secondary market transactions exercised reasonable diligence in connection with the Offerings in which they acted as Underwriters, then Sino's securities likely would not have traded at all in the secondary market, and the Underwriters would not have been paid the aforesaid trading commissions by the Class Members. There was no juristic reason for that enrichment of those Underwriters through their receipt of trading commissions from the Class Members.

(vii) Oppression

274. The Plaintiffs and the other Class Members had a reasonable and legitimate expectation that Sino and the Individual Defendants would use their powers to direct the company for Sino's

best interests and, in turn, in the interests of its security holders. More specifically, the Plaintiffs and the other Class Members had a reasonable expectation that:

- (a) Sino and the Individual Defendants would comply with GAAP, and/or cause Sino to comply with GAAP;
- (b) Sino and the Individual Defendants would take reasonable steps to ensure that the Class Members were made aware on a timely basis of material developments in Sino's business and affairs;
- (c) Sino and the Individual Defendants would implement adequate corporate governance procedures and internal controls to ensure that Sino disclosed material facts and material changes in the company's business and affairs on a timely basis;
- (d) Sino and the Individual Defendants would not make the misrepresentations particularized above;
- (e) Sino stock options would not be backdated or otherwise mispriced; and
- (f) the Individual Defendants would adhere to the Code.

275. Such reasonable expectations were not met as:

- (a) Sino did not comply with GAAP;
- (b) the Class Members were not made aware on a timely basis of material developments in Sino's business and affairs;
- (c) Sino's corporate governance procedures and internal controls were inadequate;
- (d) the misrepresentations particularized above were made;
- (e) stock options were backdated and/or otherwise mispriced; and
- (f) the Individual Defendants did not adhere to the Code.

276. Sino's and the Individual Defendants' conduct was oppressive and unfairly prejudicial to the Plaintiffs and the other Class Members and unfairly disregarded their interests. These defendants were charged with the operation of Sino for the benefit of all of its shareholders. The value of the shareholders' investments was based on, among other things:

- (a) the profitability of Sino;
- (b) the integrity of Sino's management and its ability to run the company in the interests of all shareholders;
- (c) Sino's compliance with its disclosure obligations;
- (d) Sino's ongoing representation that its corporate governance procedures met with reasonable standards, and that the business of the company was subjected to reasonable scrutiny; and
- (e) Sino's ongoing representation that its affairs and financial reporting were being conducted in accordance with GAAP.

277. This oppressive conduct impaired the ability of the Plaintiffs and other Class Members to make informed investment decisions about Sino's securities. But for that conduct, the Plaintiffs and the other Class Members would not have suffered the damages alleged herein.

(viii) Conspiracy

278. Sino, Chan, Poon and Horsley conspired with each other and with persons unknown (collectively, the "**Conspirators**") to inflate the price of Sino's securities. During the Class Period, the Conspirators unlawfully, maliciously and lacking bona fides, agreed together to, among other things, make the Representation and other misrepresentations particularized above, and to profit from such misrepresentations by, among other things, issuing stock options in respect of which the strike price was impermissibly low.

279. The Conspirators' predominant purposes in so conspiring were to:

- (a) inflate the price of Sino's securities, or alternatively, maintain an artificially high trading price for Sino's securities;
- (b) artificially increase the value of the securities they held; and
- (c) inflate the portion of their compensation that was dependent in whole or in part upon the performance of Sino and its securities.

280. In furtherance of the conspiracy, the following are some, but not all, of the acts carried out or caused to be carried out by the Conspirators:

- (a) they agreed to, and did, make the Representation, which they knew was false;
- (b) they agreed to, and did, make the other misrepresentations particularized above, which they knew were false;
- (c) they caused Sino to issue the Impugned Documents which they knew to be materially misleading;
- (d) as alleged more particularly below, they caused to be issued stock options in respect of which the strike price was impermissibly low; and
- (e) they authorized the sale of securities pursuant to Prospectuses and Offering Memoranda that they knew to be materially false and misleading.

281. Stock options are a form of compensation used by companies to incentivize the performance of directors, officers and employees. Options are granted on a certain date (the 'grant date') at a certain price (the 'exercise' or 'strike' price). At some point in the future, typically following a vesting period, an options-holder may, by paying the strike price, exercise the option and convert the option into a share in the company. The option-holder will make money as long as the option's strike price is lower than the market price of the security at the

moment that the option is exercised. This enhances the incentive of the option recipient to work to raise the stock price of the company.

282. There are three types of option grants:

- (a) 'in-the-money' grants are options granted where the strike price is lower than the market price of the security on the date of the grant; such options are not permissible under the TSX Rules and have been prohibited by the TSX Rules at all material times;
- (b) 'at-the-money' grants are options granted where the strike price is equal to the market price of the security on the date of the grant or the closing price the day prior to the grant; and
- (c) 'out-of-the-money' grants are options granted where the strike price is higher than the market price of the security on the date of the grant.

283. Both at-the-money and out-of-the-money options are permissible under the TSX Rules and have been at all material times.

284. The purpose of both at-the-money and out-of-the-money options is to create incentives for option recipients to work to raise the share price of the company. Such options have limited value at the time of the grant, because they entitle the recipient to acquire the company's shares at or above the price at which the recipient could acquire the company's shares in the open market. Options that are in-the-money, however, have substantial value at the time of the grant irrespective of whether the company's stock price rises subsequent to the grant date.

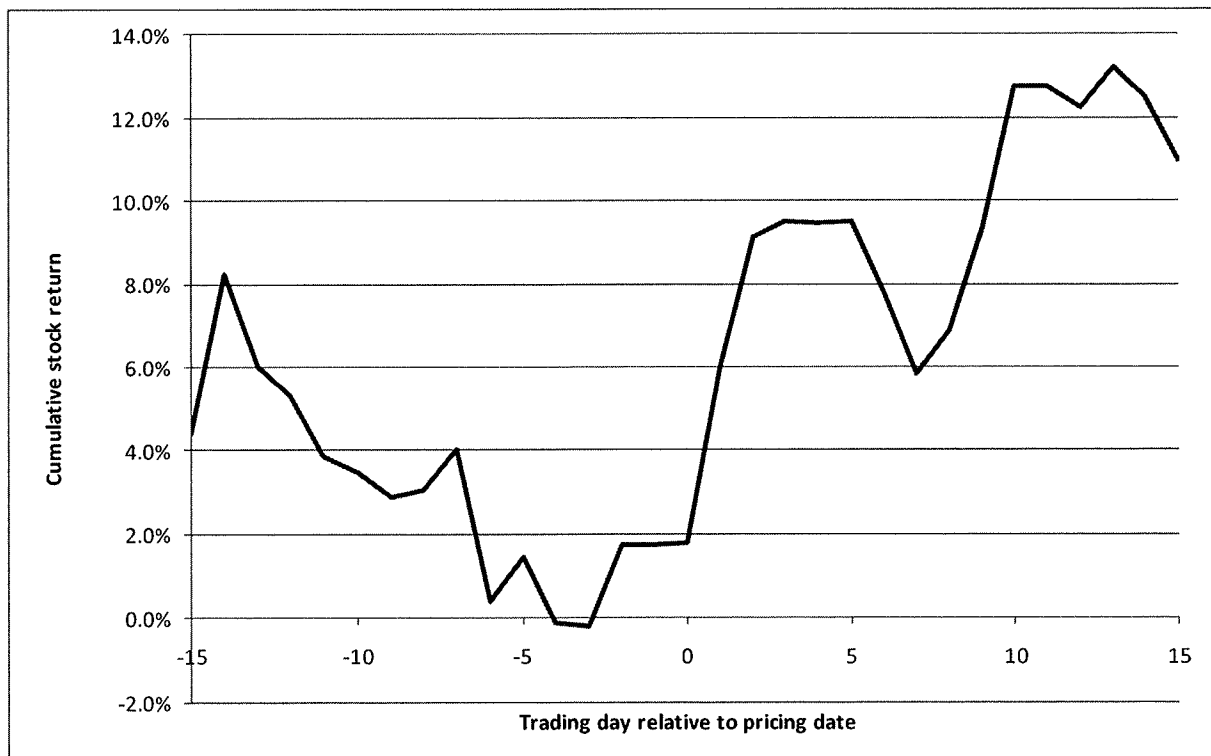
285. At all material times, the Sino Option Plan (the "**Plan**") prohibited in-the-money options.

286. The Conspirators backdated and/or otherwise mispriced Sino stock options, or caused the backdating and/or mispricing of Sino stock options, in violation of, inter alia: (a) the *OSA* and the rules and regulations promulgated thereunder; (b) the Plan; (c) GAAP; (d) the Code; (e) the TSX

Rules; and (f) the Conspirators' statutory, common law and contractual fiduciary duties and duties of care to Sino and its shareholders, including the Class Members.

287. The Sino stock options that were backdated or otherwise mispriced included those issued on June 26, 1996 to Chan, January 21, 2005 to Horsley, September 14, 2005 to Horsley, June 4, 2007 to Horsley and Chan, August 21, 2007 to Sino insiders other than the Conspirators, November 23, 2007 to George Ho and other Sino insiders, and March 31, 2009 to Sino insiders other than the Conspirators.

288. The graph below shows the average stock price returns for fifteen trading days prior and subsequent to the dates as of which Sino priced its stock options to its insiders. As appears therefrom, on average the dates as of which Sino's stock options were priced were preceded by a substantial decline in Sino's stock price, and were followed by a dramatic increase in Sino's stock price. This pattern could not plausibly be the result of chance.



289. The conspiracy was unlawful because the Conspirators knowingly and intentionally committed the foregoing acts when they knew such conduct was in violation of, *inter alia*, the *OSA*, the Securities Legislation other than the *OSA*, the Code, the rules and requirements of the TSX (the “**TSX Rules**”) and the *CBCA*. The Conspirators intended to, and did, harm the Class by causing artificial inflation in the price of Sino’s securities.

290. The Conspirators directed the conspiracy toward the Plaintiffs and the other Class Members. The Conspirators knew in the circumstances that the conspiracy would, and did, cause loss to the Plaintiffs and the other Class Members. The Plaintiffs and the Class Members suffered damages when the falsity of the Representation and other misrepresentations were revealed on June 2, 2011.

XII. THE RELATIONSHIP BETWEEN SINO’S DISCLOSURES AND THE PRICE OF SINO’S SECURITIES

291. The price of Sino’s securities was directly affected during the Class Period by the issuance of the Impugned Documents. The Defendants were aware at all material times of the effect of Sino’s disclosure documents upon the price of its Sino’s securities.

292. The Impugned Documents were filed, among other places, with SEDAR and the TSX, and thereby became immediately available to, and were reproduced for inspection by, the Class Members, other members of the investing public, financial analysts and the financial press.

293. Sino routinely transmitted the documents referred to above to the financial press, financial analysts and certain prospective and actual holders of Sino securities. Sino provided either copies of the above referenced documents or links thereto on its website.

294. Sino regularly communicated with the public investors and financial analysts via established market communication mechanisms, including through regular disseminations of their disclosure documents, including press releases on newswire services in Canada, the United States and elsewhere. Each time Sino communicated that new material information about Sino financial results to the public the price of Sino securities was directly affected.

295. Sino was the subject of analysts' reports that incorporated certain of the material information contained in the Impugned Documents, with the effect that any recommendations to purchase Sino securities in such reports during the Class Period were based, in whole or in part, upon that information.

296. Sino's securities were and are traded, among other places, on the TSX, which is an efficient and automated market. The price at which Sino's securities traded promptly incorporated material information from Sino's disclosure documents about Sino's business and affairs, including the Representation, which was disseminated to the public through the documents referred to above and distributed by Sino, as well as by other means.

XIII. VICARIOUS LIABILITY

A. *Sino and the Individual Defendants*

297. Sino is vicariously liable for the acts and omissions of the Individual Defendants particularized in this Claim.

298. The acts or omissions particularized and alleged in this Claim to have been done by Sino were authorized, ordered and done by the Individual Defendants and other agents, employees and representatives of Sino, while engaged in the management, direction, control and transaction of the business and affairs of Sino. Such acts and omissions are, therefore, not only the acts and omissions of the Individual Defendants, but are also the acts and omissions of Sino.

299. At all material times, the Individual Defendants were officers and/or directors of Sino. As their acts and omissions are independently tortious, they are personally liable for same to the Plaintiffs and the other Class Members.

B. E&Y

300. E&Y is vicariously liable for the acts and omissions of each of its officers, directors, partners, agents and employees as set out above.

301. The acts or omissions particularized and alleged in this Claim to have been done by E&Y were authorized, ordered and done by its officers, directors, partners, agents and employees, while engaged in the management, direction, control and transaction of the business and affairs of E&Y. Such acts and omissions are, therefore, not only the acts and omissions of those persons, but are also the acts and omissions of E&Y.

C. BDO

302. BDO is vicariously liable for the acts and omissions of each of its officers, directors, partners, agents and employees as set out above.

303. The acts or omissions particularized and alleged in this Claim to have been done by BDO were authorized, ordered and done by its officers, directors, partners, agents and employees, while engaged in the management, direction, control and transaction of the business and affairs of BDO. Such acts and omissions are, therefore, not only the acts and omissions of those persons, but are also the acts and omissions of BDO.

D. Pöyry

304. Pöyry is vicariously liable for the acts and omissions of each of its officers, directors, partners, agents and employees as set out above.

305. The acts or omissions particularized and alleged in this Claim to have been done by Pöyry were authorized, ordered and done by its officers, directors, partners, agents and employees, while engaged in the management, direction, control and transaction of the business and affairs of Pöyry. Such acts and omissions are, therefore, not only the acts and omissions of those persons, but are also the acts and omissions of Pöyry.

E. *The Underwriters*

306. The Underwriters are vicariously liable for the acts and omissions of each of their respective officers, directors, partners, agents and employees as set out above.

307. The acts or omissions particularized and alleged in this Claim to have been done by the Underwriters were authorized, ordered and done by each of their respective officers, directors, partners, agents and employees, while engaged in the management, direction, control and transaction of the business and affairs such Underwriters. Such acts and omissions are, therefore, not only the acts and omissions of those persons, but are also the acts and omissions of the respective Underwriters.

XIV. REAL AND SUBSTANTIAL CONNECTION WITH ONTARIO

308. The Plaintiffs plead that this action has a real and substantial connection with Ontario because, among other thing:

- (a) Sino is a reporting issuer in Ontario;
- (b) Sino's shares trade on the TSX which is located in Toronto, Ontario;
- (c) Sino's registered office and principal business office is in Mississauga, Ontario;
- (d) the Sino disclosure documents referred to herein were disseminated in and from Ontario;
- (e) a substantial proportion of the Class Members reside in Ontario;

- (f) Sino carries on business in Ontario; and
- (g) a substantial portion of the damages sustained by the Class were sustained by persons and entities domiciled in Ontario.

XV. SERVICE OUTSIDE OF ONTARIO

309. The Plaintiffs may serve the Notice of Action and Statement of Claim outside of Ontario without leave in accordance with rule 17.02 of the Rules of Civil Procedure, because this claim is:

- (a) a claim in respect of personal property in Ontario (para 17.02(a));
- (b) a claim in respect of damage sustained in Ontario (para 17.02(h));
- (c) a claim authorized by statute to be made against a person outside of Ontario by a proceeding in Ontario (para 17.02(n)); and
- (d) a claim against a person outside of Ontario who is a necessary or proper party to a proceeding properly brought against another person served in Ontario (para 17.02(o)); and
- (e) a claim against a person ordinarily resident or carrying on business in Ontario (para 17.02(p)).

XVI. RELEVANT LEGISLATION, PLACE OF TRIAL, JURY TRIAL AND HEADINGS

310. The Plaintiffs plead and rely on the *CJA*, the *CPA*, the Securities Legislation and *CBCA*, all as amended.

311. The Plaintiffs propose that this action be tried in the City of Toronto, in the Province of Ontario, as a proceeding under the *CPA*.

312. The Plaintiffs will serve a jury notice.

313. The headings contained in this Statement of Claim are for convenience only. This Statement of Claim is intended to be read as an integrated whole, and not as a series of unrelated components.

January 26, 2012

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Defendants

Court File No.: CV-11-431153-00CP

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**FRESH AS AMENDED STATEMENT OF CLAIM
(NOTICE OF ACTION ISSUED JULY 20, 2011)**

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MOTION RECORD OF THE PLAINTIFFS

(Motion for Leave – Part XXIII.1 of the *Securities Act*)
Volume 3

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