

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N :

**ERNST & YOUNG INC.
in its capacity as Court Appointed Receiver of
HANFENG EVERGREEN INC.**

Plaintiff

- and -

YU XINDUO and LEI LI

Defendants

RESPONSE TO DEMAND FOR PARTICULARS

THE PLAINTIFF replies to the Demand for Particulars served by the Defendants Yu Xinduo and Lei Lei as follows:

Misrepresentations alleged with respect to the Defendant Lei

1. With respect to paragraphs 7, 10, 13, 26, 29, and 46 of the Statement of Claim:
 - (a) The full particulars of the misrepresentations made by Lei are within the knowledge of the Defendants, but include:
 - (i) On June 16, 2014, Lei forwarded Hanfeng Evergreen Inc. a "Letter of Intent for Acquisition" addressed to Hanfeng Slow-Release Fertilizer Co., Ltd. and purportedly written by Heilongjiang PengCheng Fertilizer Co., Ltd ("HLJ Pengcheng"). A copy of the email from Lei to Jonathan Pollack attaching the purported Letter of Intent is attached hereto at Tab A. A certified translation of the Letter of Intent and the purported Business License of HLJ Pengcheng are attached hereto at Tabs B and C, respectively. Contrary to the representations in Lei's email, the Letter of

Intent was not provided by HLJ Pengcheng and HLJ Pengcheng had no knowledge of the purported letter of intent.

- (ii) In various discussions with the Board of Directors of Hanfeng Evergreen Inc. ("**Hanfeng**"), Lei repeatedly represented the identity of the purchaser as "Pengcheng" knowing that the Board understood this to mean HLJ Pengcheng and knowing that that purchaser was a different entity.

Misrepresentations alleged with respect to the Defendant Yu

2. With respect to paragraphs 7, 10, 13, 26, 29, and 45 of the Statement of Claim:

- (a) The full particulars of the misrepresentations made by Yu are within the knowledge of the Defendants, but include:

- (i) On June 16, 2014, with Yu's knowledge, consent and direction, Lei forwarded Hanfeng Evergreen Inc. a "Letter of Intent for Acquisition" addressed to Hanfeng Slow-Release Fertilizer Co., Ltd. and purportedly written by Heilongjiang PengCheng Fertilizer Co., Ltd ("HLJ Pengcheng"). A copy of the email from Lei to Jonathan Pollack attaching the purported Letter of Intent is attached hereto at Tab A. A certified translation of the Letter of Intent and the purported Business License of HLJ Pengcheng are attached hereto at Tabs B and C, respectively. Contrary to the representations in Lei's email, the Letter of Intent was not provided by HLJ Pengcheng and HLJ Pengcheng had no knowledge of the purported letter of intent.
- (ii) On June 16, 2014, a representative of Yu, Joanne Yan, advised Jonathan Pollack that HLJ Pengcheng "is an existing client of Hanfeng [China] and it has been doing business with Hanfeng [China] for some time" and also that "the bidder is independent of Hanfeng [China]". Contrary to these representations, the "bidder", Heilongjiang Harbin Pengcheng Fertilizer Co. Ltd., was not an established until August 2014, was not an existing client of Hanfeng China and had not done business with Hanfeng China.

- (iii) In various discussions with the Board of Directors (“**Board**”) of Hanfeng Evergreen Inc. (“**Hanfeng**”), Yu repeatedly represented the identity of the purchaser as “Pengcheng” knowing that the Board understood this to mean HLJ Pengcheng and knowing that that purchaser was a different entity.
- (i) In presentations to the Board, Yu repeatedly misrepresented the purchaser as HLJ Pengcheng, a well-known company that was an existing client of Hanfeng China knowing that that purchaser was a different entity unrelated to HLJ Pengcheng.
- (ii) On August 8, 2014, Yu, acting as an authorized representative of Hanfeng, entered into a Share Transfer Agreement with Heilongjiang Harbin Pengcheng Fertilizer Co., Ltd., knowing that this was a different company than HLJ Pengcheng, which he had represented to the Hanfeng Board as a well-known company that was an existing client of Hanfeng China and which was the subject of the due diligence report reviewed by Yu and relied upon by the Hanfeng Board.

June 15, 2016

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
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199 Bay Street
Toronto, Canada M5L 1B9

Maria Konyukhova LSUC# 52880V
Tel: (416) 869-5230
Mel Hogg LSCU# 48076E
Tel: (416) 869-6823
Fax: (416) 947-0866

Lawyers for the Plaintiff

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Professional Corporation
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Tel: (416) 581-1818 ext. 222
Karen M. Mitchell LSUC# 23816G
Tel: (416) 581-1818 ext. 223
Fax: (416) 581-1279

Lawyers for the Defendants

TAB A

Subject: 黑龙江鹏程肥业有限公司意向收购函

From: Lei Li [<mailto:lei@hanfengevergreen.com>]
Sent: Monday, June 16, 2014 10:15 AM
To: Jonathan Pollack; Joanne Yan
Cc: <duo@hanfeng-group.com>
Subject: Fwd: 黑龙江鹏程肥业有限公司意向收购函

Try these.

发件人: duo@hanfeng-group.com [<mailto:duo@hanfeng-group.com>]
发送时间: 2014 年 6 月 16 日 11:36
收件人: ！李蕾
主题: 转发: 黑龙江鹏程肥业有限公司意向收购函

请转董事局;

发件人: '汉枫缓释肥料有限公司'<heilongjiang@hanfeng-group.com>,
发送时间: 2014 年 6 月 16 日 11:06
收件人: duo
抄送: lcyng
主题: 黑龙江鹏程肥业有限公司意向收购函

于总好:

请阅黑龙江鹏程肥业有限公司发来的意向收购函。
我们整理后作为附件发送给您！

汉枫缓释肥料有限公司
2014 年 6 月 16 日

黑龙江鹏程肥业有限公司

Heilongjiang PengCheng Fertilizer Co., Ltd.

意向收购函

致：汉枫缓释肥料有限公司

本公司——黑龙江鹏程肥业有限公司为合法设立并有效存续的企业，在缓释肥料试验推广合作期间对贵司有一定的了解。鉴于贵司目前的处境，我司对收购贵司有浓厚兴趣，特向贵司发送此意向收购函。此收购意向已获得本公司上级机构的授权，且已履行必须的企业内部决策程序，具体意向条款如下：

- 1、 整体收购汉枫缓释肥料有限公司（“黑龙江汉枫”），包括但不限于贵司截止本函发出日持有的所有资产、应收账款、现有存货、人员劳资关系、收益及应承担的债权债务、现有法律纠纷、各类风险及潜在风险、其他义务等。初步提议收购价格为人民币贰至叁亿元，并视我司综合评估尽调后，双方再确定最终收购价；
- 2、 如你方同意，我司将马上聘用第三方评估机构进行严密的尽职调查和全面评估，完善相关收购手续。如进展顺利，预计正式收购合同可在 2014 年 6 月 30 日前签署。
- 3、 确定收购后，贵司目前的法人代表必须留守进行 6-8 个月的跟踪移交，住勤补助由我司发放，但没有任何期权、股份、收益分配

黑龙江鹏程肥业有限公司

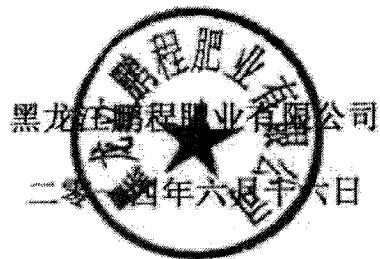
Heilongjiang PengCheng Fertilizer Co., Ltd.

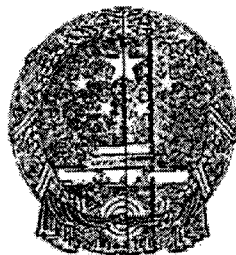
等，同时也不用承担合同签署后的一切法律责任。

如贵司有意出售，请与我司负责人（任延嘉，15046175515）联系，
敲定细节条款及其他事宜。

谨此，盼复。

附件：黑龙江鹏程肥业有限公司营业执照



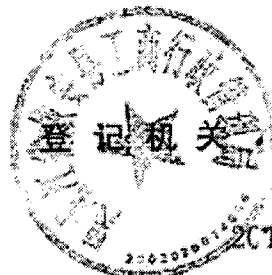
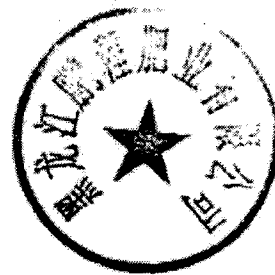


营业执照

(副本)

注册号 230223100012253

名称 黑龙江鹏程肥业有限公司
类型 有限责任公司
住所 黑龙江省齐齐哈尔市依安县城南9公里路西
法定代表人 穆天学
注册资本 伍仟万圆整
成立日期 2013年04月01日
营业期限 长期
经营范围 复混肥料制造。(依法须经批准的项目,经相关部门批准后方可开展经营活动)



2014 年 03 月 12 日

BUSINESS LICENSE

(DUPLICATE COPY)

Registration No.	230223100012253
Name of Company	Heilongjiang PengCheng Fertilizer Co., Ltd
Type of Company	Limited liability company
Registered Address	West of 9 kms South of Yi'an County, Qiqihaer City, Heilongjiang Province
Legal Person	Mu Tianxue
Registered Capital	50,000,000.00
Date of Incorporation	April 1, 2013
Business Term	Long term
Business Scope	Manufacture of bulk blended fertilizers (for the business activities that requires legal permission, they can only be carried out with the permission from relevant departments)
Registration Department	Heilongjiang Province Yi'an County Industrial and Commercial Administration Bureau
Date	March 12, 2014

Letter of Intent for Acquisition

To: Hanfeng Slow-Release Fertilizer Co., Ltd.

Our company, Heilongjiang PengCheng Fertilizer Co., Ltd., a duly incorporated and existing enterprise, gained certain understanding about your company during the cooperation on slow release fertilizer trial and promotion. Given your current situation, our company have strong interest in acquiring your company, and hereby present you our Letter of Intent for Acquisition ("LOI"). This LOI has been authorized by our superior authority, and the necessary decision making procedures have been fulfilled. The detailed terms are listed as below:

1. Acquire Hanfeng Slow-Release Fertilizer Co., Ltd. ("Heilongjiang Hanfeng") in whole, including but not limited to all assets, accounts receivable, existing inventory, labor contracts, income and debt and creditor's rights, existing legal dispute, various risks and potential risk, other obligations etc., as of the date of this LOI. Our preliminary offer is about RMB 200,000,000-300,000,000, which will be finalized by the two parties after our comprehensive evaluation and due diligence;
2. If you agree, we will engage a third party appraisal entity for a thorough and detailed due diligence and evaluation, and furnish relevant acquisition procedures. If everything goes as planned, the formal acquisition contract is expected to be executed by June 30, 2014.
3. After the acquisition is decided, the current legal person of your company must stay for 6-8 months for the follow-up hand over. He will be entitled the accommodation and lodging subsidy from our company, but not any options, shares, or profit distribution, nor take any and all legal responsibilities after the execution of the contract.

If you are interested in this offer, please kindly contact the responsible person of our company (Ren Yanjia, cell: 15046175515) to finalize the detailed terms and other matters.

Look forward to your reply.

Attachment: Business Licence of Heilongjiang PengCheng Fertilizer Co., Ltd.

Heilongjiang PengCheng Fertilizer Co., Ltd.
June 16, 2014

TAB B



TRANSPERFECT

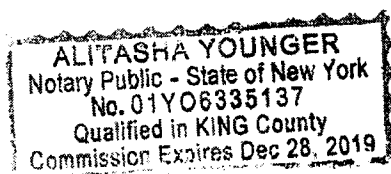
City of New York, State of New York, County of New York

I, Wendy Poon, hereby certify that the document “ATT26507” is to the best of my knowledge and belief, a true and accurate translation from Chinese (S) into English.

Wendy Poon

Sworn to before me this
May 19, 2016

Signature, Notary Public



Stamp, Notary Public

Letter of Intent for Acquisition

To: Hanfeng Slow-Release Fertilizer Co., Ltd.

Our company, Heilongjiang Pengcheng Fertilizer Co., Ltd., a duly incorporated and existing enterprise, gained a certain understanding about your company during the cooperation on slow-release fertilizer trial and promotion. Given your company's current situation, our company has a strong interest to acquire your company, and hereby presents you our Letter of Intent for Acquisition ("LOI"). This LOI has been authorized by our company's higher authority, and the necessary decision making procedures have been fulfilled. The detailed terms are listed as below:

1. Acquire Hanfeng Slow-Release Fertilizer Co., Ltd. ("Heilongjiang Hanfeng") in whole, including but not limited to all assets, accounts receivable, existing inventory, labor contracts, income and debt and creditor's rights, existing legal dispute, various risks and potential risk, other obligations etc., as of the date of this LOI. Our preliminary offer is about RMB 200,000,000-300,000,000, which will be finalized by the two parties after our comprehensive evaluation and due diligence;
2. If you agree, we will engage a third-party appraisal entity for a thorough and detailed due diligence and evaluation, and complete the relevant acquisition procedures. If everything goes as planned, the formal acquisition contract is expected to be executed by June 30, 2014.
3. After the acquisition is decided, the current legal representative of your company must stay for 6-8 months for the follow-up handover. He will be entitled to the accommodation and lodging subsidy from our company, but not any options, shares, or profit distribution, nor take any and all legal responsibilities after the execution of the contract.

If you are interested in this offer, please kindly contact our company's person-in-charge (Ren Yanjia, 15046175515) to finalize the detailed terms and other matters.

Look forward to your reply.

Attachment: Business License of Heilongjiang Pengcheng Fertilizer Co., Ltd.

[seal:]

Heilongjiang Pengcheng Fertilizer Co., Ltd.

June 16, 2014

TAB C



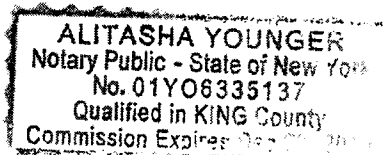
TRANSPERFECT

City of New York, State of New York, County of New York

I, Wendy Poon, hereby certify that the document “**ATT62930**” is to the best of my knowledge and belief, a true and accurate translation from Chinese (S) into English.

Wendy Poon

Sworn to before me this
May 19, 2016

Signature, Notary Public

Stamp, Notary Public

BUSINESS LICENSE

(COPY)

Registration No.	230223100012253
Name of Company	Heilongjiang Pengcheng Fertilizer Co., Ltd
Type of Company	Limited Liability Company
Registered Address	West of 9 kms South of Yi'an County, Qiqihar City, Heilongjiang Province
Legal Representative	Mu Tianxue
Registered Capital	50,000,000.00
Date of Incorporation	April 1, 2013
Business Term	Long term
Business Scope	Manufacturer of bulk blended fertilizers (For business activities that require legal permission, they can only be carried out with permission from relevant departments.)
[seal:]	
Registration Department	Heilongjiang Province Yi'an County Administration for Industry and Commerce
Date	March 12, 2014

[seal: Heilongjiang Pengcheng Fertilizer Co., Ltd]

ERNST & YOUNG INC., in its capacity as Court
Appointed Receiver of Hanfeng Evergreen Inc.
Plaintiffs

and

YU XINDUO and LEI LI
Defendants

Court File No. CV-16-11325-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

RESPONSE TO DEMAND FOR PARTICULARS

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Toronto, ON M5L 1B9

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Lawyers for the Plaintiff