Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. c. C.43 (as amended)

AND IN THE MATTER OF HANFENG EVERGREEN INC.

APPLICATION RECORD

August 14, 2014

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Peter F. Howard LSUC# 22056F
Tel: (416) 869-5613
E-mail: phoward@stikeman.com

Maria Konyukhova LSUC# 52880V
Tel: (416) 869-5230
E-mail: mkonyukhova@stikeman.com

Yannick Katirai LSUC# 62234K
Tel: (416) 869-5556
E-mail: ykatirai@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

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NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on Friday, August 15, 2014 at 10:00 am (Toronto time) at 330 University Avenue, Toronto.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date	August 14, 2014	Issued by	____________________ Local registrar
		Address of court office	330 University Avenue Toronto, Ontario M5G 1R7

TO: ERNST & YOUNG INC.

AND TO: ONTARIO SECURITIES COMMISSION

AND TO: CANADA REVENUE AGENCY

AND TO: MINISTRY OF FINANCE

APPLICATION

1. Hanfeng Evergreen Inc. (the "**Applicant**") makes application for:

   (a) An order substantially in the form attached at Tab 3 of the Application Record appointing Ernst & Young Inc. ("**E&Y**") as receiver and manager ("**Receiver**") of the Applicant pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**");

   (b) An order substantially in the form attached at Tab 4 of the Application Record approving: (i) a share transfer agreement between the Applicant and Heilongjiang Harbin Pengcheng Fertilizer Co., Ltd. (the "**Purchaser**") dated August 8, 2014 (the "**Share Transfer Agreement**") in respect of the shares (the "**Shares**") of Hanfeng Slow-Release Fertilizer Co., Ltd. (the "**Heilongjiang WFOE**") and the transaction contemplated therein (the "**Share Transfer Transaction**"); and (ii) vesting all of the Shares in the Purchaser free and clear of any encumbrances;

   (c) Such further and other relief as this Court deems just.

2. The grounds for the application are:

The Applicant

   (a) The Applicant, through its wholly-owned subsidiaries, was a leading developer and producer of value-added fertilizers in the People's Republic of China ("**China**");

   (b) The Applicant is incorporated under the laws of Ontario with its registered head office in Toronto;

   (c) The Applicant is a reporting issuer in each of the provinces of Canada and until recently had its common shares listed on the Toronto Stock Exchange (the "**TSX**"). The TSX delisted the Applicant's shares in June 2014;

   (d) The Applicant does not carry on operations and its only remaining wholly-owned subsidiary (as previously defined, the "**Heilongjiang WFOE**") has been experiencing significant issues, including: (i) the termination of its business relationship with its single largest customer, with no prospect of restoring or restarting that relationship; and (ii) operational challenges, including the resignation of the management team of the Heilongjiang WFOE, a lack demand for its products and deteriorating facilities, inventories and other assets;

Applicant Cannot Continue as a Going Concern

(e) These issues have severely decreased cash flow at both the Applicant and the Heilongjiang WFOE and, if action is not taken now to realize what value can be obtained for the Heilongjiang WFOE, will result in the Applicant's insolvency, thereby seriously reducing or eliminating recoveries for all its stakeholders, including its shareholders;

(f) An acrimonious proxy battle between Mr. Xinduo Yu – the founder and President and Chief Executive officer of the Applicant and its largest shareholder – and the Applicant's previous board of directors has precipitated a number of securities laws issues for the Applicant, including the delisting of its shares from the TSX and the imposition of a permanent cease-trade order in respect of those shares by the Ontario Securities Commission (the "**OSC**"), the Alberta Securities Commission, the British Columbia Securities Commission, the Manitoba Securities Commission and the Quebec Securities Commission (collectively, the "**Cease-Trade Orders**"), with the result that shareholders are left with illiquid shares whose value is decreasing as the operational issues affecting the Applicant's subsidiary continue;

(g) Long-standing concerns about the governance of the Applicant's subsidiary in China and the adequacy of internal management controls implemented at the Heilongjiang WFOE are contributing to challenges faced by the Applicant's board (the "**Board**") to manage that subsidiary as a going concern, and to take steps that would otherwise be required to have the Cease-Trade Order lifted and the shares relisted on a recognized stock exchange;

(h) Effective February 26, 2014, without providing a reason for its resignation, the Applicant's auditor resigned and since that time the Board has not been able to find a qualified audit firm to replace its previous auditor. The Applicant's inability to engage a replacement auditor has left it: (i) in violation of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16 ("**OBCA**") and applicable securities laws and regulations in respect of the appointment of auditors and the preparation of financial statements; and (ii) unable to prepare, file and circulate to shareholders unaudited interim and audited annual financial statements and accompanying management discussion and analysis;

(i) It is the assessment of the Board that Hanfeng does not have a future as a going concern. The alternatives to the Board therefore appear to be twofold: (i) realize the available assets at the optimal price practical and distribute the proceeds as expeditiously and efficiently as practicable; or (ii) sit by while the expenses and contingent liabilities mount and/or increase in likelihood and the prospect of any distribution recedes;

(j) Self-evidently, the Board has chosen the first alternative and to have that process continue under court supervision in the interests of all stakeholders in these very unusual, if not unique, circumstances;

Share Transfer Agreement

(k) Hanfeng and the Purchaser have entered into the Share Transfer Agreement and certain related agreements pursuant to which Hanfeng agreed to transfer all of the Shares to the Purchaser;

(l) Deloitte LLP ("**Deloitte**") has provided the Board with an opinion that concludes that the fair market value (net of liquidation costs) of the Shares as at August 7, 2014 is less than the purchase price payable under the Share Transfer Agreement. Accordingly, Deloitte has concluded that the Share Transfer Transaction is fair, from a financial point of view, to Hanfeng;

(m) Both the prior Board and the current Board have undertaken to market and sell Hanfeng for a number of years without success;

(n) There have been no offers from third parties to purchase Hanfeng, the Shares or the Heilongjiang WFOE's assets during the preceding 24 months other than the offer made by a purchaser related to Mr. Yu, which offer was unsuccessful;

(o) The Board believes that it is unlikely that Hanfeng will receive any other offer for Hanfeng, the Shares or the Heilongjiang WFOE's assets;

Appointment of a Receiver

(p) Without an order appointing the receiver, the Share Transfer Transaction (because it is a sale of all or substantially all of the assets of Hanfeng) must be put before Hanfeng's shareholders for approval in accordance with the OBCA;

(q) A shareholder vote is not practicable under the circumstances because Hanfeng has no auditor and has therefore been unable to prepare its quarterly and annual financial statements, which would need to be circulated to shareholders prior to any vote on the Share Transfer Transaction;

(r) Further delay in closing the Share Transfer Transaction will result in continued erosion of the value of the Heilongjiang WFOE and may result in the loss of the only prospective purchaser known to the Board;

(s) Each of the directors of Hanfeng believes that, given the circumstances facing Hanfeng at present, the Board is no longer in a position to contribute meaningfully to the preservation of value for Hanfeng's shareholders; and

(t) It is therefore just and convenient to appoint E&Y as Receiver to, among other things:

   (i) receive, preserve, protect and otherwise deal with the assets of Hanfeng, including the shares of the Heilongjiang WFOE;

(ii) close the Share Transfer Transaction and collect the Purchase Price payable thereunder;

(iii) conduct a claims process under court supervision to identify all parties potentially having claims against Hanfeng and in the proceeds of a liquidation; and

(iv) make distributions to all parties entitled thereto with court approval.

3. The following documentary evidence will be used at the hearing of the application:

(a) The Affidavit of Jonathan Pollack dated August 13, 2014 and the exhibits thereto;

(b) Any further or supplementary affidavit to be sworn, and the exhibits thereto, on behalf of the Applicant; and

(c) Such further and other materials as counsel may advise and this Court may permit.

August 14, 2014

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Peter F.C. Howard LSUC#: 22056F
Tel: (416) 869-5613
E-mail: phoward@stikeman.com

Maria Konyukhova LSUC#: 52880V
Tel: (416) 869-5230
E-mail: mkonyukhova@stikeman.com

Yannick Katirai LSUC# 62234K
Tel: (416) 869-5556
E-mail: ykatirai@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

Tab 2

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AND IN THE MATTER OF HANFENG EVERGREEN INC.

AFFIDAVIT OF JONATHAN POLLACK
(sworn August 13, 2014)

I, Jonathan Pollack, of the City of Toronto, MAKE OATH AND SAY:

1. I am the Lead Director of the applicant, Hanfeng Evergreen Inc. ("**Hanfeng**"). I have been Lead Director since February 24, 2014. Prior to that time, I served as director from November 2010 to February 2013. As such, I have knowledge of the matters to which I hereinafter depose. I have also reviewed the records, press releases and public filings of Hanfeng and have spoken with certain of the directors, officers and/or employees of Hanfeng, as necessary. Where my affidavit is stated to be based on information I have received from others, I believe that information to be true.

2. This affidavit is sworn in support of an application for, among other things, orders pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") and Rule 41 of the *Rules of Civil Procedure* appointing Ernst & Young Inc. ("**E&Y**") as receiver and manager over all of the assets of Hanfeng and approving the Share Transfer Transaction (as defined and described below) and related agreements, all in accordance with the Orders attached as Tabs 3 and 4 to Hanfeng's Application Record.

Overview

3. On this application, Hanfeng seeks the appointment of a receiver and manager (hereafter, a "**receiver**") to preserve value for all of Hanfeng's stakeholders, including its shareholders. As described in greater detail below, the circumstances necessitating the appointment of a receiver include, among other things:

(a) Hanfeng does not carry on operations and its only remaining wholly-owned subsidiary has been experiencing significant issues, including: (i) the termination of its business relationship with its single largest customer, with no prospect of restoring or restarting that relationship; and (ii) operational challenges, including the resignation of the management team of Hanfeng's subsidiary, a lack demand for its products and deteriorating facilities, inventories and other assets. These issues have severely decreased cash flow at both Hanfeng and its subsidiary and, if action is not taken now to realize what value can be obtained for this subsidiary, will result in Hanfeng's insolvency, thereby seriously reducing or eliminating recoveries for all its stakeholders, including its shareholders;

(b) An acrimonious proxy battle between Mr. Xinduo Yu – the founder and President and Chief Executive officer of Hanfeng and its largest shareholder – and Hanfeng's previous board of directors (the "**Board**") preceded a number of securities laws issues for Hanfeng, including the delisting of its shares from the Toronto Stock Exchange (the "**TSX**") and the imposition of a permanent cease-trade order in respect of those shares by the Ontario Securities Commission (the "**OSC**"), the Alberta Securities Commission, the British Columbia Securities Commission, the Manitoba Securities Commission and the Quebec Securities Commission, with the result that shareholders are left with illiquid shares whose value is decreasing as the operational issues affecting Hanfeng's subsidiary continue;

(c) Long-standing concerns about the governance of Hanfeng's subsidiary in China and the adequacy of internal management controls implemented at that subsidiary are contributing to challenges faced by the Board to manage that subsidiary as a going concern, and to take steps that would otherwise be required to have the OSC cease trade order lifted and the shares relisted on a recognized stock exchange;

(d) Effective February 26, 2014, without providing a reason for its resignation, Hanfeng's auditor resigned and since that time the Board has not been able to find a qualified audit firm to replace its previous auditor. Hanfeng's inability to engage a replacement auditor has left it: (i) in violation of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16 (the "**OBCA**") and applicable securities laws and regulations in respect of the appointment of auditors and the preparation of financial statements; and (ii) unable to prepare, file and circulate to shareholders unaudited interim and audited annual financial statements and accompanying management discussion and analyses;

(e) It is the assessment of the Board that the enterprise does not have a future as a going concern. The alternatives to the Board therefore appear to be twofold: (i) realize the available assets at the optimal price practical and distribute the proceeds as expeditiously and efficiently as practicable; or (ii) sit by while the expenses and contingent liabilities mount and/or increase in likelihood and the prospect of any distribution recedes. Self-evidently, the Board has chosen the first alternative and to have that process continue under court supervision in the interests of all stakeholders in these very unusual, if not unique, circumstances.

4. Following the proxy battle referred to above, the Board was reconstituted in February 2014 and has made extensive efforts to deal with the many issues facing Hanfeng.

5. After efforts to normalize Hanfeng's operations proved fruitless, the Board has determined that the sale of Hanfeng's principal assets, which are described below, and a wind-up of Hanfeng are the only viable options for potentially providing remaining value to shareholders and permitting all stakeholders to receive the highest possible amounts for their claims. After trying for several months to create a multi-party process involving parties potentially interested in acquiring Hanfeng's only asset – the Heilongjiang WFOE – the Board has authorized Hanfeng to enter into a binding agreement of purchase and sale with an arm's length Purchaser (as those undefined, capitalized terms are defined below). In the Board's view, the sale is fair and reasonable under the circumstances and represents the highest and/or best offer that could be obtained for the assets. For the reasons set out, the Board considers the appropriate course to be for that sale to be closed under court supervision and the proceeds distributed in the same manner. It has therefore commenced the within application.

Hanfeng

6. Hanfeng, through its wholly-owned subsidiaries, was a leading developer and producer of value-added fertilizers[1] in the People's Republic of China ("**China**"). Hanfeng is incorporated under the laws of Ontario with its registered head office in Toronto. Hanfeng is a reporting issuer in each of the provinces of Canada and until recently had its common shares listed on the TSX, but (as indicated above) the TSX delisted Hanfeng's shares in June.

7. Hanfeng has no independent operations and has always existed solely as a holding company for certain entities located in China, which are described in greater detail below. As such, it has necessarily relied on cash flow generated by these Chinese entities to fund its liabilities.

8. Hanfeng currently has approximately 159 employees in China and 4 employees or consultants in Toronto. Three of the four directors of Hanfeng reside in Canada, including Mr. Yu, a director and the President and Chief Executive Officer of Hanfeng. The fourth director resides in Hong Kong.

Shareholder Structure

9. As at the date of this affidavit, Hanfeng's shareholding structure is as follows:

Shareholder	Percent of Issued and Outstanding Shares Beneficially Owned
Xinduo Yu	20.4%
Agrium Inc.	20.0%
Beidahuang Agriculture Development Limited	7.0%
Various shareholders	52.6%

[1] Value-added fertilizers include a variety of advanced fertilizer products manufactured using proprietary techniques. Examples of value-added fertilizers include slow-release, nutrient-enhanced or specially-coated fertilizers. Although value-added fertilizers are commonly used in Canada, their adoption in China remains relatively limited. Any references to fertilizer in this affidavit are to value-added fertilizers.

WFOEs

10. Prior to May 2014, Hanfeng owned all of the issued and outstanding shares of two Chinese business entities known as "wholly foreign-owned entities" (commonly abbreviated as "WFOEs"). A wholly foreign-owned entity (the "**Heilongjiang WFOE**") owned a fertilizer production facility in Heilongjiang Province in northeast China. The other wholly-owned foreign entity (the "**Jiangsu WFOE**") owned a fertilizer production facility in Jiangsu Province. As described in greater detail below, Hanfeng sold the Jiangsu WFOE in May 2014.

11. In accordance with my understanding of Chinese law and custom, control over the Heilongjiang WFOE is normally is exercised through a single individual called the "legal representative". At this time, Mr. Yu, who is the founder, President and Chief Executive Officer and a director of Hanfeng and who owns or controls 20.4% of the issued and outstanding shares of Hanfeng, is the legal representative for the Heilongjiang WFOE. Because Mr. Yu resides in Canada, control of (among other things) the corporate seals and "chops" used to authorize corporate action has been delegated to a management team located in Heilongjiang. This management team takes direction from Mr. Yu who, as legal representative for the Heilongjiang WFOE, takes direction from the Board.

12. Prior to March 2014, Hanfeng was also involved in a joint venture to produce fertilizer in Indonesia (the "**Indonesia JV**"). In March 2014, however, Hanfeng sold its ownership interest in Hanfeng Slow-Release Fertilizer Pte., Ltd. (Singapore), the company that held Hanfeng's interest in the Indonesia JV, for reasons described in greater detail below.

13. Accordingly, at this time, the Heilongjiang WFOE is Hanfeng's principal asset and its only operating subsidiary. As a result of various challenges experienced by the Heilongjiang WFOE, which are described below, the Heilongjiang's WFOE's operations have been severely hampered and its prospects have dramatically decreased since 2013.

Consolidated Financial Status

Liquidation Analysis of the Heilongjiang WFOE's Assets

14. Deloitte LLP ("**Deloitte**") has provided the Board with an opinion (the "**Opinion**") that, among other things, includes a determination of the fair market value of the Heilongjiang WFOE's assets. For the reasons described in the Opinion, a copy of which is attached hereto as

Exhibit "**A**" and herein, Deloitte determined that the appropriate approach to determining that fair market value was the liquidation approach. On the basis of various assessments, site visits and discussions with management, Deloitte has estimated the fair market value of the Heilongjiang WFOE's assets as at August 7, 2014 as follows:

Asset	**Fair Market Value (RMB)**
Working capital	211,784,591
Cash	98,555,064
Receivables (based on collectability assessment)	88,319,796
Prepayments (based on collectability assessment)	25,325,588
Inventory	Nil
Accounts Payable	(272,321)
Tax Payable	(143,536)
Machinery and equipment	Nil
Land use rights	42,925,376
Building and rail assets	179,513,218
Total liquidation costs	(229,279,013)
Net asset value after liquidation costs	**204,944,172**

15. Hanfeng is currently unable to prepare audited financial statements and its most recent unaudited consolidated interim financial statements are for the three month period ending September 30, 2013. Hanfeng's management has prepared draft financial statements for the year ending June 30, 2014 (the "**Draft FY2014 Statements**"), but these have not yet been reviewed or approved by the Board. Moreover, as shown on their face, these financial statements require the attachment of certain explanatory notes. These notes have not yet been prepared. Copies of these draft financial statements without the necessary notes are attached hereto as Exhibit "**B**".

16. I have reviewed the Draft FY2014 Statements and believe that they contain all the liabilities of which the Board is aware. It would be unrealistic to assume, however, that the history described herein could not lead to litigation in various ways, including the potential for

claims being made against Hanfeng. Given the recent experience of TSX-listed companies with assets in China, the potential for the exposure attendant upon such litigation is a real one.

Customers

17. Between 2011 and 2013, Heilongjiang WFOE's most significant customers were certain subsidiaries and affiliates of the Beidahuang Agricultural Company Limited (collectively, "**Beidahuang**"). Beidahuang is one of the largest agricultural state-owned enterprises in China. Sales to Beidahuang had increased from $155 million or approximately 62.7% of Hanfeng's annual sales in 2011, to $181 million or nearly 85.3% of Hanfeng's annual sales in 2012, and $106 million or 64.6% of Hanfeng's annual sales in 2013.

18. Hanfeng's significant sales to and purchases from Beidahuang had made Hanfeng one of Beidahuang's key commercial partners. The termination of the business relationship with Beidahuang (described below) has had a significant adverse effect on the operations and prospects of Hanfeng.

Proposed Privatization Transaction

19. I understand from Mr. Yu that in 2011, Beidahuang contacted Mr. Yu (who, as indicated above, was the President and Chief Executive Officer of Hanfeng at the time) about a potential acquisition of approximately 30% of Hanfeng's issued and outstanding shares. The stated reason for Beidahuang's interest in a potential acquisition was ensuring that it had adequate control over the supply of fertilizer from one of its key commercial partners.

20. After meeting with the then-chairman of Hanfeng's Board, Beidahuang agreed to maintain its business relationship with Hanfeng pending completion of the proposed acquisition. As described below, in April 2014, representatives of Beidahuang informed me that Beidahuang was willing to renew a business relationship with Hanfeng if the proposed transaction could be completed, but confirmed that Beidahuang was not prepared to acquire such a stake at the present time.

21. Following discussions between the Board, Beidahuang and Mr. Yu, it was determined that Beidahuang would acquire 30% of Hanfeng's shares in a two-step transaction: first, a corporation owned and controlled by Mr. Yu (the "**Yu Purchaser**") would acquire all of the issued and outstanding shares of Hanfeng; second, the Yu Purchaser would sell approximately 30% of those shares to Beidahuang at the same price. These steps were to be implemented by way of a court-approved plan of arrangement pursuant to the OBCA (the "**Plan of Arrangement**").

22. The Board determined that it was necessary to strike a special committee (the "**Special Committee**") comprised of three independent directors of Hanfeng to evaluate the offer and negotiate with the Yu Purchaser.

23. Unfortunately, the relationship between Mr. Yu and the Special Committee grew increasingly acrimonious over the ensuing months, culminating in the proxy battle described below and the commencement of various proceedings and extensive filings. The history of these proceedings may be gleaned from a review of certain filings made in these proceedings which are listed in Exhibit "**C**". As they are voluminous, they are not attached to this affidavit.

24. After extensive negotiations, on February 11, 2013, Hanfeng and Mr. Yu entered into an arrangement agreement (the "**Arrangement Agreement**") pursuant to which the Yu Purchaser would acquire all of the issued and outstanding common shares of Hanfeng (other than those shares held by Mr. Yu) for cash consideration of approximately $107 million or $2.25 per share (the "**Privatization Transaction**"). This purchase price represented a 47% premium to the 30-day trailing average price of those shares at the time. A copy of Hanfeng's circular dated February 13, 2013 recommending the Privatization Transaction to shareholders, and which includes the Arrangement Agreement as its Appendix "C", is attached hereto as Exhibit "**D**".

25. On February 13, 2013, Hanfeng sought and obtained an interim order of the Ontario Superior Court of Justice approving the process for seeking shareholder approval of the Plan of Arrangement. A copy of that interim order and the Court's related endorsement are attached collectively hereto as Exhibit "E".

26. On March 15, 2013, at Hanfeng's annual and special meeting, shareholders of Hanfeng passed a special resolution in favour of the Plan of Arrangement.

27. The Arrangement Agreement contemplated an outside closing date (as subsequently extended, the "**Arrangement Closing Date**") of April 30, 2013. Hanfeng agreed to two extensions of the Arrangement Closing Date in order for the closing conditions set out in the Arrangement Agreement to be satisfied. One such extension was conditional upon the removal of a "no-shop" clause contained in the Arrangement Agreement that had prevented Hanfeng from exploring potential alternative acquisition transactions (each an "**Alternative Transaction**").

28. I understand from Mr. Yu that during the summer and fall of 2013 and following the removal of the "no-shop" clause, the Special Committee continued to explore potential Alternative Transactions. Representatives of the Special Committee travelled to China to meet with at least two potentially interested parties. However, none of these efforts were successful, and it became apparent to the Board and Mr. Yu that there was very little serious interest in Hanfeng as a going concern. Eventually, these efforts were abandoned.

29. On January 7, 2014, Hanfeng terminated the Arrangement Agreement.

Termination of Mr. Yu, Cease-Trade and Proxy Battle

30. The failure to close the Privatization Transaction exacerbated the difficulties in the relationship between the Board and Mr. Yu.

31. On January 7, 2014, the Hanfeng Board terminated Mr. Yu's employment relationship. In terminating Mr. Yu, the Hanfeng Board alleged (among other things) that Mr. Yu's many conflicts of interests made it improper for him to continue as President and CEO of Hanfeng and that Mr. Yu had been unwilling to accept direction from the Board.

32. On January 10, 2014, Hanfeng adopted a shareholder rights plan and a related advance notice by-law (which are summarized in the press release attached hereto as Exhibit "**F**").

33. On January 15, 2014, the TSX announced that it was suspending trading of Hanfeng's common shares pending clarification of Hanfeng's status and plans. A copy of the TSX's announcement and a press release subsequently issued by Hanfeng are attached collectively hereto as Exhibit "**G**".

34. Thereafter, Mr. Yu commenced a proxy battle to replace all directors of Hanfeng. A dissident proxy circular (the "**Proxy Circular**") dated February 1, 2014 that was prepared on behalf of Mr. Xinduo Yu and distributed to all of Hanfeng's registered and beneficial shareholders is attached hereto as Exhibit "**H**".

35. In response to the Proxy Circular, the Board announced on February 6, 2014 that it would delay the holding of Hanfeng's annual shareholder meeting. A copy of Hanfeng's press release on this subject is attached hereto as Exhibit "**I**".

36. On February 19, 2014, the OSC issued a temporary cease-trade order in respect of shares of Hanfeng. On March 3, 2014, the OSC issued a permanent issuer cease trade order (the "**Cease-Trade Order**"). The securities commissions of British Columbia, Quebec, Manitoba and Alberta issued cease-trade orders in February, March, April and June 2014, respectively.

37. On February 20, 2014, Hanfeng announced that the TSX had determined not to grant Hanfeng's request for approval of the deferral of the annual shareholders' meeting date. Hanfeng also announced on that date that Mr. Yu filed an application in the Ontario Superior Court returnable on February 24, 2014 for, among other things, an order for direction with respect to the holding of a shareholders' meeting at the earliest practicable date. In response, Hanfeng sought certain relief at the return of that application, including with respect to the timing of the meeting and the manner in which directors would be elected. A copy of Hanfeng's press release dated February 20, 2014 in connection with this application is attached hereto as Exhibit "**J**".

38. On February 24, 2014, prior to the commencement of the hearing of Mr. Yu's application, all members of the Board (other than Mr. Yu) resigned. The slate of directors named in the Proxy Circular were appointed directors of Hanfeng effective that date. Mr. Yu was appointed Chairman. He was also re-appointed as President and CEO of Hanfeng and as legal representative of the Heilongjiang WFOE and the Jiangsu WFOE. I was appointed as Lead Director at that time. A copy of the press release issued by Hanfeng on February 24, 2014 describing these events is attached hereto as Exhibit "**K**".

Ongoing Challenges to Efforts to Normalize Hanfeng's Business and Operations

39. Since the reconstitution of the Board, the Board (including Mr. Yu) has made extensive efforts to repair the damage caused by (amongst other things) the proxy battle and to normalize Hanfeng's business, operations and reporting obligations. We have had limited or no success because of a number of ongoing challenges, which are described below.

Resignation of Auditor

40. Effective February 26, 2014, KPMG resigned as auditor of Hanfeng. Since that time, Hanfeng has sought to find a replacement auditor with no success. In the view of the Board, it is unlikely that Hanfeng will ever be able to find a replacement auditor because of, among other things, concerns relating to the continuing circumstances of Hanfeng. As a result of KPMG's resignation, Hanfeng has been unable to comply with its obligations under the OBCA and applicable securities laws and regulations with respect to finding a replacement auditor and preparing, filing and sending unaudited and audited financial statements to its shareholders. A copy of the press release issued by Hanfeng on February 27, 2014 (the "**February 27 Press Release**") is attached hereto as Exhibit "**L**".

Hanfeng Shares Delisted

41. On or about May 12, 2014, the TSX delisted Hanfeng's common shares effective at the close of market on June 9, 2014. The stated reason for the delisting was Hanfeng's failure to meet the continued listing requirements of the TSX. A press release issued by Hanfeng on May 12, 2014 with respect to the delisting is attached hereto as Exhibit "**M**".

Termination of the Relationship with Beidahuang

42. On December 20, 2013, Hanfeng issued a press release announcing that it had received a notice from Beidahuang (which as described above represented 75% of the Heilongjiang WFOE's sales in 2012) that Beidahuang had decided to terminate its business relationship with Hanfeng and to discontinue any further product purchases from Hanfeng. A copy of the notice from Beidahuang and the press release are attached collectively hereto as Exhibit "**N**".

43. As described in the February 27 Press Release, following the reconstitution of the Board, Hanfeng received a letter from Beidahuang wherein Beidahuang "respond[ed] positively to the recent board and management changes and [stated] that it looks forward to restoring its past

commercial relationship" with Hanfeng. Encouraged by this letter, Mr. Yu and I met with Beidahuang in April 2014 in China to discuss the possibility of renewing the business relationship between Hanfeng and Beidahuang. Beidahuang informed us that it had already secured a supply of fertilizer for the 2014 growing season from other suppliers. Beidahuang also reiterated that it would not continue to do business with Hanfeng unless it owned a 30% stake in Hanfeng, but confirmed that it was not prepared to acquire such a stake at the present time. A press release issued by Hanfeng that describes this meeting was previously attached hereto as Exhibit "**M**".

44. In light of the difficulties facing Hanfeng, it is unlikely that such a relationship will ever be restored, and Mr. Yu has informed the Board that he concurs with this view. Moreover, it is unlikely that Hanfeng will ever be able to replace the revenues lost as a result of the termination of the Hanfeng-Beidahuang business relationship by entering into new supply arrangements with other customers, particularly as Hanfeng has been unable to attract such customers over the past months.

Sale of Assets

45. As indicated above, in March and May of 2014, respectively, Hanfeng terminated its involvement in the Indonesia JV and sold the Jiangsu WFOE. Hanfeng did so in order to generate cash flow and to reduce its potential liabilities, and in light of the eroding value of these assets.

46. As indicated above, on March 24, 2014, Hanfeng announced that it had terminated its involvement in the Indonesia JV. Hanfeng had experienced a variety of operational difficulties in connection with the Indonesia JV. It was determined that Hanfeng should withdraw from the Indonesia JV in order to allow management and the Board to focus on normalizing Hanfeng's other business operations and to limit Hanfeng's potential exposure to additional costs and liabilities associated with the Indonesia JV. A copy of the press release issued by Hanfeng with respect to the sale of its interest in the Indonesia JV is attached hereto collectively as Exhibit "**O**".

47. On May 26, 2014, Hanfeng entered into an agreement to sell the Jiangsu WFOE (the "**Jiangsu Sale Agreement**"). Hanfeng received the first $1.6 million of the purchase price

payable under the Jiangsu Sale Agreement on June 9, 2014. The balance of the purchase price (the "**Jiangsu Proceeds**"), approximately $3.6 million, was payable upon the transfer of the shares of the Jiangsu WFOE being registered with applicable authorities and becoming effective under Chinese law or, in any event, within 60 days. Hanfeng received these funds on August 5, 2014. A copy of the press release issued by Hanfeng with respect to the sale of the Jiangsu WFOE is attached hereto as Exhibit "**P**".

Operational Challenges at Heilongjiang WFOE

48. I understand from Mr. Yu that, as at the date of this affidavit, the Heilongjiang WFOE is not operating and not producing any fertilizer because of a lack of short-term prospects for customer orders. Buildings, machinery and equipment at the Heilongjiang WFOE's facilities are not being maintained and serviced because of limited cash flow into the Heilongjiang WFOE. As a result, their value is depreciating rapidly. I expect that the rate of depreciation will increase as a result of harsh conditions that are typically experienced in the northeast of China.

49. Moreover, the Board has serious concerns about the high levels of inventory held by the Heilongjiang WFOE, much of which will soon be unsaleable. A copy of a press release issued by Hanfeng on this subject was previously attached hereto as Exhibit "**M**".

50. In early 2014, the Heilongjiang WFOE's management team resigned or was terminated due to ongoing internal control issues. Hanfeng has been unable to recruit and retain experienced replacement personnel.

Concerns Regarding Operating through WFOE in China

51. I understand that exercising control over the Heilongjiang WFOE from Toronto has been challenging because of, among other things, language and cultural differences. As a result, the Board has had limited success in implementing adequate and effective control and financial reporting mechanisms in respect of the Heilongjiang WFOE.

52. Following an evaluation of the effectiveness of Hanfeng's internal control over financial reporting as at June 30, 2010, management concluded that Hanfeng had ineffective internal controls over financial reporting at that financial year end due to material weaknesses in the following areas:

(a) Inadequate written policies and procedures for reporting of information from the Company's subsidiaries to the parent company, including the CEO and CFO; and

(b) Weaknesses in the timeliness of communicating information from the Company's subsidiaries to the parent company, including the CEO and CFO.

53. I understand that these material weaknesses have not been fully remediated.

54. In light of the current circumstances facing Hanfeng and the material weaknesses relating to internal controls outlined above, I have concerns about the Board's ability to adequately or responsibly supervise the Heilongjiang WFOE's ongoing business and affairs.

Inability to Appoint a Replacement Auditor and Resume Trading

55. As indicated above, because Hanfeng has no auditor at present, it has not filed or sent to its shareholders unaudited interim financial statements for the six months ended December 31, 2013 or the nine months ended March 31, 2014. It is, therefore, in violation of its continuous disclosure obligations under applicable securities laws. In addition, the lack of an auditor has inhibited Hanfeng's ability to hold an annual meeting of shareholders as it would be unable to present audited financial statements to its shareholders at any such annual shareholders meeting.

56. I understand that the Cease Trade Order relates, in part, to Hanfeng's failure to file financial statements within the prescribed statutory time frame and that the OSC will not lift the Cease Trade Order in the absence of Hanfeng filing its outstanding annual and interim financial statements. Hanfeng will not be able to do so unless it is able to engage a qualified auditor.

57. In my view, there is no realistic possibility of Hanfeng ever engaging an auditor in the short or medium term, and therefore there is no real likelihood in such time horizon of the shares of Hanfeng ever resuming trading or for Hanfeng to have access to financing on commercial terms, whether through a credit facility from a financial institution, access to the capital markets, or otherwise. Moreover, I do not believe there is any reasonable prospect of Hanfeng's shareholders liquidating their investment in Hanfeng, other than through dividends or other distributions paid to them by Hanfeng in respect of their shares.

Outlook for Hanfeng's Business

58. In light of the complexity of the issues presently facing Hanfeng and the Heilongjiang WFOE, I believe that Hanfeng will be unable to continue as a going concern, particularly in the long-term. With the termination of the Beidahuang business relationship and the lack, for the foreseeable future, of any other meaningful sales to other customers, I have serious concerns about whether the Heilongjiang WFOE will resume operations and achieve positive cash flow. As shown in the Draft FY2014 Statements, Hanfeng experienced negative cash flow of $38,794,000 in the year ending June 30, 2014.

59. Hanfeng has never generated revenue (other than indirectly through its subsidiaries). It now relies on the Heilongjiang WFOE to defray its expenses, although transferring available cash to Hanfeng from China has proven challenging. Over the last few months, Mr. Yu has loaned money to Hanfeng to assist Hanfeng in paying expenses incurred in Canada given the difficulties in obtaining funds from the Heilongjiang WFOE. If Hanfeng's circumstances do not materially improve in the near term (which I believe is very unlikely), the cash resources of Heilongjiang WFOE will eventually be exhausted and the solvency of Hanfeng, on a consolidated basis, will inexorably and inevitably be eroded so that there will be no prospect of any return for Hanfeng's shareholders through a distribution.

60. As a result, the Board has entered into a share purchase agreement with respect to its shares in the Heilongjiang WFOE (described below) and commenced this application to appoint a receiver to implement the sale, run a claims process and distribute the proceeds of sale and any other assets to Hanfeng's stakeholders.

The Share Transfer Transaction

61. In early June, 2014, Heilongjiang Harbin Pengcheng Fertilizer Co., Ltd. (as previously defined, the "**Purchaser**") contacted local management of the Heilongjiang WFOE to express interest in potentially acquiring the Heilongjiang WFOE from Hanfeng. Management of the Heilongjiang WFOE reported this contact to Mr. Yu, who notified me of the Purchaser's potential interest on or about June 16, 2014. Following preliminary discussions with the Purchaser, the Purchaser's proposal for acquiring the Heilongjiang WFOE was delivered to the Board on June 18, 2014.

62. On August 8, 2014, following negotiations between the parties, Hanfeng and the Purchaser entered into a share transfer agreement (the "**Share Transfer Agreement**") and certain related agreements (collectively, the "**Transaction Documents**") pursuant to which Hanfeng agreed to transfer all its equity shares of the Heilongjiang WFOE to the Purchaser in consideration for payment of RMB 248,000,000 (approximately C$43.3 million) (the "**Purchase Price**" and the transaction, the "**Share Transfer Transaction**"). Pursuant to the Share Transfer Agreement, all of the liabilities of the Heilongjiang WFOE will remain with Heilongjiang WFOE once it is owned by the Purchaser. As a result of the Share Transfer Transaction, the Heilongjiang WFOE will no longer qualify as a WFOE. A copy of the Share Transfer Agreement and the Transaction Documents are attached collectively hereto as Exhibit "**Q**".

63. 80% of the Purchase Price is payable in cash and 20% is payable by way of a non-interest bearing promissory note to be issued by the Purchaser in favour of Hanfeng (the "**Promissory Note**"). 5% of the total Purchase Price (approximately $2 million) is payable by August 15, 2014, which amount shall be forfeited by the Purchaser if it fails to complete the Share Transfer Transaction in accordance with the Share Transfer Agreement. A further 15% of the total purchase price is payable within seven business days of the date of approval of the Share Transfer Transaction by this court. The balance of the purchase price, consisting of cash and the Promissory Note, is payable within 10 business days of closing of the Share Transfer Transaction.

64. The Share Transfer Agreement expressly contemplates that Hanfeng will seek approval of either its shareholders or the court within 45 to 60 days of signing the Share Transfer Agreement.

65. Mr. Yu and the Purchaser entered into a guarantee agreement (the "**Yu Guarantee**") dated August 8, 2014 pursuant to which Mr. Yu personally guaranteed in favour of the Purchaser "the potential risks facing [the Heilongjiang WFOE] up to the amount of RMB 49.6 million (approximately C$8.6 million)" in accordance with the terms of the Yu Guarantee. Among other things, pursuant to the Yu Guarantee, Mr. Yu has agreed to: (a) remain with the Heilongjiang WFOE for a transition period of 12 months; (b) act as legal representative (but not board chairman) of the Heilongjiang WFOE; (c) take all commercially reasonable efforts during the transition period to safeguard the interests of the Heilongjiang WFOE, to ensure the smooth

and steady transition of the Heilongjiang WFOE and to protect it from certain risks, including employee severance, tax, environmental and accounts-receivable risks. Mr. Yu is not receiving any compensation from Hanfeng in connection with granting the Yu Guarantee.

66. Assuming that Hanfeng is liquidated in short order, I believe that the practical effect of the Yu Guarantee is to make Mr. Yu liable for any purchase price adjustments that would be necessitated by a change in the financial conditions of the Heilongjiang WFOE within one year of closing the Share Transfer Transaction.

67. The Share Transfer Agreement and the Promissory Note both contemplate that Hanfeng shall assign the Promissory Note to Mr. Yu upon Hanfeng's liquidation or winding-up as payment to him of the equivalent of RMB 49,600,000 of the amounts owing to him by Hanfeng at such time, including for his share of the assets of Hanfeng as a shareholder of Hanfeng upon its liquidation and approximately $3.716 million owing to him for the advances he has made to Hanfeng since February 2014.

68. Also on August 8, 2014, Hanfeng and Mr. Yu entered into a confirmation agreement (the "**Confirmation Agreement**"). The Confirmation Agreement provides, among other things, that Hanfeng will repay $1.5 million of the amount it owes to Mr. Yu and will transfer the Promissory Note to Mr. Yu upon the first distribution of the liquidated assets of Hanfeng to its shareholders in connection with the within application (the "**Distribution Event**") or at such earlier time upon written request of Mr. Yu. The Confirmation Agreement further provides that Mr. Yu agreed to accept the assignment of the Promissory Note in consideration for the payment by Mr. Yu to Hanfeng of the Canadian dollar equivalent of the principal amount of the Promissory Note. This payment is to be satisfied by way of set-off of any amounts owing from Hanfeng to Mr. Yu. The Confirmation Agreement further provides for certain payments by either Mr. Yu or Hanfeng in the event that the amounts owing from Hanfeng to Mr. Yu at the time of the Distribution Event are less than or greater than the Canadian dollar equivalent of the principal amount of the Promissory Note.

Directors' Fees

69. In May and June, 2014, the compensation committee of the Board (the "**Compensation Committee**") discussed the appropriate remuneration payable to Hanfeng's independent directors in the event that agreements were reached with a prospective purchaser to sell the Heilongjiang WFOE.

70. These discussions were formalized at a meeting of the Compensation Committee held on July 29, 2014. At that meeting, the Compensation Committee unanimously resolved that, upon definitive agreements being signed to reflect the sale of the Heilongjiang WFOE to the Purchaser on the terms then under discussion, and upon a receiver being appointed to liquidate and wind up Hanfeng, each independent director would be paid a lump sum fee of $150,000. It was also resolved that, as Lead Director, I would be paid an additional $50,000 (all such payments, the "**Directors' Fees**"). The total fees to be paid to the independent directors are $500,000.

71. The Compensation Committee acknowledged that each of the independent directors of Hanfeng would continue to make himself or herself available to Hanfeng and to the Receiver to a reasonable degree without any further compensation to assist Hanfeng and the Receiver in liquidating Hanfeng. A copy of the minutes of the meeting of the Compensation Committee are attached hereto as Exhibit "**R**".

72. In my experience as a director or officer of four publicly-traded corporations, it is common for corporations to make payments to board members upon successful entering into of or completion of transactions that realize value for the corporation or its stakeholders. These payments are ordinarily in addition to the remuneration ordinarily paid to directors. In light of the efforts described in this affidavit to navigate the affairs of Hanfeng toward concluding a sale with the Purchaser, I believe the payment and amount of the Directors' Fees are reasonable under the circumstances.

The Share Transfer Transaction is Necessary, Fair and Reasonable

73. The Board has concluded that the Heilongjiang WFOE's assets are not financially viable for use as a fertilizer manufacturing facility and believes that the Share Transfer Transaction represents the only viable option to preserve and realize value for all of Hanfeng's stakeholders,

including its shareholders. As described above, Hanfeng faces numerous challenges, including the loss of Beidahuang as a customer, the deterioration of assets at the Heilongjiang WFOE, the challenge of recruiting and retaining a strong management team, the difficulty of finding a replacement auditor and the difficulty of complying with its Canadian securities law obligations. Therefore, Hanfeng is not a viable business and cannot continue as a going concern.

74. I have serious concerns about Hanfeng's ability to find another party interested in purchasing the Heilongjiang WFOE. Both the prior Board and the reconstituted Board have undertaken to market and sell Hanfeng for a number of years without success. There have been no offers from third parties to purchase Hanfeng or the shares of the Heilongjiang WFOE or its assets during the preceding 24 months other than the offer made in connection with the Privatization Transaction. Beidahuang, which previously expressed interest in acquiring a stake in Hanfeng, has informed the Board that it has no interest in acquiring either Hanfeng or the Heilongjiang WFOE. I understand that it is known in the Chinese fertilizer industry that Hanfeng is experiencing serious financial difficulties. Without a seasoned management team, and as Hanfeng's financial condition and competitive advantage in the industry and in China continue to deteriorate, it is increasingly unlikely that a substitute purchaser can be found.

75. The Purchaser is a third party that is unrelated to Hanfeng and the Share Transfer Transaction is being completed on an arm's length basis.

76. Deloitte has provided the Board with the Opinion, which concludes that the fair market value (net of liquidation costs) of Hanfeng's shares in the Heilongjiang WFOE as at August 7, 2014 is approximately RMB 205 million (equivalent to approximately $36.37 million). This is less than the Purchase Price of RMB 245.6 million (being the purchase price of RMB 248 million with the discounted value of the Promissory Note) to be obtained in the Share Transfer Transaction. Accordingly, Deloitte has concluded that the Share Transfer Transaction is fair, from a financial point of view, to Hanfeng.

Views of Hanfeng's Existing Directors

77. I have made inquiries with each of the members of the Board. Each director believes that, given the circumstances facing Hanfeng at present as outlined herein, the Board is no longer in a position to contribute meaningfully to the preservation of value for Hanfeng's

shareholders. Given the issues outlined above, particularly in relation to the Heilongjiang WFOE, I believe that an international accounting firm of the stature of E&Y, which has a strong presence in China, is better situated than the Board to preserve those assets, close the Share Transfer Transaction and distribute the proceeds.

78. In light of the foregoing, each of Hanfeng's directors desires to resign as director of Hanfeng and will tender his or her resignation as a director, such resignations to be effective upon the issuance of an Order appointing E&Y as receiver.

79. On August 5, 2014, the Board unanimously passed a resolution, among other things, authorizing Hanfeng to make this application to the Ontario Superior Court of Justice.

Appointment of E&Y as Receiver of Hanfeng is Just and Convenient

80. For the foregoing reasons, I believe that it is just and convenient to appoint E&Y as receiver without security pursuant to section 101 of the CJA of the assets, property and undertaking of Hanfeng. I am attaching as Exhibit "S" the consent of E&Y to act as receiver.

81. If appointed, it is expected that the receiver will, among other things, complete the following steps under court supervision:

(a) receive, preserve, protect and otherwise deal with the assets of Hanfeng, including the shares of the Heilongjiang WFOE;

(b) close the Share Transfer Transaction and collect the Purchase Price payable thereunder;

(c) conduct a claims process under court supervision to identify all parties potentially having claims against Hanfeng and in the proceeds of a liquidation; and

(d) make distributions to all parties entitled thereto with court approval.

82. I believe there is no commercially reasonable, efficient and practicable method to complete these steps without the appointment of a receiver. Without an order appointing the receiver, the Share Transfer Transaction (as it is a sale of all or substantially all of the assets of Hanfeng) must be put before Hanfeng's shareholders for approval in accordance with the OBCA. A shareholder vote is not practicable under the circumstances: Hanfeng has no auditor and has therefore been unable to prepare its quarterly and annual financial statements, which make it difficult for shareholders to have sufficient information for them to properly evaluate and vote on the Share Transfer Transaction. In any case, any shareholder meeting could not occur for 45 to 60 days in order to have time to prepare and mail a management information circular.

83. Further delay in closing the Share Transfer Transaction will result in continued erosion of the value of the Heilongjiang WFOE and may result in the loss of the only prospective purchaser known to the Board. Without the appointment of a receiver, the Share Transfer Transaction cannot close and I expect that recoveries by all stakeholders, including shareholders, will be significantly diminished.

84. As indicated, shares of Hanfeng are illiquid since they were delisted from the TSX and a cease-trade order was been imposed by the OSC. As a result, shareholders of Hanfeng are unable to sell their holdings and exit this situation. The best interests of those shareholders lie in an orderly wind-up of Hanfeng.

SWORN BEFORE ME at the City of Toronto, on August 13, 2014.	
Commissioner for Taking Affidavits	Jonathan Pollack

Kathleen Marion Carole Shelton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Tab A

This is Exhibit "A"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Deloitte.

Deloitte LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
Fax: 416-601-6690
www.deloitte.ca

August 7, 2014

The Board of Directors—Hanfeng Evergreen Inc.
2 St. Clair Avenue W., Suite 610
Toronto ON M4V 1L5
Canada

Dear Sirs/Mesdames:

Subject: Fairness opinion relating to a sale of the shares of Hanfeng Evergreen Inc.'s subsidiary holding the Heilongjiang manufacturing facility assets

Introduction

We understand that Hanfeng Evergreen Inc. ("Hanfeng" or the "Company") is contemplating a transaction whereby the Company will sell of all of the shares (the "Shares") of Hanfeng Slow-Release Fertilizer Co., Ltd ("HSRF"), the Company's wholly owned subsidiary which owns and operates its Heilongjiang manufacturing facility assets (Heilongjiang Assets), to Heilongjiang PengCheng Fertilizer Co., Ltd, ("HPF" or the "Buyer") pursuant to a board and court approved transaction (the "Transaction").

We understand that the board of directors of Hanfeng (the "Board") requires our fairness opinion in order to assist in its fiduciary responsibilities to ensure the fairness, from a financial point of view, of the Transaction, to Hanfeng (the "Fairness Opinion"). We understand that the Fairness Opinion will be provided to the Ontario Superior Court of Justice (the "Court") in support of an application by Hanfeng to approve the Transaction and appoint a receiver to assist in the liquidation and winding-up of the Company. Any recipient of the Fairness Opinion acknowledges the restrictions in its use and circulation as stated herein.

Engagement

The Board has requested that Deloitte LLP ("Deloitte"), acting independently and objectively, provide a Fairness Opinion with respect to the consideration to be offered by HPF (the "Consideration") in connection with the Transaction. Specifically, we have been asked to determine whether the consideration offered as part of the Transaction is fair, from a financial point of view, to Hanfeng.

The completion of the Transaction will result in the divestiture of HSRF, the subsidiary that owns the Heilongjiang Assets, the Company's largest group of operating assets. In connection therewith, we have been requested by the Board, to prepare a Fairness Opinion, as at August 7, 2014 (the "Opinion Date"). The Fairness Opinion has been prepared in conformity with Canadian Institute of Chartered Business Valuators ("CICBV") Practice Standards No. 510, 520 and 530 pertaining to fairness opinions.

The Board formally engaged Deloitte effective July 11, 2014, by way of an engagement letter dated July 11, 2014, to provide the Fairness Opinion (the "Engagement Agreement"). The terms of the Engagement Agreement provide that Deloitte is to be paid a fixed fee based on time spent at standard hourly billing rates. In addition, Deloitte is to be reimbursed for its reasonable out-of-pocket expenses and indemnified by the Company in respect of certain liabilities which may be incurred by Deloitte in connection with the provision of its services hereunder. No part of Deloitte's fee is contingent upon the conclusions reached in this Fairness Opinion or upon the successful completion of the Transaction. The principal valuator and other staff involved in the preparation of the Valuation and Fairness Opinion acted independently and objectively in completing this engagement.

Credentials of Deloitte

Deloitte is one of the world's largest and most reputable professional services organizations with approximately 203,000 people in over 150 countries. In Canada, Deloitte is one of the country's leading professional services firms and provides audit, tax, financial advisory and consulting services through more than 8,000 people in 56 offices.

Deloitte's professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters and corporate income tax, amongst other things.

As a global market leader with over 125 dedicated valuation professionals in Canada and over 1,500 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Professional Accountant (CPA), Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), and Accredited Senior Appraiser (ASA).

Independence of Deloitte

Neither Deloitte nor any of its affiliates are an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) of the Company or any of its affiliates. Deloitte and its affiliates are not auditors of any of the parties involved in the Transaction.

Deloitte and its affiliates have, and may, in the future, in the ordinary course of its business, continue to provide services to the Company or any of their respective associates or affiliates. The compensation of Deloitte for the preparation of this Fairness Opinion does not depend in whole or in part on the conclusions reached herein or on the successful outcome of the Transaction.

We do not believe that the prior, current, or future delivery of professional services to any one of the parties involved impacts our ability to act independently and impartially in this matter.

Definitions

Fair market value, as defined by the CICBV, is defined as the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

With respect to the Fairness Opinion, Deloitte has defined fair, from a financial point of view to Hanfeng, as whether the fair market value of the Transaction consideration is equal to or greater than the fair market value of the Shares being sold.

Within the marketplace, there may exist "special purchasers" who may be willing to pay higher prices, as a result of reduced or eliminated competition, ensured source of sales, cost savings arising on business combinations following acquisitions, or other strategic advantage which could be enjoyed by the purchaser.

Given the nature and stated purpose of this engagement, we will not further expose the Shares to the marketplace to determine whether some special purchasers, for their own reasons, might perceive a value different from that determined by us. Further, we understand that the Board has contemplated prior offers for a sale of all (or parts) of the Company.

Currency of Fairness Opinion

Currency amounts shown in this Fairness Opinion are expressed in "RMB" for the Chinese Renminbi and "C$" for the Canadian dollar.

Scope of review

In connection with preparing and rendering this Fairness Opinion, Deloitte has reviewed and relied upon information, obtained from the Company and certain external sources, and completed the following procedures:

1. HSRF's unaudited financial statements for the six months ended June 30, 2014, and audited consolidated historical financial statements for the fiscal years ended December 31, 2011, 2012 and 2013;
2. Site inspection performed on July 24, 2014, in Shangzhi City, Heilongjiang Province, People's Republic of China;
3. The Company's bank statements, fixed asset register and general ledger breakdown as of June 30, 2014;
4. The building certificates and land use right certificates for the buildings, structures and land owned by the Company;
5. Discussion with the Company's finance manager, Mr. Xinduo Yu, the Company's CEO, and Messrs. Tony Chang and Jonathan Pollack, independent directors of the Company;
6. Discussions with the Company's external legal counsel;
7. Letter of intent to purchase the Shares of Hanfeng Slow-Release Fertilizer Co., Ltd. dated June 16, 2014 from Heilongjiang Pengcheng Fertilizer Co., Ltd.;
8. Legal opinion related to severance costs estimated to be incurred at HSRF prepared in the month of July 2014 (the "Severance Legal Opinion");
9. Share Transfer Agreement (draft) between Hanfeng Evergreen Inc. and Heilongjiang Pengcheng Fertilizer Co., Ltd. (the "Share Transfer Agreement"), document undated but received by Deloitte on August 6, 2014;
10. Guarantee Agreement (draft) dated August 7, 2014 between Heilongjiang PengCheng Fertilizer Co., Ltd, and Mr. Xinduo Yu relating to a promissory note as part of the Transaction (the "Guarantee Agreement") received by Deloitte on August 6, 2014;
11. Promissory Note Agreement (draft) dated August 7, 2014 between Hanfeng Evergreen Inc. and Heilongjiang PengCheng Fertilizer Co., Ltd, (the "Promissory Note ") received by Deloitte on August 6, 2014;
12. Confirmation Agreement (draft) dated August 6, 2014 between Hanfeng Evergreen Inc. and Mr. Xinduo Yu pursuant to the Transaction and in connection with the Guarantee Agreement and the promissory note (the "Confirmation Agreement") received by Deloitte on August 6, 2014;

13. External research relating to comparable land transaction information from www.landchina.com;
14. External research relating to the Construction & Installation Index of Heilongjiang Province issued by the National Bureau of Statistics of People's Republic of China;
15. Foreign exchange rates from the Bank of Canada;
16. Other industry, financial and market information and analyses considered by Deloitte to be necessary or appropriate in the circumstances; and
17. Representations contained in certificates addressed to us, dated as of August 7, 2014, from senior officers and a member of the Board of Directors of Hanfeng, including Mr. Tony Chang and Mr. Jonathan Pollack, respectively.

Deloitte has not, to the best of its knowledge, been denied access to any information requested by Deloitte.

Restrictions and limitations

The Fairness Opinion is subject to the following restrictions, limitations and qualifications, changes to which could have a significant impact on Deloitte's assessment of the Fairness Opinion:

1. This Fairness Opinion has been prepared solely for the use of the Board and the Court in consideration of the Transaction. The Fairness Opinion is not to be used for any purpose other than as stated herein. We do not assume any responsibility or liability for losses incurred by any parties as a result of circulation, publication, reproduction, or use of the Fairness Opinion contrary to the provisions of this paragraph.
2. Deloitte has relied upon the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions or representations obtained by it from management of the Company ("Management") or other advisors to the Company (collectively, the "Information"). The Fairness Opinion is conditional upon the completeness, accuracy, and fair presentation of such Information. Deloitte has not attempted to verify independently the completeness, accuracy or fair presentation of the Information. Additionally, Deloitte has not attempted to audit any information obtained in the public domain.
3. The Company has represented and warranted to Deloitte that it understands the limitations of our analysis given our prescribed scope related to the Information which required us to accept the Information in its current state without assessing / testing the factual accuracy. The Company has represented and warranted to Deloitte that it is fully aware and understand the ramifications of relying on the Fairness Opinion when it has been prepared based on this restrictive and limited scope of Information and that our analysis and conclusions may be different had we been engaged to audit / assess the accuracy of the Information.
4. No opinion, counsel, or interpretation is intended in matters that require legal, regulatory or tax analysis or other appropriate professional advice. It is assumed that such opinion, counsel, or interpretations have been or will be obtained from the appropriate professional sources by the Company. To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Deloitte assumes no responsibility, in connection with such matters, other than as specifically disclosed to us, that:

- the title to all such assets, properties, or business interests purportedly owned by HSRF is good and marketable, and there are no adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all liens, encumbrances or encroachments;
- there is full compliance with all applicable federal, local, and national regulations and laws, as well as the policies of all applicable regulators, and that all required licences, rights, consents, or legislative or administrative authority from any federal, local, or national government, private entity, regulatory agency or organization have been or can be obtained or renewed for the operation of HSRF; and
- there are no material legal proceedings regarding the business, assets, or affairs of HSRF other than as disclosed to us.

5. This Fairness Opinion is rendered as of August 7, 2014 on the basis of securities markets, economic, financial, and general business conditions prevailing as at August 7, 2014 and the condition and prospects, financial and otherwise, of the Company and any of its subsidiaries and affiliates as they were reflected in the Information and as they have been represented to Deloitte in discussions with Management of the Company.
6. This Fairness Opinion is given as of August 7, 2014 and Deloitte disclaims any undertaking or obligation to advise any person of any change in any facts or matter affecting this Fairness Opinion, which may come or be brought to Deloitte's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any facts or matter affecting this Fairness Opinion after the date hereof, Deloitte reserves the right to change, modify or withdraw this Fairness Opinion.
7. Deloitte believes that this Fairness Opinion must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.
8. The Fairness Opinion is not to be construed as a recommendation to the Buyer or Hanfeng to support or reject the Transaction. Deloitte has not been retained to comment on the investment or strategic merit of the Transaction, or future operations of the Company. Future business conditions are subject to change and are beyond the control of Deloitte and the parties involved in the Transaction.

Major assumptions

In arriving at our conclusion, we have relied upon the following facts and major assumptions:

1. Deloitte assumed that all conditions precedent to the completion of the Transaction will be satisfied in due course by the expected closing date and that all consents, permissions, exemptions or orders required to be obtained from third parties and relevant authorities will be obtained, without adverse condition or qualification and without material cost to the Company. Deloitte has also assumed that all draft documents referred to under "Scope of review" above are accurate reflections, in all material respects, of the final form of such documents.

2. The unaudited balance sheets as at June 30, 2014 accurately reflect the financial position of HSRF as at the Opinion Date, including any significant commitments and contingent liabilities.
3. There were no material contingent or unrecorded liabilities, environmental liabilities, litigation pending or threatened other than in the ordinary course of business other than those described in this document.
4. We relied upon the financial position of HSRF as at June 30, 2014. Management indicated there were no significant changes between June 30, 2014 and the Opinion Date that would materially affect the results.
5. HSRF holds proper legal rights for all the tangible assets included in its financial statements as at the Opinion Date.
6. The Company holds proper legal rights for land use rights included in its financial statements as at the Opinion Date and has paid all the land appreciation tax and other taxes and applicable fees.
7. The title to all assets, properties or business interests purportedly owned by HSRF is good and marketable within the laws of the country in which the asset is located. There are no adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests and that the subject assets, properties or business interests are free and clear of any and all liens, encumbrances and encroachments, other than as disclosed to us.
8. There were no bona fide offers from third parties to purchase the Shares or the Heilongjiang Assets, during the preceding 24 months other than a February 28, 2013 offer from Mr. Xinduo Yu of C$2.25 per share to acquire all of the outstanding common shares of Hanfeng that he did not already own dated. We understand that Mr. Xinduo Yu did not complete the 2013 transaction to acquire the Hanfeng common shares.
9. Based on our discussions with Management and the Board, we note that nothing has occurred or is pending to August 7, 2014 which has not been disclosed to us, and which could be expected to have a material effect on the Fairness Opinion as at August 7, 2014.

Should any of the above major assumptions not be accurate or should any of the information provided to us not be factual or correct, our conclusion could be significantly different.

Summary description of Hanfeng and its Heilongjiang Assets

Headquartered in Toronto, Hanfeng's production facilities are located in China. After being founded, the Company had grown to become the leading supplier of value-added fertilizers to China's agricultural industry. Prior to August 2013, Hanfeng marketed and produced various types of value-added fertilizers including single and multi-nutrient slow and controlled release ("SCR") fertilizers. Compared to conventional fertilizers, SCR fertilizers have properties that improve fertilization effectiveness and efficiency, increase crop yield and reduce the damage done to the environment.

Hanfeng's operates primarily through its Heilongjiang facilities which are all owned by HSRF. The Heilongjiang facilities of HSRF are summarized in the table below:

Table 1 – Heilongjiang facilities

Plant name	Location	Fertilizer product	Production capacity (tonnes per year)
Heilongjiang NPK Plant	Shangzi	Homogenous NPK compound fertilizer using advance urea melting granulation technology	100,000
Heilongjiang Prill Tow er NPK Plant	Shangzi	High-concentration urea-based compound fertilizer by tow er granulation	200,000
Heilongjiang SCF Plant	Shangzi	Coated single and compound	50,000
Heilongjiang PSCF Plant	Shangzi	Polymer coated single and compound	50,000
Heilongjiang Slow-release Blending Plant	Shangzi	Value-added blended fertilizer	50,000

Background to the Transaction[1]

On June 16, 2014, Hanfeng received a letter of intent (the "LOI") from HPF expressing HPF's offer to acquire the Shares of HSRF for a Consideration of RMB200.0 million to RMB300.0 million. Subsequent to receiving the LOI, the final Consideration was agreed at RMB248.0 million[2], which translates to C$44.0 million (the "Purchase Price") as at the Opinion Date. Further, we note that 20 percent of the Purchase Price (i.e. RMB49.6 million) is to be paid by way of the Promissory Note[3], which promissory note is expected to be assumed by Mr. Xinduo Yu[4,5] in satisfaction of certain amounts that will become owing to Mr. Yu upon the liquidation and winding-up of the Company, on a dollar for dollar basis, including consideration for his approximate 20.4% share interest. We have estimated the fair market value of the note at the Opinion date reflecting its one year term and non-interest bearing nature. Based on the foregoing the fair market value of the consideration was calculated to be RMB245.6 million[6] (equivalent to C$43.6 million) (the "Consideration FMV").

We understand that Hanfeng did not undertake a formal marketing and bidding process to execute the Transaction. However, we note that HPF is a third-party unrelated to the Company. Accordingly, the Transaction is being completed on an arm's length basis. Further, we note that the former Board marketed the sale of the Company's assets and shares in late 2013 but, they were unsuccessful in completing any sale of the Heilongjiang Assets.

[1] All RMB to C$ conversations were based on Based on Bank of Canada RMB:C$ foreign exchange rate of ~5.64 as at August 6, 2014
[2] Share Transfer Agreement section 3.2
[3] The promissory note is payable one year from date of issuance and bears a 0% interest rate
[4] Per the Promissory Note
[5] Per the Guarantee Agreement paragraph 4, "[Mr. Xinduo Yu] agrees and accepts the transfer of the Promissory Note to ensure full performance of the Share Transfer Agreement." Per paragraph 1, [Mr. Xinduo Yu] personally guarantees in favour of Party A for the potential risks facing [HSRF] up to the amount of promissory note, i.e., 49,600,000 RMB. Further, per Article 1 "[Mr. Xinduo Yu] agrees to stay in [HSRF] for a transition period of 12 months as per the request of [HPF]." Per Article 3, Mr. Xinduo Yu will take all commercially reasonable efforts during the 12-month transition period to safeguard the interest of [HSRF], ensure the smooth and steady transition of [HSRF], and protect it from the following risks to the maximum extent, including but not limited to: employee severance expense; employee disturbance; tax liability/ expense; environmental regulations; working capital recovery; legal disputes; etc.
[6] Calculated as: (80% x RMB248 million) plus (20% x RMB 248 million discounted by a one year financing rate of 5%)

Approach to determining the fair market value of the Heilongjiang Assets and the HFSR Shares

There are two fundamental approaches to determine fair market value. These are the liquidation approach and the going concern approach.

A liquidation approach would be used if the business is not viable as a going concern or the return on the assets on a going concern basis is not adequate. This value is the net realizable value on an orderly disposition made in a manner that would minimize the loss and/or taxes thereon.

The going concern approach assumes a continuing business enterprise with a potential for economic future earnings.

In either the liquidation or going concern approach, the three approaches to valuation are commonly referred to as the following:

- cost approach;
- income approach; and
- market approach.

We selected the liquidation approach to value the Heilongjiang Assets and the HSRF Shares for the following reasons:

1. This approach is considered to be appropriate when valuing a business which is not viable as a going concern. In particular, we note that HSRF was not profitable without its key customer (i.e. the Beidahuang Group) and, HSRF was unable to secure new customers prior to idling the Heilongjiang Assets in July 2013. It is expected that HSRF will to continue to incur losses as it has not been able to secure new customers;
2. Management is of the view that, at the Opinion Date, HSRF's Heilongjiang Assets are not financially viable in use as a fertilizer manufacturing facility;
3. We understand that the Buyer will use the Heilongjiang Assets as a warehouse storage facility rather than to produce and supply value-added fertilizer products; thus indicating the Buyer's view that there is nominal value associated with continuing to operate the Heilongjiang Assets as a fertilizer manufacturing facility; and
4. Based on our understanding of the local economy and discussions with Management, it is unlikely that there will any other buyer for the Heilongjiang Assets who would purchase the facility with the intent of producing and supplying value-added fertilizer products.

In arriving at a fair market value assessment for Heilongjiang Assets and the HFSR Shares using a liquidation approach, we applied the adjusted net asset approach. This involves the restatement of the reported net book value of HFSR's assets and liabilities to fair market value. Our assessment of the fair market value of each of HSRF's assets and liabilities is described as follows:

Working capital

Working capital consists of cash, receivables, prepaids, inventory and payables. In estimating the fair market value of the working capital we estimated the proceeds that could be realized upon an orderly liquidation of these accounts. The realizable value of the working capital was calculated to be RMB211.8 million (equivalent to C$37.5 million). A summary of the working capital values is presented in the following table:

Table 2 - Working capital summary

RMB

Account	Fair market value	Notes
Cash	98,555,064	Based on cash in bank account
Receivables	88,319,796	Based on collectability assessment
Prepayment	25,325,588	Based on collectability assessment
Inventory	-	Considered to be damaged and w orth nil to nominal value
Account payable	(272,321)	Based on payment assessment
Tax payable	(143,536)	Based on payment assessment
Net w orking capital	211,784,591	

Machinery and equipment

The machinery and equipment consists of equipment that was previously used in the operations of HSRF. After conducting a site tour of these assets and completing discussions with Management, we concluded that these tangible assets are not in an operable state. Therefore, it is our view that HSRF's machinery and equipment has a nil to nominal fair market value at the Opinion Date. Further, it is our view that any scrap value of these tangible assets would offset by disposal costs.

Land use rights

Land use rights consist of six parcels of land located in the Shangzhi, Heilongjiang region. In estimating the fair market value of the land use rights, we relied on the direct comparison approach which is a form of the market approach. The basis for comparison are size of the parcel, location, topography, access, current and future development potential, plus other relevant features. Based on market evidence relating to the relevant transactions, the fair market value of the land use rights was concluded to be RMB42.9 million (equivalent to C$7.6 million).

Building and rail assets

In estimating the fair market value of the building and rail assets of HSRF, we relied on the current replacement cost which is a form of the cost approach. The current replacement cost for each asset was calculated using the current replacement cost adjusted for the age and condition of each asset. The fair market value of the building and rail assets was concluded to be RMB179.5 million (equivalent to C$31.8 million).

Due to parent company

HSRF has an RMB284.4 million liability due to the Company. We understand that any debt payable by HSRF to Hanfeng is excluded as per the Share Transfer Agreement[7]. Accordingly, we have excluded this liability from our analysis.

Liquidation costs

We considered the following liquidation-related costs in arriving at our Fairness Opinion:

1. Environmental costs – Based on discussions with Management, this cost has been estimated to approximate RMB30.0 million (equivalent to C$5.3 million) as at the Opinion Date.
2. Severance costs – This cost is estimated to be approximately equal to Management's estimate and supported by the Severance Legal Opinion for HSRF at approximately RMB29.4 million (equivalent to C$5.2 million) as at the Opinion Date.
3. Repayment of tax holiday – The Heilongjiang Assets are located in an economic development zone. The facility was granted economic development status until 2024 which means that HSRF enjoyed a reduced tax rate ("tax holiday"). We understand that HSRF has an obligation to repay the tax holiday if operations are halted prior to 2026 (an operating period of 20 years). We estimated the tax holiday liability to be RMB162.1 million (equivalent to C$28.7 million).
4. Care and maintenance – The Heilongjiang Assets are currently idle and the projected care and maintenance amount is equal to RMB1.3 million per month[8]. It is estimated that it would take a minimum of six months to market and sell the Heilongjiang Assets in a scenario where the Transaction did not close. Accordingly, we have estimated the ongoing care and maintenance liabilities to be RMB7.8 million (equivalent to C$1.4 million).
5. Withholding tax - We understand that China imposes a 10 percent withholding tax on the value realized upon a liquidation or sale of a Chinese operation in excess of invested capital plus debt. There is no withholding tax liabilities associated with this Transaction since the liquidation value is lower than the invested capital plus debt.
6. Tax deductibility of losses - We understand that losses incurred on liquidation are tax deductible to offset taxable income in the future (i.e. to the extent that the losses are used to offset taxable income that is in the same or similar business as HSRF) but, not on a carry back to prior year basis. Since HPF will operate in a different business as compared to HSRF[9], we did not include any future tax benefit associated with the tax losses.

[7] Section 1.8 of the Share Transfer Agreement
[8] Estimated based on the actual average monthly amount in the three months ended June 30, 2014
[9] HPF will operate the Heilongjiang facility assets as a warehouse storage facility rather than as a producer and supplier of value-added fertilizer products

Deloitte.

Liquidation approach conclusion

Based upon the foregoing analysis, we determined the fair market value of the HSRF Shares to be RMB204.9 million (equivalent to C$36.3 million) as at the Opinion Date as summarized in the following table:

Table 3 - Fair market value summary

	RMB	C$, Note 1
Working capital	211,784,591	37,549,128
Machinery and equipment	-	-
Land use rights	42,925,376	7,610,612
Building and rail assets	179,513,218	31,827,456
Net asset value	434,223,185	76,987,196
Liquidation costs		
Environmental costs	(30,000,000)	(5,318,960)
Severance costs	(29,365,760)	(5,206,510)
Tax holiday	(162,113,253)	(28,742,465)
Care and maintenance	(7,800,000)	(1,382,930)
Total liquidation costs	(229,279,013)	(40,650,866)
Net asset value after liquidation costs	204,944,172	36,336,331

Note
1. Based on exchange rate of RMB5.6402/C$ as at August 6, 2014

Fairness Opinion

Based on the scope of our review and our analysis and subject to the restrictions, limitations and assumptions used, the fair market value of the HSRF Shares is RMB204.9 million (equivalent to C$36.3 million), as at the Opinion Date. The proposed Consideration FMV of RMB 245.6 million (equivalent to C$43.6 million) exceeds our fair market value conclusion for the HFSR Shares at the Opinion Date. Based on and subject to the foregoing, Deloitte is of the opinion that as at August 7, 2014 the Transaction is fair, from a financial point of view, to Hanfeng.

Yours truly,

Deloitte LLP

Deloitte LLP

Tab B

This is Exhibit "B"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

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HANFENG EVERGREEN INC.

DRAFT Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

June 30, 2014 and 2013

		2014		2013
		(Unaudited)		(Audited)

Assets

Current assets:				
Cash	$	17,673	$	56,467
Trade receivables		34,014		72,468
Advances to suppliers		7,621		93,860
Inventories (note 4)		3,489		6,083
		62,797		228,878
Non-current assets:				
Intangible assets (note 5)		-		401
Deferred tax assets (note 11)		-		961
Investment in joint venture (note 7)		-		12,262
		-		13,624
Total assets	$	62,797	$	242,502

Liabilities and Shareholders' Equity

Current liabilities:				
Accounts payable and accrued liabilities	$	1,065	$	1,826
Advances from customers		-		260
Due to related parties (note 16)		3,734		-
Income taxes payable (note 11)		-		2,133
		4,799		4,219
Non-ccurrent liabilities:				
Deferred tax liabilities (note 11)		978		-
		5,777		4,219
Shareholders' equity:				
Share capital (note 9)		125,058		125,058
Contributed surplus		-		1,955
Accumulated other comprehensive income		25,128		20,369
Retained earnings (note 10)		(93,166)		90,901
		57,020		238,283
Going concern (note 2)				
Economic dependence (note 13)				
Subsequent events (note 19)				
Total liabilities and shareholders' equity	$	62,797	$	242,502

See accompanying notes to consolidated financial statements.

HANFENG EVERGREEN INC.

DRAFT Consolidated Statements of (Loss) Income
(Expressed in thousands of Canadian dollars, except per share amounts)

Years ended June 30, 2014 and 2013

	2014 (Unaudited)	2013 (Audited)
Sales	$ 14,503	$ 164,720
Cost of goods sold	39,572	149,100
Gross (loss) profit	(25,069)	15,620
Expenses:		
Selling	1,272	1,905
General and administrative	12,516	7,236
Research and development	17,874	4,111
Bad debt provisions	47,726	-
Impairment of intangible assets (notes 5)	401	-
(Reversal) impairment of property and equipment (note 6)	(1,568)	79,346
	78,221	92,598
Operating loss	(103,290)	(76,978)
Other expenses (income):		
Interest income	(327)	(192)
Other loss (income) (note 8)	63,643	(217)
Share of loss of joint ventures, net of tax (note 7)	1,215	1,255
Loss on disposal of assets held for sale	-	389
Loss on disposal of interests in joint ventures (note 7)	12,231	-
Loss on disposal of subsidiaries (note 7)	6,205	-
	82,967	1,235
Loss before income taxes	(186,257)	(78,213)
Income taxes (recovery) (note 11):		
Current	(1,165)	2,232
Deferred	978	395
	(187)	2,627
Net loss	$ (186,070)	$ (80,840)
Loss per share (note 9(c)):		
Basic and diluted	$ (3.09)	$ (1.34)

See accompanying notes to consolidated financial statements.

HANFENG EVERGREEN INC.

DRAFT Consolidated Statements of Comprehensive (Loss) Income
(Expressed in thousands of Canadian dollars)

Years ended June 30, 2014 and 2013

	2014 (Unaudited)	2013 (Audited)
Net loss	$ (186,070)	$ (80,840)
Other comprehensive income:		
Items that may be classified subsequently to profit or loss:		
Gain on translation of foreign operations	4,759	12,932
Comprehensive loss	$ (181,311)	$ (67,908)

See accompanying notes to consolidated financial statements.

DRAFT

HANFENG EVERGREEN INC.

DRAFT Consolidated Statements of Changes in Shareholders' Equity
(Expressed in thousands of Canadian dollars)

Years ended June 30, 2014 and 2013

	2014 (Unaudited)	2013 (Audited)
Share capital:		
Balance, beginning of year	$ 125,058	$ 125,344
Repurchased and cancelled	-	(286)
Balance, end of year	$ 125,058	$ 125,058
Contributed surplus:		
Balance, beginning of year	$ 1,955	$ 1,607
Stock-based compensation expense	48	348
Stock options forfeited (note 9(b))	(2,003)	-
Balance, end of year	$ -	$ 1,955
Retained earnings:		
Balance, beginning of year	$ 90,901	$ 171,714
Shares repurchased and cancelled	-	27
Reclassification of stock options expired	2,003	-
Net loss	(186,070)	(80,840)
Balance, end of year	$ (93,166)	$ 90,901
Accumulated other comprehensive income (loss):		
Balance, beginning of year	$ 20,369	$ 7,437
Other comprehensive income	4,759	12,932
Balance, end of year	$ 25,128	$ 20,369
Treasury stock (note 9):		
Balance, beginning of year	$ -	$ (216)
Treasury stock purchased	-	(43)
Treasury stock cancelled	-	259
Balance, end of year	$ –	$ –
Total shareholders' equity	$ 57,020	$ 238,283

See accompanying notes to consolidated financial statements.

DRAFT

HANFENG EVERGREEN INC.

DRAFT Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

Years ended June 30, 2014 and 2013

	2014 (Unaudited)	2013 (Audited)
Cash flows from operating activities:		
Net loss	$ (186,070)	$ (80,840)
Items not involving cash:		
Depreciation and amortization	-	2,337
Deferred income taxes	978	395
Loss on disposal of property and equipment	-	389
Loss on disposal of subsidiary	6,205	-
Loss on disposal of joint venture	12,231	-
Impairment of intangible assets	401	-
Impairment (reversal) of property and equipment (note 6)	(1,568)	79,346
Stock-based compensation expense	48	348
Share of loss of joint ventures, net of tax	1,215	1,255
Income taxes	(1,165)	2,232
Interest income	(327)	(192)
Interest received	327	192
Income taxes paid	-	(2,056)
	(167,725)	3,406
Change in non-cash operating working capital (note 14)	122,528	(27,005)
Cash flows used in operating activities	(45,197)	(23,599)
Cash flows from financing activities:		
Shares repurchased and cancelled	-	(43)
Loan from related parties (note 16 (b))	3,734	-
Cash flows from (used in) financing activities	3,734	(43)
Cash flows from investing activities:		
Proceeds on disposal of assets held for sale (note 5)	-	2,727
Acquisition of property and equipment and intangible assets	-	-
Proceeds on disposal of property and equipment (note 6)	1,568	
Proceeds on disposal of subsidiaries (note 7)	422	-
Investment in Indonesian Joint Venture (note 16(c))	-	(8,275)
Decrease in short-term investments	-	711
Cash flows (used in) from investing activities	1,990	(4,837)
Effect of exchange rate changes on cash	679	(3,881)
(Decrease) in cash	(38,794)	(24,598)
Cash, beginning of year	56,467	81,065
Cash, end of year	$ 17,673	$ 56,467

See accompanying notes to consolidated financial statements.

Tab C

This is Exhibit "C"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

OVERVIEW OF CERTAIN FILINGS MADE IN PROCEEDINGS RELATED TO PROXY BATTLE

Xinduo Yu v. Hanfeng Evergreen Inc. **(CV-14-10447-CCCL)**

- Application Record and Notice of Application of Xinduo Yu dated February 12, 2014
- Notice of Motion of Hanfeng Evergreen Inc. (re: Break Fee Payable by Xinduo Yu) dated February 18, 2014
- Affidavit of Edward Nordholm dated February 18, 2014
- Supplementary Application Record of Xinduo Yu dated February 20, 2014
- Supplementary Affidavit of Edward Nordholm dated February 20, 2014
- Responding Motion Record of Xinduo Yu dated February 20, 2014
- Factum of X. Yu (re: Hanfeng AGM) dated February 21, 2014
- Factum of Hanfeng Evergreen Inc. (re: Hanfeng AGM) dated (undated)

Re: Hanfeng Evergreen Inc., Xinduo Yu and 8310831 Canada Inc. **(CV-13-10002-00CL)**

- Notice of Motion of Hanfeng Evergreen Inc. (re: Break Fee Payable by Xinduo Yu) dated February 18, 2014
- Responding Motion Record of Xinduo Yu dated February 20, 2014

Tab D

This is Exhibit "D"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

To Be Held On

March 15, 2013

and

MANAGEMENT INFORMATION CIRCULAR

for the

ARRANGEMENT

involving

Hanfeng

Hanfeng Evergreen Inc.

and

8310831 Canada Inc.

The Board of Directors unanimously (without the participation of Mr. Xinduo Yu) recommends that Shareholders vote FOR the Arrangement Resolution.

These materials are important and require your immediate attention. They require shareholders of Hanfeng Evergreen to make an important decision. If you are in doubt as to how to make such decision, please contact your tax, financial, legal or other professional advisors. This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. If you have any questions or require more information with regard to voting your shares, please contact Equity Financial Trust Company at (416) 361-0152 or Kingsdale Shareholder Services Inc., the proxy solicitation agent retained by Hanfeng Evergreen, at 1-888-518-6796 toll-free in North America, or 416-867-2272 outside North America or by email at contactus@kingsdaleshareholder.com.

Hanfeng

Hanfeng Evergreen Inc.
One First Canadian Place, Suite 2510,
Box 129, 100 King Street West,
Toronto ON M5X 1A4

Dear Shareholders:

The Board of Directors of Hanfeng Evergreen Inc. ("**Hanfeng**" or the "**Corporation**") invites you to attend the annual and special meeting (the "**Meeting**") of shareholders of the Corporation to be held at the Toronto Board of Trade-Downtown Centre, 1 First Canadian Place, Suite 350, Toronto, Ontario, on Friday, March 15, 2013 at 8:30 a.m., local time.

At the Meeting, shareholders will be asked to vote on, among other things, a special resolution to approve a plan of arrangement under the *Business Corporations Act* (Ontario) (the "**Arrangement**") pursuant to which 8310831 Canada Inc. (the "**Purchaser**"), a company wholly-owned by Hanfeng's Chief Executive Officer, Mr. Xinduo Yu ("**Mr. Yu**"), will acquire all of the outstanding common shares in the capital of the Corporation not already owned or controlled by Mr. Yu or other members of the insider group for cash consideration of $2.25 per share.

The Arrangement is the outcome of a comprehensive review process conducted under the direction of the Board of Directors (the "**Board of Directors**"), with the assistance of a special committee (the "**Special Committee**") of independent directors. The consideration per share offered under the Arrangement represents a premium of approximately 47% over the volume-weighted average price of Hanfeng's common shares based on the Corporation's trading volume on the Toronto Stock Exchange over the 30 trading days prior to the announcement of Mr. Yu's privatization proposal on January 8, 2013. The Corporation engaged Deloitte LLP ("**Deloitte**") as valuator and financial advisor to assist with the review process. A copy of the independent valuation and fairness opinion (the "**Valuation and Fairness Opinion**") by Deloitte is included as Appendix A to the management information circular accompanying this letter. We urge you to read it in its entirety.

The Board of Directors of the Corporation has unanimously approved (without the participation of Mr. Yu) the entering into of the agreement in respect of the Arrangement and has determined that the Arrangement is in the best interests of the Corporation and its shareholders and unanimously recommends (without the participation of Mr. Yu) that shareholders vote in favour of the Arrangement. The approval by the Board of Directors followed the unanimous recommendation of the Special Committee of independent directors which was formed to, among other things, review and consider the proposed transaction with Mr. Yu. The recommendation of the Special Committee followed an extensive review and analysis of the proposed transaction with Mr. Yu. In connection with its work, the Special Committee engaged Deloitte as its independent financial advisor and Osler, Hoskin & Harcourt LLP as its independent legal counsel. In addition, the Board of Directors has received the Valuation and Fairness Opinion from Deloitte to the effect that, as of February 9, 2013, the consideration payable under the Arrangement is fair, from a financial point of view, to holders of the Corporation's common shares other than Mr. Yu or other members of the insider group.

The Board of Directors (without the participation of Mr. Yu) unanimously recommends that Shareholders vote FOR the Arrangement Resolution.

The special resolution approving the Arrangement must be approved by: (i) at least two-thirds of the votes cast at the Meeting by shareholders present in person or represented by proxy, and entitled to vote, at the Meeting, and (ii) at least a majority of the votes cast by shareholders present in person or represented by proxy, and entitled to vote, at the Meeting, excluding votes cast by those persons whose votes must be excluded pursuant to Canadian securities laws. The Arrangement is also subject to certain conditions described in the accompanying management information circular and the approval of the Ontario Superior Court of Justice (Commercial List).

The accompanying notice of meeting and management information circular provide a full description of the Arrangement and include certain other information, including a summary of the Valuation and the arrangement resolution, to assist you in considering how to vote on the Arrangement. **You are urged to read this information carefully and, if you require assistance, to consult your financial or professional advisor.**

Your vote is important regardless of the number of common shares you own. If you are unable to be present at the Meeting in person, we encourage you to take the time to complete, sign, date and return the enclosed proxy or voting instruction form in accordance with the instructions set out therein and in the accompanying management information circular, so that your common shares can be voted at the Meeting in accordance with your instructions. If you hold your common shares through a broker, custodian, nominee or other intermediary, you should follow their instructions. **To be effective, a proxy must be received by Equity Financial Trust Company or the Secretary of the Corporation not later than Wednesday, March 13, 2013 at 8:30 a.m. (Toronto time), or in the case of any adjournment or postponement of the meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment or postponement. The time limit for the deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice.**

If you are a registered shareholder, in order to receive the cash that you are entitled to receive upon the completion of the Arrangement, you must complete and sign the enclosed letter of transmittal and return it, together with your share certificate(s) and any other required documents and instruments, to Equity Financial Trust Company, the Corporation's transfer agent and depositary for the Arrangement, in accordance with the procedures set out in the letter of transmittal. If the proposed Arrangement is not completed, share certificate(s) sent to Equity Financial Trust Company will be returned to you.

Subject to obtaining court approval and satisfaction or waiver of the other closing conditions, if shareholders of Hanfeng approve the Arrangement, it is anticipated that the Arrangement will be completed following the Meeting later in March, 2013.

If you have any questions or require more information with regard to the procedures for voting, please contact Kingsdale Shareholder Services Inc. toll free in North America at 1-888-518-6796 or call collect outside North America at 416-867-2272 or by email at contactus@kingsdaleshareholder.com.

On behalf of Hanfeng, I thank all shareholders for their ongoing support.

Yours very truly,

(signed) *"Loudon F. McLean Owen"*

Loudon F. McLean Owen

Chairman of the Board of Directors

Hanfeng

HANFENG EVERGREEN INC.

Notice of Annual and Special Meeting of Shareholders

March 15, 2013

Notice is hereby given that the annual and special meeting of the holders of common shares ("**Shares**") of Hanfeng Evergreen Inc. (the "**Corporation**") will be held at the Toronto Board of Trade-Downtown Centre, 1 First Canadian Place, Suite 350, Toronto, Ontario, on Friday, March 15, 2013 at 8:30 a.m., local time, for the following purposes:

(a) to receive the audited consolidated financial statements of the Corporation as at and for the financial year ended June 30, 2012 and the auditors' report thereon;

(b) to elect directors;

(c) to re-appoint the Corporation's auditors and to authorize the Board of Directors to fix their remuneration;

(d) to consider, pursuant to an interim order of the Ontario Superior Court of Justice (Commercial List) dated February 13, 2013, as the same may be amended (the "**Interim Order**") and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") substantially in the form attached as Appendix B to the management information circular dated February 13, 2013 (the "**Circular**") accompanying this notice of meeting ("**Notice of Meeting**"), to approve a plan of arrangement (the "**Arrangement**") under section 182 of the Business Corporations Act (Ontario) (the "**OBCA**") involving the Corporation and 8310831 Canada Inc. (the "**Purchaser**"), a company wholly-owned by the Corporation's Chief Executive Officer, Mr. Xinduo Yu ("**Mr. Yu**"), and pursuant to which, among other things, the Purchaser will acquire all of the issued and outstanding Shares of the Corporation not already owned or controlled by Mr. Yu or other members of the insider group for cash consideration of $2.25 per Share, all as more particularly described in the Circular; and

(e) to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors unanimously (without the participation of Mr. Yu) recommends that Shareholders vote FOR the Arrangement Resolution.

Holders of common shares of the Corporation ("**Shareholders**") are entitled to vote at the Meeting either in person or by proxy. Shareholders of record as of 5:00 p.m. (Toronto time) on January 15, 2013, the record date for the Meeting, will be entitled to receive notice of, and to vote at, the Meeting and any adjournment(s) or postponement(s) thereof.

The Circular, form of proxy and Letter of Transmittal accompany this Notice of Meeting. Reference is made to the Circular for details of the matters to be considered at the Meeting. Initially capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in the Circular.

The full text of the plan of arrangement implementing the Arrangement and the Interim Order are attached as Appendix D and Appendix E to the Circular, respectively.

Shareholders are invited to attend the meeting. Whether or not you plan to attend the Meeting, registered shareholders are requested to complete, date and sign the enclosed form of proxy and send it in the enclosed envelope or otherwise to the Secretary of the Corporation c/o Equity Financial Trust Company at 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1, telephone number: (416) 361-0152, fax number: (416) 595-9593.

Non-registered shareholders who receive these materials through their broker or other intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or intermediary.

To be effective, a proxy must be received by Equity Financial Trust Company (the "Transfer Agent") or the Secretary of the Corporation not later than Wednesday March 13, 2013 at 8:30 a.m. (Toronto time), or in the case of any adjournment or postponement of the meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment or postponement. The time limit for the deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice.

A registered Shareholder who has given a proxy may revoke such proxy: (a) by duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or (b) by depositing an instrument in writing revoking such proxy executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited at the **registered office of the Corporation, One First Canadian Place, Suite 2510, Box 129, 100 King Street West, Toronto ON M5X 1A4 (Attention: Corporate Secretary), not later than 5:00 p.m., Toronto time, on March 14, 2013 or, in the case of any adjournment or postponement of the Meeting, not later than 5:00 p.m., Toronto time, on the last Business Day preceding the date of the adjourned or postponed Meeting** or with the Chairman of the Meeting on the date of the Meeting or any adjournment or postponement thereof (if such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy); or (c) by transmitting, by telephonic or electronic means, a revocation that complies with (a) immediately above signed by electronic signature that permits a reliable determination as to the document's proper creation or communication. A shareholder may also revoke a proxy in any other manner permitted by law.

A non-registered Shareholder who has given voting instructions to a broker or other intermediary may revoke such voting instructions at any time by written notice to such broker or other intermediary. However, a broker or other intermediary may be unable to take any action on the revocation if such revocation is not provided sufficiently in advance of the Meeting or any adjournment or postponement thereof.

Registered Shareholders have a right to dissent in respect of the Arrangement Resolution and to be paid an amount equal to the fair value of their Shares. This right is described in the Circular. Pursuant to sub-section 185(6) of the OBCA, as modified by the Interim Order, a Registered Shareholder who wishes to dissent must provide to the Corporation (i) at One First Canadian Place, Suite 2510, Box 129, 100 King Street West, Toronto ON M5X 1A4 (Attention: Corporate Secretary); or (ii) by facsimile transmission to (416) 849-0075 (Attention: Corporate Secretary), to be received by it not later than 5:00 p.m. (Toronto time) on March 14, 2013 (or 5:00 p.m. (Toronto time) on the Business Day immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time)), a written notice of objection to the Arrangement Resolution and must otherwise comply strictly with the dissent procedures described in the Circular. **Failure to comply strictly with the dissent procedures may result in the loss or unavailability of the right to dissent**. See "Dissenting Shareholders' Rights" in the Circular. Non-Registered Shareholders who wish to dissent should be aware that ONLY REGISTERED SHAREHOLDERS ARE ENTITLED TO DISSENT.

If you have any questions or require more information with regard to the procedures for voting or completing your transmittal documentation, please contact Equity Financial Trust Company, the Transfer Agent and Depositary for the Arrangement, at (416) 361-0152 or the proxy solicitation agent retained by the Corporation, Kingsdale Shareholder Services Inc. toll free in North America at 1-888-518-6796 or call collect outside North America at 416-867-2272 or by email at contactus@kingsdaleshareholder.com.

DATED the 13th day of February, 2013.

By Order of the Board of Directors

(signed) *"Niral V. Merchant"*
Corporate Secretary

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HANFENG EVERGREEN INC.

Management Information Circular for the Annual and Special Meeting of Shareholders to be held March 15, 2013

Solicitation of Proxies

This Management Information Circular (the "Circular") is furnished in connection with the solicitation, by or on behalf of the management of Hanfeng Evergreen Inc. ("Hanfeng" or the "Corporation"), of proxies to be used at the Corporation's annual and special meeting of the holders of common shares (the "Shares") to be held on March 15, 2013 (the "Meeting") or at any adjournment or postponement thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Corporation's transfer agent, Equity Financial Trust Company, at nominal cost. Kingsdale Shareholder Services Inc. ("Kingsdale") is acting as the Corporation's proxy solicitation agent, for which it will be paid a base fee of $45,000 plus additional costs and any out of pocket expenses at the sole expense of the Purchaser.

Currency

All dollar amounts in this Circular are expressed in Canadian dollars ("$") unless otherwise indicated.

Notice to Shareholders in the United States

The Corporation is incorporated under the laws of the Province of Ontario, Canada. The solicitation of proxies and the transactions contemplated in this Circular involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate and securities laws. The proxy rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and therefore this solicitation is not being effected in accordance with such United States securities laws. Shareholders should be aware that proxy solicitation and disclosure requirements under Canadian laws are different from such requirements under United States securities laws.

The enforcement by investors of civil liabilities under United States securities laws may be affected adversely by the fact that the Corporation is organized under the laws of Ontario, that some or all of its officers and directors are residents of Canada and that all or a substantial portion of the assets of the Corporation and such persons may be located outside the United States. You may not be able to sue a Canadian corporation or its officers or directors in a Canadian court for violations of United States securities laws. It may be difficult to compel a Canadian corporation and its affiliates to subject themselves to a judgment by a United States court.

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY IN CANADA, THE UNITED STATES OR ANY OTHER JURISDICTION, NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Circular does not discuss any United States federal or state tax consequences of the Arrangement. Shareholders should consult with their own tax advisors with respect to their particular circumstances and the tax considerations applicable to them. Certain information concerning Canadian federal income tax consequences of the Arrangement for Shareholders who are not resident in Canada is set forth under the heading "Certain Canadian Federal Income Tax Considerations for Shareholders — Holders Not Resident in Canada".

Cautionary Statement Regarding Forward-Looking Statements

This Circular, including the information included in Appendices to this Circular, contains "forward-looking statements" and "forward-looking information" under applicable Securities Laws (collectively, the "**forward-looking statements**") relating, but not limited to, the expected performance of the Corporation, the expected timetable for completing the Arrangement, benefits and synergies of the Arrangement, future opportunities for the combined company and products and any other statements regarding Hanfeng's and the Purchaser's expectations, intentions, plans and beliefs. Forward-looking statements can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "optimize", "may", "will" or similar words suggesting future outcomes or other expectations, intentions, plans, beliefs, objectives, assumptions or statements about future events or performance.

Shareholders are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Assumptions upon which forward-looking statements related to the Arrangement are based include, without limitation: (a) that Shareholders will approve the Arrangement Resolution in the manner required by the Interim Order; (b) that the Court will approve the Arrangement; and (c) that all other conditions to the completion of the Arrangement will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of Hanfeng or the Purchaser and may not prove to be correct. Should one or more of these factors or events fail to materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as anticipated, believed, expected, planned, intended or estimated.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include, but are not limited to: the parties' ability to consummate the Arrangement; the conditions to the completion of the Arrangement, including the receipt of Shareholder approval, or Court approval on the terms expected or on the anticipated schedule; the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the Arrangement; the factors identified in the "Risk Factors" section in this Circular; and the factors identified under the heading entitled "Risk Factors" in Hanfeng's most recent annual information form, as well as Hanfeng's recent annual and quarterly financial reports, which are available on the SEDAR website maintained by the Canadian Securities Administrators at www.sedar.com.

Without limiting the generality of the other provisions of this cautionary statement, the Valuation and Fairness Opinion attached as Appendix A to this Circular may contain or refer to forward-looking information and is subject to certain assumptions, limitations, risks and uncertainties as described herein and therein.

Hanfeng cautions that the list of forward-looking statements, risks and assumptions set forth or referred to above is not exhaustive. All forward-looking statements in this Circular, including the information included in Appendices to this Circular, are qualified by these cautionary statements. These statements are made as of the date of this Circular and Hanfeng does not undertake to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent expressly required by Law. Hanfeng undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Hanfeng, its financial or operating results or its securities.

Information Contained in this Circular

Information contained in this Circular is given as of the date hereof, except as otherwise noted.

No person has been authorized to give information or to make any representations in connection with the Arrangement other than those contained in this Circular and, if given or made, any such information or representations should not be relied upon in making a decision as to how to vote on the Arrangement Resolution or be considered to have been authorized by the Corporation or the Purchaser.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

The Corporation is a reporting issuer in all of the provinces and territories of Canada and files its continuous disclosure documents with the provincial securities regulatory authorities of each of those provinces. The continuous disclosure documents of the Corporation are filed on SEDAR and are available at www.sedar.com. All summaries of, and references to, the Arrangement and the Arrangement Agreement in this Circular are qualified in their entirety by reference, in the case of the Arrangement, to the complete text of the Plan of Arrangement attached as Appendix D to this Circular and, in the case of the Arrangement Agreement, to the complete text of the

Arrangement Agreement attached as Appendix C to this Circular, each of which is filed on SEDAR at www.sedar.com.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own professional advisors as to the relevant legal, tax, financial or other matters in connection herewith.

If you hold the Shares through a broker, investment dealer, bank, trust company or other Intermediary, you should contact your Intermediary for instructions and assistance in voting and surrendering the Shares that you beneficially own.

Initially capitalized terms used herein have the meanings ascribed thereto in this Circular. See "Glossary of Terms".

Information pertaining to the Purchaser

All information pertaining to the Purchaser, including forward-looking statements made by the Purchaser or Mr. Yu included in this Circular and including, but not limited to, information pertaining to the Purchaser under "Information Concerning the Purchaser", has been provided to the Corporation by those parties. Although Hanfeng does not have any knowledge that would indicate that any such information is untrue or incomplete, neither Hanfeng nor any of its directors, executive officers or advisors assumes any responsibility for the accuracy or completeness of such information, nor for any failure by the Purchaser or Mr. Yu to disclose events which may have occurred or which may affect the completeness or accuracy of such information but which is unknown to them.

SUMMARY

The following is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing or referred to elsewhere in this Circular, including the Appendices. Certain capitalized terms used in this summary are defined in the Glossary of Terms attached to this Circular.

Meeting of Shareholders

The Meeting will be held at the Toronto Board of Trade-Downtown Centre, 1 First Canadian Place, Suite 350, Toronto, Ontario, on Friday, March 15, 2013 at 8:30 a.m. (Toronto time).

Record Date, Meeting Materials and Voting of Proxies for Shareholders

Shareholders of record as of 5:00 p.m. (Toronto time) on January 15, 2013, the record date for the Meeting, are entitled to receive notice of and to attend, and to vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting. See "Information Regarding Proxies – Record Date".

The Meeting Materials are being sent to Registered Shareholders and to Non-Registered Shareholders. Only Registered Shareholders or the persons they appoint as their proxy holders are permitted to vote at the Meeting. Voting procedures for Registered Shareholders are described under "Information Regarding Proxies – Appointment of Proxies" and "– Voting Procedures and Revocation of Proxies for Shareholders".

Most Shareholders are Non-Registered Shareholders. Applicable securities laws require Intermediaries to seek voting instructions from Non-Registered Shareholders in advance of the Meeting. Shares held through Intermediaries can only be voted in accordance with the instructions received from the Non-Registered Shareholders. In the absence of having obtained specific voting instructions, Intermediaries are prohibited from voting Shares held by Non-Registered Shareholders. If you are a Non-Registered Shareholder, please see "Information Regarding Proxies – Appointment of Proxies" and "– Voting Procedures and Revocation of Proxies for Shareholders".

Purpose of the Meeting

At the Meeting, Shareholders will be asked to elect directors, to re-appoint auditors and to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution.

Voting Procedures and Revocation of Proxies for Shareholders

The procedures by which Shareholders may exercise their rights to vote with respect to matters at the Meeting will vary depending on whether Shareholders are Registered Shareholders or Non-Registered Shareholders.

Registered Shareholders

In order to vote with respect to matters being considered at the Meeting, Registered Shareholders must either:

- attend the Meeting in person;
- complete, sign, date and return the enclosed form of proxy, or such other proper form of proxy prepared for use at the Meeting which is acceptable to Equity Financial Trust Company and Hanfeng; or
- otherwise communicate their voting instructions in accordance with the instructions set out in the enclosed form of proxy or through the use of another acceptable and proper form of proxy.

If you are a Registered Shareholder, you should carefully review the information set forth under "Information Regarding Proxies – Manner in which Proxies will be Voted".

Non-Registered Shareholders

A substantial number of Shareholders do not hold Shares in their own names. Shares may be beneficially owned by a person but registered either in the name of an Intermediary or in the name of a clearing agency (such as CDS, Depository Trust Company or similar entities) of which the Intermediary is a participant.

If Shares are shown in an account statement provided to a Non-Registered Shareholder by an Intermediary, then in almost all cases the name of such Non-Registered Shareholder will not appear in the share register of Hanfeng. Please note that only proxies received from Registered Shareholders can be recognized and acted upon at the Meeting. If you are a Non-Registered Shareholder, you should carefully review the information set forth under "Information Regarding Proxies".

Voting Generally

The Shares represented by a properly executed proxy will be voted on any ballot that may be called for at the Meeting in accordance with the instructions of the Registered Shareholder and if the Registered Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **In the absence of instructions, such Shares will be voted FOR the Arrangement Resolution. To be used at the Meeting, proxies must be received by Equity Financial Trust Company by not later than 8:30 a.m. (Toronto time) on March 13, 2013 or, in the event the Meeting is adjourned or postponed, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of any reconvened or postponed Meeting. The time limit for the deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice. Registered Shareholders can submit their proxies: (i) by mail in the enclosed envelope to Equity Financial Trust Company, 200 University Ave., Suite 400, Toronto, Ontario M5H 4H1; (ii) by hand to Equity Financial Trust Company, 200 University Ave., Suite 400, Toronto, Ontario; or (iii) by facsimile to Equity Financial Trust Company at (416) 595-9593.**

If you are a Non-Registered Shareholder and you do not instruct your broker, investment dealer, bank, trust company or other Intermediary how to vote, you will not be considered represented by proxy for the purpose of approving the Arrangement Resolution.

Revocation of Proxies

A shareholder giving a proxy has the power to revoke it. In addition to revocation in any other manner permitted by Law, a proxy may be revoked:

(a) by duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or

(b) depositing an instrument in writing revoking such proxy executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited at the **registered office of the Corporation, One First Canadian Place, Suite 2510, Box 129, 100 King Street West, Toronto ON M5X 1A4 (Attention: Corporate Secretary), not later than 5:00 p.m., Toronto time, on March 14, 2013 or, in the case of any adjournment or postponement of the Meeting, not later than 5:00 p.m., Toronto time, on the last Business Day preceding the date of the adjourned or postponed Meeting** or with the Chairman of the Meeting on the date of the Meeting or any adjournment or postponement thereof. If such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy; or

(c) by transmitting, by telephonic or electronic means, a revocation that complies with (a) immediately above signed by electronic signature that permits a reliable determination as to the document's proper creation or communication.

Only Registered Shareholders have the right to revoke a proxy. The execution by a Registered Shareholder of a proxy will not affect such Registered Shareholder's right to attend the Meeting and vote in person provided that the proxy is revoked prior to the commencement of the Meeting in the manner described above.

Non-Registered Shareholders who wish to change their vote must arrange for their respective Intermediaries to revoke the proxy on their behalf.

See "Information Regarding Proxies – Revocability of Proxy".

Parties to the Arrangement Agreement

Hanfeng Evergreen Inc.

Hanfeng is a corporation governed by the OBCA. Hanfeng is a reporting issuer (or its equivalent) in all of the provinces and territories of Canada. The Shares trade on the TSX under the symbol "HF". For additional information regarding Hanfeng, see "Information Concerning the Corporation".

The Purchaser and Mr. Xinduo Yu

8310831 Canada Inc. is wholly-owned by Mr. Xinduo Yu, the Chief Executive Officer and a director of Hanfeng. 8310831 Canada Inc. was incorporated under the laws of Canada for the purposes of completing the Arrangement and related transactions.

As of January 31, 2013, there were 60,193,716 Shares issued and outstanding of the Corporation, each carrying the right to one vote per Share. Of these Shares, Mr. Yu beneficially owns, or exercises control or direction over, directly or indirectly, 12,296,700 Shares. For additional information regarding the Purchaser, see "Background and Reasons for the Arrangement".

Particulars of the Arrangement

If the Arrangement Resolution is passed by the affirmative vote of (i) at least two-thirds (66⅔%) of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote; and (ii) at least a majority of the votes cast by Minority Shareholders present in person or represented by proxy at the Meeting and entitled to vote, and all of the other conditions to closing of the Arrangement are satisfied or waived, the Arrangement will be implemented by way of a Court-approved plan of arrangement under the OBCA. The Corporation intends, as soon as practicable after approval of the Arrangement Resolution, to petition the Court to obtain the Final Order approving the Arrangement.

Pursuant to the Arrangement, all of the Shares not already owned or controlled by Mr. Yu or other members of the Insider Group will be transferred by the Shareholders to the Purchaser for the Consideration. All Options outstanding immediately prior to the Effective Time will be terminated. See "Particulars of the Arrangement – Arrangement Mechanics" and "The Arrangement Agreement".

Agrium Support Agreement

Agrium, the beneficial owner of 20.0% of the Shares, has agreed with Mr. Yu and the Purchaser to vote its Shares in favour of the Arrangement Resolution, subject to the terms and conditions of the support agreement with the Purchaser.

Recommendation of the Special Committee

Having undertaken a thorough review of, and carefully considered, the Arrangement, including consulting with independent legal and financial advisors, the Special Committee has unanimously determined that the Arrangement is in the best interests of the Corporation and the Consideration payable under the Arrangement is fair to the Minority Shareholders. Accordingly, the Special Committee unanimously recommended that the Board of Directors approve the Arrangement Agreement and recommend that Shareholders vote **FOR** the Arrangement Resolution.

Recommendation of the Board of Directors

The Board of Directors has unanimously approved (without the participation of Mr. Yu) the entering into of the Arrangement Agreement and has unanimously determined (without the participation of Mr. Yu) that the Arrangement is in the best interests of the Corporation and the Consideration payable under the Arrangement is fair to the Minority Shareholders. Accordingly, the Board of Directors unanimously approved the Arrangement Agreement and unanimously recommends that Shareholders vote **FOR** the Arrangement Resolution. The approval by the Board of Directors followed the unanimous recommendation of the Special Committee which was formed to, among other things, review and consider the proposed transaction with Mr. Yu. The recommendation of the Special Committee followed an extensive review and analysis of the proposed transaction with Mr. Yu. In connection with its work, the Special Committee engaged Deloitte as its independent financial advisor and Osler, Hoskin & Harcourt

LLP as its independent legal counsel. In addition, the Board of Directors has received the Valuation and Fairness Opinion from Deloitte to the effect that, as of February 9, 2013, the consideration payable under the Arrangement is fair, from a financial point of view, to the Minority Shareholders. Pursuant to the terms of the Arrangement Agreement, each director and executive officer of the Corporation, in his or her capacity as a Shareholder, intends to vote all of such individual's Shares in favour of the Arrangement Resolution and against any resolution submitted by any shareholder that is inconsistent with the Arrangement.

Background to the Arrangement

See "Background and Reasons for the Arrangement" for a description of the background to the Arrangement.

Reasons for the Arrangement

In evaluating and approving the Arrangement and in making their determinations and recommendations, the Special Committee and the Board of Directors gave careful consideration to the current and expected future position of the business of the Corporation and all the terms of the Arrangement Agreement and the Plan of Arrangement. The Special Committee and the Board of Directors considered a number of factors including, among others, the following:

- The Fairness Opinion provided by Deloitte to the effect that, as of February 9, 2013, and based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration payable under the Arrangement to the Minority Shareholders is fair, from a financial point of view, to the Minority Shareholders.
- The value of the consideration being offered to the Minority Shareholders is \$2.25 in cash per share. This value represents a premium of approximately 47% over the volume-weighted average price of the shares based on the Corporation's trading volume on the TSX over the 30 trading days prior to the announcement of Mr. Yu's privatization proposal on January 8, 2013.
- The voting support of Agrium, a sophisticated and major industrial shareholder, representing approximately 20% of the issued and outstanding shares, and acting at arm's length to Mr. Yu and Beidahuang.
- The terms and conditions of the Arrangement Agreement were negotiated at arm's length among Mr. Yu, the Special Committee, and the Corporation, and their respective advisors. The Arrangement Agreement: (a) is not subject to a financing condition; (b) permits the Board of Directors to engage in discussions and negotiations with respect to unsolicited acquisition proposals that could reasonably be expected to lead to a superior proposal; (c) does not provide for any termination fee payable to Mr. Yu in any circumstances; (d) provides for a reverse termination fee in the amount of \$750,000 payable by Mr. Yu to the Corporation in certain circumstances, among other rights and remedies in favour of the Corporation, and (e) is subject to limited conditionality beyond the minority shareholder vote and court approval.
- The Minority Shareholders should be provided with an opportunity to vote on whether the Corporation proceeds with the Arrangement and therefore determine whether to accept the consideration offered by Mr. Yu for their shares.
- The shares of the Corporation are illiquid. Prior to the announcement of Mr. Yu's privatization proposal on January 8, 2013, it took an average of approximately 469 trading days to turn over the public float based on the Corporation's trading volume on the TSX. The Arrangement provides Minority Shareholders with a meaningful liquidity event at a significant premium to trading prices of the Shares prior to the announcement of the privatization proposal.
- Since the announcement of Mr. Yu's privatization proposal on January 8, 2013 to February 11, 2013, no third party offers or proposals to acquire the Corporation have been received by the Special Committee or its advisors.
- In the case of each of the three industry participants approached by Mr. Owen, each declined to consider an investment in Hanfeng, or an acquisition of its business or assets.
- If the Corporation is not taken private, there is a very high probability it will lose Beidahuang's business with the result that there can be expected to be a material adverse effect to the financial

condition and long-term prospects of the business of the Corporation. To date, Beidahuang has indicated its intentions both in direct meetings with Mr. Owen and representatives of Deloitte, and it has not yet placed a purchase order for this planting season.

- The Special Committee considered strategic alternatives available to it in the absence of a privatization, including the prospect of rebuilding the business without the continuing business of Beidahuang and through building new customer relationships either under the continuing management of Mr. Yu or with a new Chief Executive Officer. The Special Committee determined that pursuing such an alternative was subject to significant risks and uncertainties and would be expected to take a significant period of time to be implemented in a manner that best serves the interests of the Corporation.
- The Special Committee also seriously considered whether to realize the assets pursuant to an orderly realization and liquidation process. The Special Committee determined that pursuing a realization or liquidation strategy carries substantial risk and uncertainty in terms of realizing the value of the assets and executing on such a strategy in a timely manner. Among other things, a realization or liquidation strategy could be expected to result in substantial discounts to asset values as well as material tax, severance, environmental and foreign exchange cost consequences under Chinese law.
- The procedural protections in favour of the Minority Shareholders, including that (i) the Arrangement must be approved by not less than two-thirds of the votes cast by the Shareholders as well as a majority of the votes cast by the Minority Shareholders; (ii) the Arrangement must also be approved by the Court which will consider the fairness of the Arrangement to all shareholders; and (iii) any Registered Shareholder who opposes the Arrangement may exercise dissent rights, in compliance with the dissent conditions and procedures described in this Circular and the Plan of Arrangement.

The Special Committee and the Board of Directors also considered a number of potential risks relating to the Arrangement and the Arrangement Agreement and other factors, including:

- If the Arrangement is successfully completed, the Corporation will no longer exist as an independent public company and shareholders will be unable to participate in the longer term potential benefits, if any, of the business of the Corporation.
- The unique risks, and resulting depressed valuations, associated with emerging market issuers.
- The economic dependence of the Corporation on Beidahuang, the very high probability that the Corporation will lose Beidahuang's business and the lack of an order from Beidahuang to date.
- In the absence of consummating the Arrangement, the Corporation can be expected to be under substantial financial pressure to raise capital, find a new customer base, and potentially recruit a new CEO.

Valuation and Fairness Opinion

The Special Committee retained Deloitte pursuant to an engagement letter dated as of December 19, 2012, to prepare and deliver to the Special Committee the Valuation and Fairness Opinion.

On February 9, 2013, Deloitte provided its Valuation and Fairness Opinion to the Special Committee to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained therein, the consideration of $2.25 per Share is fair, from a financial point of view, to the Minority Shareholders. The full text of the Valuation and Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with such Valuation and Fairness Opinion, is attached as Appendix A to this Circular.

The Valuation and Fairness Opinion is not a recommendation as to whether or not Shareholders should vote in favour of the Arrangement Resolution. The Valuation and Fairness Opinion is one of a number of factors taken into consideration by the Special Committee and the Board of Directors in making their unanimous determination (without the participation of Mr. Yu) that Shareholders vote in favour of the Arrangement Resolution. Pursuant to the terms of its engagement letter, Deloitte is to be paid a fee for its services as financial advisor. Shareholders are urged to read each of the Valuation and Fairness Opinion in its entirety. See Appendix A to this Circular.

Arrangement Mechanics

Steps of the Arrangement

The following description is qualified in its activity by reference to the full text of the Plan of Arrangement attached as Appendix D to this Circular.

Subject to receiving Shareholder Approval and the Final Order, and satisfaction or waiver of applicable conditions, the Arrangement will become effective on the Effective Date which is anticipated to be on or about March 18, 2013. The following events set out below shall occur and shall be deemed to occur consecutively in the order and at the times set out below without any further authorization, act or formality of or by Hanfeng, the Purchaser or any other person:

(a) notwithstanding the terms of the Stock Option Plan or any stock option agreement, as applicable, each Hanfeng Option that is outstanding immediately prior to the Effective Time and that has not been duly exercised prior to the Effective Time, whether or not vested, shall be immediately cancelled for no consideration and none of the Corporation nor the Purchaser shall have any liabilities or obligations with respect to such Hanfeng Options;

(b) the Stock Option Plan and all agreements relating thereto shall be terminated and none of the Corporation nor any of its affiliates shall have any liabilities or obligations with respect to such plan or agreements.

(c) each Dissent Share shall be transferred from the holder thereof without any further act or formality on its part to the Purchaser in consideration for a debt claim against the Purchaser in an amount determined and payable in accordance with Section 4.1(2) of the Plan of Arrangement, and the name of such holder will be removed from the register of holders of the Shares (in respect of the Dissent Shares), and the Purchaser shall be recorded as the registered holder of Dissent Shares so transferred and shall be the sole registered and beneficial owner of such Dissent Shares;

(d) each Share issued and outstanding, other than any Shares held by the Insider Group and any Dissent Shares, shall be transferred from the holder thereof to the Purchaser in exchange for the Consideration for each Share from the Purchaser, subject to (for greater certainty) applicable withholdings in accordance with Section 3.4 of the Plan of Arrangement, and the name of such holder will be removed from the register of holders of the Shares and the Purchaser shall be recorded as the registered holder of Shares so transferred and shall be the sole registered and beneficial owner of such Shares; and

(e) each of Loudon F. McLean Owen, Edwin Nordholm, David Thomson and Joanne Yan will cease to be directors of the Corporation.

Deposit of Share Certificates

If you are a Registered Shareholder, you should have received with this Circular a Letter of Transmittal. If the Arrangement Resolution is passed and the Arrangement is implemented, in order to receive the payment for your Shares, Registered Shareholders must complete and sign the Letter of Transmittal enclosed with this Circular and deliver it (or a manually executed facsimile thereof) together with your certificate(s) representing Shares and the other relevant documents required by the instructions set out therein to the Depositary in accordance with the instructions contained in the Letter of Transmittal. You can request additional copies of the Letter of Transmittal by contacting the Depositary. The Letter of Transmittal is also available under the Corporation's profile on SEDAR at www.sedar.com.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. The deposit of Shares pursuant to the procedures in the Letter of Transmittal will constitute a binding agreement between the depositing Shareholder and the Purchaser upon the terms and subject to the conditions of the Arrangement.

In all cases, payment for Shares deposited will be made only after timely receipt by the Depositary of certificate(s) representing Shares, together with a properly completed and duly executed Letter of Transmittal in the form accompanying this Circular, or a manually executed facsimile thereof, relating to such Shares, with signatures guaranteed if so required in accordance with the instructions in the Letter of Transmittal, and any other required documents.

Shareholders who do not deliver the certificates representing the Shares held by them and all other required documents to the Depositary on or before the date which is six years after the Effective Date will lose their right to receive the Consideration for their Shares under the Arrangement.

Letters of transmittal can only be submitted by Registered Shareholders and the Consideration will only be paid to Registered Shareholders. Non-Registered Shareholders should contact their broker, securities dealer, trust company or other Intermediary for details regarding how they can obtain the Consideration to which they are entitled under the Arrangement.

See "Procedures for the Surrender of Share Certificates and Payment of Consideration – Letter of Transmittal".

Delivery of Consideration

Upon surrender to the Depositary for cancellation of certificate(s) which immediately prior to the Effective Time represented one or more Shares, together with the Letter of Transmittal and such additional documents and instruments duly executed and completed as the Depositary may reasonably require, the Shareholder of such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Shareholder as soon as practicable after the Effective Time by first-class mail, postage prepaid, a cheque representing the cash which such Shareholder has the right to receive under the Arrangement, less any amounts withheld pursuant to the Plan of Arrangement, and the certificate so surrendered shall forthwith be cancelled. Until surrendered, each certificate which immediately prior to the Effective Time represented Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate, less any amounts withheld pursuant to the Plan of Arrangement.

See "Procedures for the Surrender of Share Certificates and Payment of Consideration – Delivery of Consideration".

Depositary

Equity Financial Trust Company is acting as Depositary under the Arrangement. The Depositary will receive deposits of certificates and accompanying Letters of Transmittal at the offices specified in the Letter of Transmittal. The Depositary will also be responsible for giving of certain notices, if required, and for making payment for all Shares purchased by the Purchaser under the Arrangement.

Certain Effects of the Arrangement

Upon completion of the Arrangement, the Purchaser will acquire all of the issued and outstanding Shares other than those already owned or controlled by Mr. Yu and other members of the Insider Group. Shortly after consummation of the Arrangement, the Shares will cease to be listed on the TSX and trading of the Shares in the public market will no longer be possible. The Purchaser will seek to have Hanfeng be deemed to have ceased to be a reporting issuer under Canadian Securities Laws, in which case Hanfeng will cease to be required to file continuous disclosure documents with Canadian Securities Administrators.

Required Shareholder Approval

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of (i) at least two-thirds (66⅔%) of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote; and (ii) at least a majority of the votes cast by Minority Shareholders present in person or represented by proxy at the Meeting and entitled to vote. See "Particulars of the Arrangement – Required Shareholder Approval".

Sources of Funds for the Arrangement

Under the terms of the Arrangement Agreement, assuming that no Shareholders exercise their Dissent Rights and that 60,193,716 Shares are outstanding at the Effective Time, the Purchaser will pay an aggregate of approximately $106.9 million to fund the cash consideration for the acquisition of all of the outstanding Shares.

The aggregate cash consideration required to fund the Purchaser's obligations under the Arrangement will be funded by the Purchaser with the Financing. However, the Arrangement is not contingent on the closing of such Financing by the Purchaser. 8310831 Canada Inc. has received commitment letters pursuant to which Nongken

Longgang Agriculture Investment Co., Limited has committed to provide up to $109 million in aggregate principal amount of loan financing to 8310831 Canada Inc. on or before the Effective Date.

See "Particulars of the Arrangement – Sources of Funds for the Arrangement".

The Arrangement Agreement

A copy of the Arrangement Agreement is attached in its entirety as Appendix C to this Circular. You should read the Arrangement Agreement in its entirety as it contains important provisions governing the terms and conditions of the Arrangement. The rights and obligations of Hanfeng, Mr. Yu and the Purchaser are governed by the express terms of the Arrangement Agreement and not by the information contained in this Circular. See "The Arrangement Agreement".

Conditions Precedent

The implementation of the Arrangement is subject to the satisfaction of a number of conditions precedent, some of which may only be waived with the mutual consent of Hanfeng and the Purchaser, and some of which may only be waived by the Purchaser or Hanfeng, respectively.

See "The Arrangement Agreement – Mutual Conditions Precedent" and "– Conditions Precedent to the Obligations of the Purchaser" and "– Conditions Precedent to the Obligations of Hanfeng"

Representations and Warranties

The Arrangement Agreement contains limited representations and warranties of the Corporation relating to certain matters including the following: organization and qualification; authority relative to the Arrangement Agreement; no conflicts or contraventions; capitalization; shareholders' and similar agreements; ownership of subsidiaries in Canada; reporting status and securities law matters; financial statements; no undisclosed liabilities; compliance with Laws; authorizations and licenses in Canada; opinion of financial advisors; formal valuation; finders' fees; and board and special committee approval.

In addition, The Arrangement Agreement contains a number of customary representations and warranties of Hanfeng and the Purchaser. See "The Arrangement Agreement – Representations and Warranties".

Hanfeng Covenants

Under the Arrangement Agreement, Hanfeng has agreed to (i) certain limited negative and affirmative covenants relating to the operation of its business between the date of the Arrangement Agreement and until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms; and (ii) perform all obligations required or desirable to be performed by it or any of its subsidiaries under the Arrangement Agreement in order to consummate and make effective, as soon as reasonably practicable, the Arrangement.

See "The Arrangement Agreement – Hanfeng Covenants".

Non-Solicitation Obligations

In accordance with the terms of the Arrangement Agreement, Hanfeng has agreed, except as otherwise permitted by the Arrangement Agreement, not to, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of the Corporation, solicit any proposals from any person or persons that would be considered an Acquisition Proposal.

See "The Arrangement Agreement – Non-Solicitation Obligations".

Superior Proposal

Notwithstanding the non-solicitation provisions, the Arrangement Agreement contains provisions that facilitate the ability of the Board of Directors to react to, and engage in discussions and negotiations with, third parties in order to explore whether an Acquisition Proposal could be reasonably expected to become a Superior Proposal. No break fee is payable to the Purchaser in the event that the Arrangement Agreement is terminated as a result of the Board of Directors accepting a Superior Proposal.

See "The Arrangement Agreement – Superior Proposal".

Termination

The Arrangement Agreement may be terminated by written mutual agreement. In addition, either Hanfeng or the Purchaser (and in certain circumstances, only one of them) may terminate the Arrangement Agreement if certain specified events occur.

See "The Arrangement Agreement – Termination".

Amendment and Waiver

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Hanfeng Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties.

See "The Arrangement Agreement – Amendment and Waiver".

Court Approval of the Arrangement and Completion of the Arrangement

The Arrangement requires approval by the Court under Section 182 of the OBCA. Prior to the mailing of the Circular, Hanfeng obtained the Interim Order, which provides for the calling and holding of the Meeting, the Dissent Rights and other procedural matters. A copy of the Interim Order is attached as Appendix E to this Circular.

Subject to the Corporation obtaining the Shareholder Approval for the Arrangement Resolution, the hearing in respect of the Final Order is currently scheduled to take place on March 18, 2013. At the hearing, the Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

See "Principal Legal Matters – Court Approval of the Arrangement and Completion of the Arrangement".

Certain Canadian Federal Income Tax Considerations for Shareholders

Residents of Canada. Generally, a Resident Holder who disposes of Shares to the Purchaser under the Arrangement will realize a capital gain (or a capital loss) equal to the amount by which the Consideration received by such Resident Holder in consideration for the disposition of such Shares under the Arrangement, net of any reasonable costs of disposition, exceeds (or is less than) the adjusted cost base of such Shares to the Resident Holder.

Non-Residents of Canada. Generally, a Non-Resident Holder will not be subject to income tax under the Tax Act on any capital gain realized by such Non-Resident Holder on the disposition of Shares under the Arrangement, unless such Shares are "taxable Canadian property" to the Non-Resident Holder at the time such Shares are disposed of to the Purchaser and such gain is not otherwise exempt from income tax under the Tax Act pursuant to the provisions of an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

The foregoing is only a brief summary of certain material Canadian federal income tax considerations. Shareholders should read carefully the information in the Circular under the heading "Certain Canadian Federal Income Tax Considerations for Shareholders", which qualifies the summary set forth above. Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement.

Dissenting Shareholders' Rights

The Interim Order expressly provides Registered Shareholders with the right to dissent from the Arrangement Resolution pursuant to Section 185 of the OBCA, with modifications to the provisions of Section 185 as provided in the Plan of Arrangement and the Interim Order ("**Dissent Rights**"). The following summary is qualified in its entirety by the provisions of Section 185 of the OBCA, the Interim Order and the Plan of Arrangement. Any Registered Shareholder who validly exercises Dissent Rights will be entitled, in the event the Arrangement becomes effective, to be paid by the Purchaser the fair value of Shares held by such Dissenting Holder determined as of the close of business on the day before the day the Arrangement Resolution is adopted. Shareholders are cautioned that fair value could be determined to be less than the $2.25 per Share payable pursuant to the terms of the Arrangement. **Only a Registered Shareholder may exercise the Dissent Rights in respect of Shares that are registered in that Shareholder's name.**

A Non-Registered Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of his or her Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Shares are registered in the name of CDS or other clearing agency, may require that such Shares first be re-registered in the name of the Intermediary); or (ii) instruct the Intermediary to re-register such Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

A Registered Shareholder who wishes to dissent must provide a Dissent Notice to Hanfeng (i) at One First Canadian Place, Suite 2510, Box 129, 100 King Street West, Toronto ON M5X 1A4 (Attention: Corporate Secretary); or (ii) by facsimile transmission to (416) 849-0075 (Attention: Corporate Secretary), to be received by it not later than 5:00 p.m. (Toronto time) on March 14, 2013 (or 5:00 p.m. (Toronto time) on the Business Day immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time)) and must otherwise comply strictly with the dissent procedures described in the Circular. Failure to strictly comply with these dissent procedures may result in the loss or unavailability of the right to dissent.

A complete copy of Section 185 of the OBCA is attached as Appendix G to this Circular. It is suggested that any Registered Shareholder wishing to avail themselves of such rights under those provisions obtain legal advice, as failure to comply strictly with the provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) may prejudice such Shareholder's Dissent Rights. Dissenting Holders should also seek their own tax advice.

The execution or exercise of a proxy does not constitute a written objection for the purposes of subsection 185(6) of the OBCA.

See "Dissenting Shareholders' Rights".

For a summary of certain Canadian federal income tax considerations relevant to a Dissenting Shareholder, see "Certain Canadian Federal Income Tax Considerations for Shareholders".

INFORMATION REGARDING PROXIES

Appointment of Proxies

Each shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a shareholder, to attend and act for the shareholder and on the shareholder's behalf at the Meeting. Any shareholder wishing to exercise such right may do so by inserting in the blank space provided in the accompanying form of proxy, the name of the person whom such shareholder wishes to appoint as proxy and by duly depositing such proxy, or by duly completing and depositing another proper form of proxy.

In the case of *Registered Shareholders*, the completed, dated and signed form of proxy should be sent in the enclosed envelope or otherwise to the Secretary of the Corporation c/o Equity Financial Trust Company at 200 University Ave, Suite 400, Toronto, Ontario M5H 4H1, telephone number: (416) 361-0152, fax number: (416) 595-9593.

Non-Registered Shareholders beneficially own shares but the shares are held in the name of a nominee, such as a broker, bank or trust company. In the case of Non-Registered Shareholders who receive these materials through their broker or other intermediary, the shareholder should complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary.

To be effective, a proxy must be received by Equity Financial Trust Company, or the Secretary of the Corporation not later than March 13, 2013 at 8:30 a.m. (Toronto time), or in the case of any adjournment or postponement of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment or postponement. The time limit for the deposit of proxies may be waived or extended by the Chairman of the Meeting at his discretion without notice.

Revocability of Proxy

A shareholder giving a proxy has the power to revoke it. A proxy may be revoked (a) by duly executing another form of proxy bearing a later date and duly depositing the same before the specified time, or (b) by depositing an instrument in writing revoking such proxy executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized, and deposited at the **registered office of the Corporation, One First Canadian Place, Suite 2510, Box 129, 100 King Street West, Toronto ON M5X 1A4 (Attention: Corporate Secretary), not later than 5:00 p.m., Toronto time, on March 14, 2013 or, in the case of any adjournment or postponement of the Meeting, not later than 5:00 p.m., Toronto time, on the last Business Day preceding the date of the adjourned or postponed Meeting** or with the Chairman of the Meeting on the date of the Meeting or any adjournment or postponement thereof (if such written instrument is deposited with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, such instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to such proxy); or (c) by transmitting, by telephonic or electronic means, a revocation that complies with (a) immediately above signed by electronic signature that permits a reliable determination as to the document's proper creation or communication. A shareholder may also revoke a proxy in any other manner permitted by law.

Only Registered Shareholders have the right to revoke a proxy. The execution by a Registered Shareholder of a proxy will not affect such Registered Shareholder's right to attend the Meeting and vote in person provided that the proxy is revoked prior to the commencement of the Meeting in the manner described above.

Non-Registered Shareholders who wish to change their vote must arrange for their respective Intermediaries to revoke the proxy on their behalf.

Voting Rights

The holders of Shares are entitled to receive notice of and to attend any meeting of the shareholders of the Corporation and are entitled to one vote per Share at the Meeting. As of January 31, 2013, there were 60,193,716 Shares issued and outstanding.

Manner in which Proxies will be Voted

On any ballot that may be called for, Shares represented by properly executed proxies in favour of the person(s) designated by management of the Corporation in the enclosed form of proxy will be voted for or withheld from voting in accordance with the instructions given thereon, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. **If a specification is not made with respect to any matter, Shares will be voted on such matter as stated in the form of proxy.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting, and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date of this Circular, management of the Corporation is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment or postponement thereof, the Shares represented by properly executed proxies given in favour of the person(s) designated by management of the Corporation in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

Record Date

The Board of Directors has fixed January 15, 2013 as the record date for voting for the Meeting. Any holder of Shares of record at the close of business on the record date is entitled to vote the Shares registered in such shareholder's name at that date on each matter to be acted upon at the Meeting, except to the extent that such shareholder has subsequently transferred any of such Shares, and the transferee of those Shares establishes such shareholder's ownership of such Shares and demands, not later than 10 days before the Meeting date specified in the accompanying Notice of Meeting, that such shareholder's name be included in the list of shareholders prepared for the Meeting. In such case, the transferee is entitled to vote such Shares on each matter to be acted upon at the Meeting.

Principal Shareholders

To the knowledge of the directors and executive officers of the Corporation, as at January 31, 2013, no person or company beneficially owned, controlled or exercised direction over, directly or indirectly, more than 10% of the voting rights attached to the outstanding Shares except as set out below:

Name	Aggregate Number of Shares	Percentage of Outstanding Shares
Xinduo Yu	12,296,700(1)	20.4%
Agrium Inc.	12,059,000	20.0%
Beutel, Goodman & Co. Ltd.(2)	6,085,100	10.1%

Notes:
(1): Includes 10,876,400 controlled personally, 1,060,800 controlled through a family trust and 359,500 controlled through a private foundation.
(2): Beutel, Goodman & Co. Ltd. disclaimed any beneficial ownership, but as investment manager it exercised control or direction over such securities for its client accounts as the beneficial owners.

MATTERS TO BE VOTED ON AT THE MEETING

1. ELECTION OF DIRECTORS

Under the by-laws of the Corporation, directors of the Corporation are elected annually. Each director will hold office until the next annual meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the by-laws of the Corporation. The Board of Directors currently consists of six members. Mr. Jonathan Pollack resigned from the Board of Directors on February 9, 2013. The Board of Directors has determined that the remaining five (5) directors continue to provide the proper mix of competencies, skills, business and financial experience, leadership and commitment required to fulfil the Board of Directors' responsibilities and as such five (5) is an appropriate number of directors for the Corporation to facilitate decision making for an entity of its size, complexity and nature.

In the event that the Arrangement Resolution is approved, all directors will resign except Mr. Yu.

In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the election as directors of each of the proposed nominees whose names are set forth below, each of whom has been a director since the date indicated below opposite the proposed nominee's name. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Shares represented by properly executed proxies given in favour of such nominee(s) may be voted by the person(s) designated by management of the Corporation in the enclosed form of proxy, in their discretion, in favour of another nominee.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including the number of Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person as at the date hereof. The information as to shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

Name and Principal Occupation	Major Positions and Offices with Hanfeng	Director Since	Shares Beneficially Owned, Controlled or Directed
LOUDON F. MCLEAN OWEN(2) Ontario, Canada Managing Partner, McLean Watson Capital (Venture capital investment firm)	Chairman and Director	February 2011	22,000
EDWIN NORDHOLM(2), (3) Ontario, Canada Managing Director, Liberty Street Capital (Private investment firm)	Director	February 2011	10,000
DAVID THOMSON(2), (3) Ontario, Canada Retired Executive	Director	August 2005	65,000
JOANNE YAN(3) British Columbia, Canada President, Brazilian Gold Corporation (formerly Red Dragon Resources Corp.) (Mining exploration company)	Director	June 2004	135,000
XINDUO YU Ontario, Canada President and Chief Executive Officer of the Corporation	CEO, President and Director	June 2003	12,296,700

Notes:

(1) During the past five years each of the foregoing directors has been engaged in the principal occupation shown below his or her name, except as follows:

- Mr. Nordholm served as Senior Vice-President of Brookfield Assets Management Inc. until December 2006. From January 2007 until September 2009, Mr. Nordholm held various consulting roles through which he served as the President of The Fight Network Inc. from August 2008 until December 2009 and as Chief Executive Officer of Zeno Motion Inc. and its predecessor corporations from April 2008 to present. As well, Mr. Nordholm served as counsel to Davis LLP from September 2010 to May 2012.

(2) Member of Audit Committee.

(3) Member of Governance and Compensation Committee.

Majority Voting

The Corporation has not adopted a majority voting policy for election of directors for non-contested meetings, whereby if the number of securities withheld from voting for a particular director nominee exceeds the number of securities voted for the election of that director nominee, then such elected director would be expected to tender his or her resignation. The practice of the Corporation is to consider the directors elected in accordance with the applicable corporate law and securities law requirements to be duly elected directors. For the reasons expressed above, the Corporation considers that its director nominees represent the appropriate set of individuals who are suitable for a well-balanced and competent board of directors. There are other mechanisms through which shareholders may nominate alternative directors if desired.

Agreement Regarding Election of Certain Directors

Pursuant to the subscription agreement under which it acquired its Shares in April 2007, Agrium Inc. ("**Agrium**") is entitled to propose for election as directors that number of nominees which is proportional to its percentage shareholding of Shares, provided that, whenever Agrium's percentage shareholding of Shares is greater than: i) 15%, it shall be entitled to not less than two nominees and ii) 5% but less than 15%, it shall be entitled to not less than one nominee. In addition, one nominee director of Agrium will be a member of each committee of the Board of Directors. Agrium, Mr. Yu and Oakwest Corporation Limited have agreed that they will vote in favour of Agrium's nominees for the Board of Directors as set out in the Corporation's proxy circular from time to time. As of January 31, 2013, Agrium has decided not to nominate any directors.

Bankruptcies

No person proposed to be nominated for election as a director at the Meeting is or has been, within the preceding ten years, a director, or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. Owen and Mr. Nordholm who served as a director and a director and officer, respectively, of The Fight Network Inc. which filed for bankruptcy proceedings in October, 2010. Mr. Owen ceased being a director of The Fight Network Inc. in October, 2010. Mr. Nordholm ceased being a director and officer of The Fight Network Inc. in October, 2010.

Executive Compensation

All dollar amounts in this Circular are expressed in Canadian dollars ("**$**") unless otherwise indicated.

Compensation Discussion and Analysis

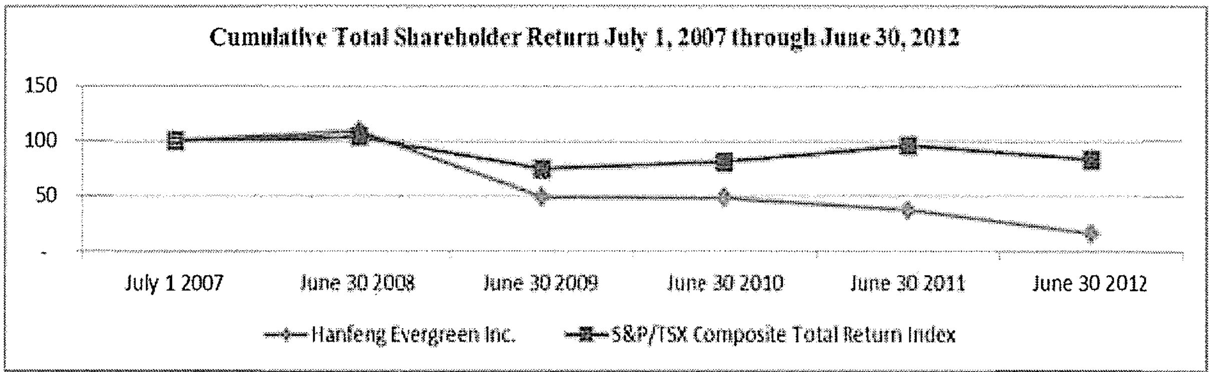
During the financial year ended June 30, 2012, the Corporation's executive compensation program was intended to be consistent with the Corporation's business plans, strategies and goals while taking into account various factors and criteria, including competitive factors and the Corporation's performance.

The Corporation's executive compensation program is intended to provide an appropriate overall compensation package that permits the Corporation to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Corporation. The Corporation's compensation policies were intended to motivate individuals to achieve and to award compensation based on corporate and individual results. The compensation for the Corporation's Chief Executive Officer and Chief Financial Officer (collectively, the "**Named Executive Officers**") was established and paid based on a relatively equal weighting of each of these considerations. Compensation for the Corporation's Named Executive Officers was intended to reflect a fair evaluation of overall performance and was intended to be competitive in aggregate with levels of compensation of comparable corporations. The Board of Directors has not considered the implications of the risks associated with the Corporation's executive compensation program. Named Executive Officers and directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of the Corporation's stocks granted as compensation or held directly or indirectly by the Named Executive Officer.

The Corporation generally strives to use long term incentives, such as the grant of stock options, at the time of appointment, as performance incentives for executive management and to provide the opportunity for overall compensation of employees, including executives, to be above industry average levels as well as to increase the mutuality of interests between employees, executive management and shareholders. Executive officers and directors are eligible to be granted stock options under the Corporation's stock option plan (the "**Stock Option Plan**"). The Stock Option Plan is intended to provide long term rewards linked directly to the market value of the Shares. The Board of Directors is of the view that the Stock Option Plan is in the best interests of the Corporation and will assist the Corporation to attract, motivate and retain talented and capable directors and executive management.

Performance Graph

The following graph and chart assume that $100 was invested over a five-year period commencing on July 1, 2007 to June 30, 2012 and compare the yearly percentage change in the cumulative total shareholder return over those five financial years on the Shares with the cumulative total returns of the S&P/TSX Composite Total Return Index, assuming in each case reinvestment of dividends. The performance of the Shares as set out in the graph does not necessarily indicate future price performance.



As at	2007 July 1	2008 June 30	2009 June 30	2010 June 30	2011 June 30	2012 June 30
Hanfeng Evergreen Inc.	100	109	49	48	38	16
S&P/TSX Composite Total Return Index	100	104	75	81	96	83

The trend in cumulative shareholder return is not consistent, over the five year period, with the trend in compensation to the Named Executive Officers. The compensation level for the CEO increased 2.0 times and for the CFO 2.3 times over the time frame, which is higher than the average cumulative return over the same five year period. The relative increase in the compensation levels is consistent with the market for Named Executive Officers for similar sized companies.

Summary Compensation Table

The following table sets forth information regarding compensation for the fiscal years ended June 30, 2012, June 30, 2011 and June 31, 2010 paid to the Named Executive Officers. See "*Termination and Change of Control Benefits*" for a discussion of the compensation paid to the Named Executive Officers.

Name and Principal Position	Year	Salary ($)	Share-based awards ($)	Option-based awards[(2)] ($)	Non-equity incentive plan compensation: Annual incentive plans ($)	Non-equity incentive plan compensation: Long-term incentive plans ($)	Pension value ($)	All other compensation ($)	Total compensation ($)
Xinduo Yu[(1)] *Chief Executive Officer*	2012	500,000	-	-	-	-	-	-	500,000
	2011	500,000	-	-	-	-	-	-	500,000
	2010	500,000	-	-	-	-	-	-	500,000
Niral V. Merchant *Chief Financial Officer & Corporate Secretary*	2012	275,000	-	-	-	-	-	-	275,000
	2011	63,294[(3)]	-	573,650	-	-	-	-	636,944
	2010	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

(1) Mr. Yu is also a director for the Corporation. He does not receive any compensation for his services as director.

(2) The grant date fair value is determined in accordance with Section IFRS 2 under International Financial Reporting Standards. This value is amortized over the designed vesting period, representing the period in which the compensation is earned. The Corporation uses the Black-Scholes option pricing model, as this is a widely used methodology that satisfies IFRS 2. The following weighted average assumptions were used for 2011 (no options were granted in 2010 and 2012): risk-free interest rate of 2.38% (2010-2.88%), dividend yield of 0% (2010-0%), volatility of 51.00% (2010-56.37%) and expected lives of approximately 5 years. See "– *Value vested or earned during the year*" for the value that was vested during the year.

(3) Paid to a consulting company controlled by Mr. Merchant whose consulting services were contracted commencing April 1, 2011, at an annual rate of $275,000 per annum.

Incentive Plan Awards

The following tables set forth information regarding the Corporation's incentive plan as of June 30, 2012 for the Named Executive Officers. See "— *Stock Option Plan*" for a description of the terms of the Stock Option Plan.

Outstanding option-based awards

	Option-based Awards			
Name	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**
Niral V. Merchant *Chief Financial Officer and Corporate Secretary*	240,000	5.01	April 1, 2016	nil

Value vested or earned during the year

Name	Option-based Awards – Value vested during the year ($)
Niral V. Merchant *Chief Financial Officer and Corporate Secretary*	Nil

Equity Compensation Plan Information

The following table sets out information concerning the number and price of securities to be issued under equity compensation plans to employees and others as at June 30, 2012.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options (#)	Weighted – Average Exercise Price of Outstanding Options ($/Share)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the second column) (#)
Equity Compensation Plans Approved by security holders	610,000	5.32	1,191,668

As at June 30, 2012, the number of Shares to be issued upon the exercise of outstanding options granted pursuant to the Stock Option Plan is 610,000 representing 1% of the total issued and outstanding Shares. As at January 31, 2013, the number of Shares remaining available for issuance under the Stock Option Plan is 1,191,668, representing 2% of the issued and outstanding Shares.

Stock Option Plan

The Stock Option Plan was originally adopted by a predecessor company of the Corporation on January 14, 1997. Amendments to the Stock Option Plan to comply with increased regulatory requirements were subsequently approved by the shareholders of the Corporation on June 15, 2004, May 17, 2007, and May 6, 2008.

The Board of Directors has made 3,500,000 Shares available for issuance under the Stock Option Plan. Any employee, director, officer or consultant of the Corporation is eligible to participate in the Stock Option Plan. The maximum number of Shares which may be reserved under the Stock Option Plan for issuance to any one person, other than an employee providing investor relations activities or a consultant, is 5% of the issued and outstanding Shares (on a non-diluted basis). The maximum number of Shares which may be reserved under the Stock Option Plan for issuance to any one employee providing investor relations activities or any one consultant is 2% of the issued and outstanding Shares (on a non-diluted basis).

The Board of Directors of the Corporation grants option-based awards based on levels of comparable companies, taking into consideration the recommendations of the Compensation Committee. Previous grants of option-based awards are taken into account when considering new grants.

The Board of Directors establishes the option price at the time each option is granted, which cannot be less than the closing market value of the common share on the Toronto Stock Exchange ("**TSX**"), as determined in accordance with the requirements of the TSX. An optionee is entitled to exercise options in full or in part during any year of the term of the option as provided for in the written stock option agreement, until the expiry date, which cannot be longer than 10 years from the date of grant, subject to the terms of the Stock Option Plan.

If an individual, other than an individual retained to provide investor relations activities, ceases to be an eligible participant in the Stock Option Plan for any reason other than retirement, permanent disability or death, each option held by such individual will cease to be exercisable 3 months after the date the individual ceased to be an eligible participant in the Stock Option Plan. If an optionee dies, the legal representative of such individual may exercise such optionee's options within one year after the date of the optionee's death, but only to the extent the options were by their terms exercisable on the date of death. If the employment of an optionee is terminated due to permanent disability or retirement under any Retirement Plan of the Corporation, each option held by such individual will cease to be exercisable 3 months after the date of termination, provided that if the optionee dies within such 3 month period, then the legal representative of such individual may exercise such optionee's options within six months after the date of the optionee's death, but only to the extent the options were by their terms exercisable on the date of death. Options granted pursuant to the Stock Option Plan are otherwise non-transferable and non-assignable.

Subject to regulatory approval or to shareholder approval in certain cases, the Board of Directors may from time to time amend or revise the terms of the Stock Option Plan or may discontinue the Stock Option Plan at any time. However, no such amendment, revision or termination shall, in any manner, adversely affect rights granted previously without the consent of the individuals affected by such amendment, revision or termination.

Termination and Change of Control Benefits

Mr. Xinduo Yu

The Corporation entered into an employment agreement with Mr. Yu, effective January 1, 2004, under which managerial and operational services will be provided by Mr. Yu in the capacity of Chief Executive Officer to the Corporation. For the period between January 1, 2004 and June 30, 2004, Mr. Yu received a salary of $90,000. For the period after June 30, 2004 till May 2007, Mr. Yu's annual salary was $250,000. From June 2007 until the termination of the contract, Mr. Yu will receive an annual salary of $500,000. The Corporation may terminate the contract upon giving six months' written notice of termination, or in lieu of such notice, payment of six months' salary at the rate that would be otherwise applicable during such notice period, estimated to be $250,000. The Corporation may also terminate for just cause at any time and without notice or pay in lieu of notice.

Mr. Niral V. Merchant

The Corporation entered into a consulting agreement with a company controlled by Mr. Niral V. Merchant, effective April 1, 2011, under which Mr. Merchant acts as Chief Financial Officer of the Corporation. The Corporation may terminate the contract with twelve months' (plus one month for every whole year of service) written notice of termination or consulting fees in lieu of such notice. The estimated payment if such an event were triggered as at June 30, 2012 would have been $297,917. In the event of a change of control, Mr. Merchant is entitled to a payment equal to eighteen months consulting fees, irrespective of whether his employment continues with the Company. In addition, any unvested options at such time shall become vested. The estimated payment if such an event were triggered as at June 30, 2012 would have been $412,500. Annual consulting fees payable under this agreement are $275,000 plus annual bonus based on performance criteria in an amount up to 50% of base compensation. The Corporation may also terminate for just cause at any time and without notice or pay in lieu of notice.

Director Compensation Table

The following table sets forth information regarding compensation awarded to directors of the Corporation in the fiscal year ended June 30, 2012.

Name	Fees earned ($)	Share-based awards ($)	Option-based awards ($)	All other compensation ($)	Total compensation ($)
Loudon F. Owen	36,000	-	-	-	36,000
Joni R. Paulus(3)	-	-	-	-	-
Jonathan Pollack (4)	25,300	-	-	-	25,300
Andrew K. Mittag (3)	-	-	-	-	-
David Thomson	34,319	-	-	-	34,319
Joanne Yan(1)	23,200	-	-	-	23,200
Edwin Nordholm(2)	18,150	-	-	-	18,150

Notes:

(1) A total of $4,750 was paid to a company controlled by Joanne Yan.
(2) A total of $12,200 was paid to a company controlled by Edwin Nordholm.
(3) Ceased to be a director with effect from February 8, 2012.
(4) Ceased to be a director with effect from February 9, 2013.

During the past financial year, directors received standard compensation (with annual amounts pro-rated based on the applicable rate) as follows: annual retainer of $16,000 and Board of Directors meeting attendance fees of $1,200 (in person) or $750 (by phone). Additional annual retainers are paid as follows: Chairman of the Board $12,000, Audit Committee Chair $6,000 and Compensation Committee Chair $6,000.

In addition, directors are required to own a minimum of 2,000 Shares. Such Shares must be acquired within three years of a director's appointment.

Incentive Plans for Directors

Outstanding option-based awards

The following table sets forth information regarding the incentive plan as of June 30, 2012, for all directors of the Corporation.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**
Loudon F. Owen	250,000	5.02	April 4, 2016	nil
Edwin Nordholm	50,000	5.02	April 4, 2016	nil
Jonathan Pollack(1)	50,000	5.70	December 30, 2015	nil
David Thomson	-	-	-	nil
Joanne Yan	-	-	-	nil

(1) Ceased to be a director with effect from February 9, 2013.

Value vested or earned during the year

Name	Option-based Awards – Value vested during the year ($)
Loudon F. Owen	nil
Edwin Nordholm	nil
Jonathan Pollack(1)	nil
David Thomson	nil
Joanne Yan	nil

(1) Ceased to be a director with effect from February 9, 2013.

Directors' and Officers' Liability Insurance

The Corporation maintains liability insurance for its directors and officers acting in their respective capacities. The annual premium paid for this insurance coverage during fiscal 2012 was approximately $69,600. The coverage has an aggregate liability limit of $20,000,000.

Statement of Corporate Governance Practices

The Canadian Securities Administrators have established National Policy 58-201 – *Corporate Governance Guidelines* (the "**National Policy**"), which sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (the "**National Instrument**") requires the disclosure by each public corporation of its approach to corporate governance with reference to the Guidelines, as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

Set out below is a description of the Corporation's approach to corporate governance in relation to the Guidelines.

Mandate of the Board of Directors

The Board of Directors is responsible for the overall stewardship of the Corporation. The Board of Director's goals are to build long-term value for the Corporation's shareholders, to create a culture of integrity and to assure the vitality of the Corporation for its customers, employees and the other individuals and organizations that depend on the Corporation. The Board of Directors discharges this responsibility directly and through delegation of specific responsibilities to committees of the Board of Directors, the Chair, and officers of the Corporation, all as more particularly described in the Board of Directors Mandate adopted by the Board of Directors, which is set out as in Schedule 1.

Composition of the Board of Directors

The National Instrument defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Board of Directors, is reasonably expected to interfere with such member's independent judgment. In determining whether a particular director is an "independent director" or a "non-independent director", the Board of Directors considers the factual circumstances of each director in the context of the Guidelines.

During the financial year ended June 30, 2012, the Board of Directors was composed initially of eight directors, and from February 8, 2012 six directors, all but one of whom were, in the opinion of the Board of Directors, independent directors (i.e., Messrs. Owen, Pollack, Mittag, Thomson, and Nordholm, and Ms. Paulus and Yan). Mr. Yu is a non-independent director, by virtue of Mr. Yu being an executive officer of Hanfeng.

In addition to its general oversight responsibilities, significant transactions out of the ordinary course of the Corporation's business or which may be material to the Corporation are considered and approved by the Board of Directors. The Board of Directors generally has six regularly scheduled meetings in each financial year. Additional meetings may be held depending upon opportunities or issues to be dealt with by the Corporation from time to time.

The information presented below reflects the Board of Directors and Board Committee meetings since July 1, 2011 up to January 31, 2013 and attendance of the directors during such time. The Board of Directors approved certain additional matters by written resolution.

Summary of Board of Directors and Committee Meetings Held

Meeting	**Number of meetings held**
Board of Directors	12
Audit Committee	8
Governance & Compensation Committee	1

Summary of Attendance of Directors

Director	Total Board of Directors meetings attended	Total Audit Committee meetings attended	Total Governance & Compensation Committee meetings attended
Loudon F. McLean Owen(1)	12 of 12	-	-
Joni R. Paulus(2)	5 of 5	-	1 of 1
Jonathan Pollack(3)	12 of 12	8 of 8	-
Andrew K. Mittag(2)	5 of 5	4 of 5	-
David Thomson	12 of 12	8 of 8	1 of 1
Joanne Yan	10 of 12	-	1 of 1
Edwin Nordholm(4)	11 of 12	3 of 3	-
Xinduo Yu	7 of 10	-	-

Notes:
(1) Mr. Owen joined the Audit Committee on February 10, 2013.
(2) Mr. Mittag and Ms. Paulus ceased to be directors on February 8, 2012.
(3) Mr. Pollack ceased to be a director with effect from February 9, 2013.
(4) Mr. Nordholm joined the audit committee on February 10, 2012.

The directors listed below serve as a director (or equivalent) of the other reporting issuers listed beside their name:

Director	Reporting Issuer
Loudon F. McLean Owen	Echelon Capital Corp. Kilo Goldmines Ltd. Posera-HDX Inc. (formerly Hosted Data Transaction Solutions Inc.) Ntegrator International Ltd. (listed in Singapore)
Jonathan Pollack(1)	CECO Environmental Corp. (NASDAQ)
David Thomson	Morguard Corporation Easyhome Ltd.
Joanne Yan	Hanwei Energy Services Corp. Zongshen Pem Power Systems Inc. Brazilian Gold Corporation (formerly Red Dragon Resources Corp.) Yalian Steel Corporation
Xinduo Yu	Yalian Steel Corporation

(1) Ceased to be a director with effect from February 9, 2013.

Board of Directors' Independence

The Board of Directors believes that it operates independently of management. Throughout the year ended June 30, 2012, the Chairman of the Board has been independent.

The independent directors routinely hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. Since July 1, 2011 up to January 31, 2013, the independent directors have held 6 such meetings. Individual directors may engage outside advisors at the expense of the Corporation upon approval by the Board of Directors in appropriate circumstances.

Committees of the Board of Directors

As set out in the Board Mandate, the Board of Directors has established two standing committees to assist with its responsibilities: the Audit Committee and the Governance & Compensation Committee. Each of these has a charter defining its responsibilities. Each of the Board of Directors committees is composed entirely of independent directors.

The Board of Directors has not developed position descriptions for the Chair of the Board and the Chair of each Board of Directors committee. The Chairman of the Board and each Board of Directors committee chair is responsible to ensure that the committees and the Board of Directors fulfill their respective mandates. The principal role of the Chairman of the Board includes providing leadership to the Board of Directors and acting as a liaison between the Board of Directors and Management. The Chairman further ensures that all Board of Directors matters are properly and adequately addressed. The Chairman of the Audit Committee also maintains on-going communications with the Corporation's external auditors in order to lead the communication in performing its oversight and other audit-related functions.

The role, responsibilities, and duties of the Chief Executive Officer generally include: maintaining and developing the Corporation's strategic plans and implementation of such plans, providing leadership and direction to employees, and to maximize shareholder value.

Audit Committee

The Audit Committee is composed of three directors of the Corporation, Messrs. Thomson (Chair), Owen and Nordholm, all of whom are independent and financially literate for the purposes of Multilateral Instrument 52-110 – *Audit Committees*. The Audit Committee is responsible for reviewing the Corporation's annual financial statements and its internal controls, including overseeing management reporting on internal controls, and management information systems, as well as reviewing the audit reports and recommendations of the Corporation's independent auditors and reporting to the Board of Directors thereon. The Audit Committee has direct communications with management and with the external auditors to discuss and review specific issues. The Charter and composition of the Audit Committee are disclosed in the section entitled "*Audit Committee*" in the Corporation's Annual Information Form.

Governance and Compensation Committee

The Governance and Compensation Committee of the Board of Directors is composed of three independent directors, Mr. Nordholm (Chair), Ms. Yan, and Mr. Thomson. The Compensation Committee's breadth of executive compensation knowledge was developed from their different combined experiences, as entrepreneurs, business owners and top executives in large corporations. All members have served as directors on public company boards.

The Governance and Compensation Committee is mandated to conduct an annual performance review of the Chief Executive Officer based on the performance of the business, achievement of the Corporation's financial and strategic objectives and development of management. This review has not been completed for the current fiscal year. If the Arrangement is not approved, the Governance and Compensation Committee anticipates performing an annual performance review going forward.

The Governance and Compensation Committee is responsible for an annual self-assessment of the Board of Directors' performance as well as the performance of each committee of the Board of Directors. The assessment includes a review of any areas in which the Board of Directors or management believes the Board of Directors can make a better contribution to the Corporation. The Compensation Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board of Directors and making recommendations to the Board of Directors with respect to assignments of Board of Directors members to various committees. This assessment has not been completed for the current fiscal year. If the Arrangement is approved, all directors will resign except Mr. Yu.

The Governance and Compensation Committee is also responsible to make recommendations to the Board of Directors regarding executive officer's compensation.

The Governance and Compensation Committee is responsible for identifying, screening and recommending candidates to the Board of Directors for Board of Directors membership. New members of the Board of Directors elected to the Board of Directors receive appropriate Corporation orientation through executive briefings and site visits, which may include visits to the Corporation's operations in China. The Corporation encourages each director to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

Decisions Requiring Prior Board of Directors Approval

In addition to those matters which by law are required to be approved by the Board of Directors, prior approval of the Board of Directors is required for any action that is outside of the ordinary course of business or which involves a significant dollar amount or material impact on the Corporation.

The Board of Directors has adopted a written code of conduct and ethics for the Corporation's directors, officers and employees on February 9, 2011 (the "**Code**"), which is available on SEDAR at www.sedar.com. The Board of Directors satisfies itself regarding compliance with the Code by obtaining certification from key management employees at its subsidiaries that relevant employees are aware of the Code, and have confirmed their compliance by signing the Code.

In order to ensure independent judgment in considering potential transactions in which a director, officer or insider has a material interest, the Board of Directors, with the exception of any such interested director, reviews any issues related to business ethics or potential conflict of interest between the Corporation and any parties related to directors or officers of the Corporation, and determines the appropriate course of action.

The Corporation has adopted a Disclosure Policy to ensure that communications to the public are timely, factual, accurate and broadly disseminated in accordance with applicable securities laws.

Size and Compensation of the Board of Directors

The Board of Directors currently consists of five members, a majority of which are independent directors. The Board of Directors has resolved to fix the number of directors to five directors following the close of the Meeting. See "*Matters to be Acted upon at the Meeting – Election of Directors*". The Board of Directors considers that five members is appropriate for effective decision making by the Board of Directors at the Corporation's current stage of development.

The Board of Directors and its Compensation Committee reviews director compensation from time to time. The Board of Directors, effective July 1, 2009, increased director compensation to better reflect the responsibilities and risks involved in being an effective director. The current compensation is as follows: annual retainer of $16,000 and Board of Directors meeting attendance fees of $1,200 (in person) or $750 (by phone). Additional annual retainers are paid as follows: Chairman of the Board $14,000 and other Committee chairs $6,000. The fee per committee meeting is $750.

Shareholder Communication

The Corporation communicates regularly with shareholders and others interested in the Corporation through periodic press releases announcing business developments, the release of quarterly and annual financial results, continuous disclosure materials under applicable securities laws, an active investor relations program, and responding to specific inquiries.

Board of Directors' Expectations of Management

Management is expected to provide periodic reports to the Board of Directors, and to advise the Board of Directors of significant or material developments occurring between periodic reports in a timely manner. It is the Board of Directors' expectation that members of management will carry out their duties and discharge their responsibilities with professionalism and integrity, with a view to achieving the Corporation's objectives and enhancing shareholder value.

2. RE-APPOINTMENT OF AUDITORS

In the absence of a contrary instruction, the person(s) designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the re-appointment of KPMG LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed and the authorization of the Board of Directors to fix the remuneration of the auditors.

The resolution appointing the auditors must be approved by a majority of the votes cast by the holders of the Shares present or represented by proxy at the Meeting.

The table below shows the total audit fees incurred by the Corporation during the past 5 years:

Year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Total	$ 218,000	$ 245,000	$ 248,140	$ 362,000	$ 554,854	$ 906,400

3. THE GOING PRIVATE TRANSACTION VIA THE ARRANGEMENT

Background and Reasons for the Arrangement

On February 11, 2013, Hanfeng and the Purchaser entered into the Arrangement Agreement, which sets out the terms and conditions for implementing the Arrangement. Simultaneously, the Purchaser and Agrium entered into a support agreement, which governs the terms and conditions under which Agrium has agreed to vote in favour of the Arrangement. The Arrangement Agreement is the result of extensive negotiations among representatives of Hanfeng, the Special Committee, the Purchaser and their respective advisors. The following is a summary of the principal events leading up to the execution and public announcement of the Arrangement Agreement.

In November 2010, the Corporation entered into a material commercial relationship with Beidahuang, a major Chinese state owned enterprise involved in the agriculture business ("**Beidahuang**"). The relationship included Beidahuang becoming a very significant customer of the Corporation and also contemplated establishing a joint venture. The Corporation's business with Beidahuang represented a meaningful transition in its traditional distribution model. In contrast to past practices whereby Hanfeng relied primarily on multiple small distributors to sell and promote its products, the arrangements entered into with Beidahuang entrenched Hanfeng with a large distributor and end-user of its products. This commercial relationship was viewed as a significant development for Hanfeng having regard for its growth strategy, long-term prospects and reputation for producing quality products for the agricultural sector. At that same time, Hanfeng and Beidahuang entered into negotiations to construct a multi-product production facility located in the Heilongjiang province. Construction on this facility has not yet commenced and joint venture terms have never been finalized. Today, Beidahuang is the Corporation's largest customer, representing approximately 73% of total sales in 2012, and the Corporation's largest supplier, representing approximately 51% of total purchases.

Over the past 18 months, emerging market issuers (including Hanfeng) have come under increasing regulatory scrutiny in response to public questions and concerns involving Canadian public companies with significant business operations in emerging markets. On July 5, 2011, the OSC announced the commencement of a regulatory review of selected emerging market issuers. Hanfeng was among those issuers. Although to date, no particular concerns have been expressed or findings have been made in respect of Hanfeng, such review is ongoing and has required the investment of significant time on the part of management and the Board of Directors.

On September 19, 2012, the Board of Directors met (without Mr. Yu) and, following discussions, determined that it was desirable to authorize the formation of a special committee comprised entirely of independent directors to review and consider the strategic direction of the Corporation and explore ways in which to enhance shareholder value. At that meeting, the Special Committee was formed, comprising Messrs. Loudon Owen (Chair), Edwin Nordholm and David Thomson, each of whom was determined to be an independent director of the Corporation.

On October 1, 2012, Mr. Yu, the President and Chief Executive Officer of the Corporation and the holder of approximately 20.4% of the outstanding Shares, approached Mr. Owen to express his interest in exploring a possible privatization of the Corporation in the form of a negotiated transaction. Over the course of that week, Mr. Yu engaged in discussions with Mr. Owen for the purpose of exploring whether the Corporation would be interested in pursuing a potential transaction and on October 8, 2012, Mr. Yu expressed his interest in exploring a privatization at a price of $2.00 in cash per share on certain proposed terms and conditions, including the right to negotiate on an exclusive basis and the reimbursement of expenses. Over the next several days, Mr. Owen engaged in discussions with Mr. Yu about the terms and conditions of his proposal following which, on October 24, 2012, Mr. Yu delivered a written, non-binding proposal to take the Corporation private and pursuant to which he proposed to increase his non-binding proposal to $2.20 in cash per share. The non-binding proposal did not include any right to negotiate on an exclusive basis or to be reimbursed for expenses. Throughout this period the Special Committee was kept informed of Mr. Owen's discussions with Mr. Yu.

On October 25, 2012, the Special Committee engaged Osler as its independent legal advisor.

On November 2, 2012, the Special Committee met for the purpose of discussing the proposal, the proposed mandate of the Special Committee having regard for the proposal, the process for responding to the proposal and for selecting an independent financial advisor, and the expertise required to assist the Special Committee in fulfilling its proposed mandate. Immediately following that Special Committee meeting, the Board of Directors met (without Mr. Yu) to review, consider and approve a revised mandate of the Special Committee. The mandate of the Special Committee was expanded to review, direct, and supervise the process to be carried out by the Corporation and its professional advisors in assessing the privatization proposal as well as any other potential strategic transactions that may be received by the Corporation, to review, evaluate and consider the proposed structure and terms and conditions of such transactions, to supervise the conduct of any negotiations on behalf of the Corporation with respect to such transactions, and to consider and make recommendations to the Board of Directors with respect to such transactions.

In the course of its review and evaluation of the proposed privatization transaction, the Special Committee held 21 formal meetings, and conducted informal consultations with the Corporation's management and its legal and financial advisors on numerous other occasions.

On November 6, 2012 and November 13, 2012, the Special Committee met to discuss the selection of a financial advisor, the terms of the privatization proposal, strategic alternatives available to the Corporation, the Corporation's financial condition and prospects, market pressures and challenges facing the Corporation, the Corporation's economic dependence on Beidahuang, and the prospects for sustaining a long-term commercial relationship with Beidahuang.

On November 20, 2012, at the request of a senior representative of Agrium, Mr. Owen met with the senior representative to discuss Agrium's investment in the Corporation, the financial condition and prospects of the Corporation, the market for fertilizer products, and the Chinese marketplace. At that meeting, Agrium informed Mr. Owen that it was not interested in increasing its investment or acquiring the Corporation or any of its production facilities.

On November 21, 2012, the Special Committee met to receive a report from the Chairman, to discuss Mr. Owen's meeting with Agrium and his ongoing discussions with Mr. Yu regarding the proposed transaction.

During the week of December 3, 2012, Mr. Owen travelled to China for the purposes of conducting site visits of the Corporation's operations and production facilities, meeting the Corporation's local management, meeting with Mr. Yu to negotiate the terms of his proposal, and meeting with Beidahuang to discuss the terms and long-term prospects of its commercial relationship with the Corporation. During that trip, Mr. Owen met with the Chief Executive Officer of Beidahuang who advised that it was in the process of negotiating with competitors of Hanfeng for the purpose of potentially securing alternative sources of fertilizer and that it had not yet made a decision whether to renew its contracts with the Corporation and on what terms, if any. The CEO of Beidahuang also advised that it was not interested in acquiring the Corporation or pursuing alternative types of strategic transactions such as a minority investment or a joint venture at this time and, further, that it was uncertain if it would renew its commercial agreements until it had clarity regarding the status of the Corporation and, in particular, whether the Corporation would be taken private by Mr. Yu. The CEO of Beidahuang advised Mr. Owen that the timing of its fertilizer application season required Beidahuang to make a commercial decision in the near future and requested that it be kept informed of the status of the Corporation and, in particular, the status of a privatization.

On December 7, 2012, the Special Committee met to receive a report from Mr. Owen regarding his trip to China and meetings that were conducted while in China.

During the week of December 10, 2012, Agrium was contacted by representatives of Mr. Yu to enquire as to its willingness to eventually enter into a voting support or lock-up agreement in connection with a potential transaction. Agrium indicated that it would be prepared to do so on certain terms and conditions. A senior representative of Agrium also met with Mr. Owen during this week to communicate that he had been approached by Mr. Yu's representatives and would be prepared to enter into a "soft" lock-up agreement in support of a potential transaction supported by the Board of Directors and at a price of $2.20.

On December 13, 2012, the Special Committee met to discuss the selection of its financial advisor, the timing and status of a potential transaction, the Chairman's recent discussions with Agrium, and ongoing discussions and negotiations with Mr. Yu.

On December 19, 2012, the Special Committee met and, after having interviewed several potential candidate advisors, engaged Deloitte as its independent financial advisor and concluded that Deloitte was qualified and independent of Mr. Yu.

On December 20, 2012, Mr. Yu's legal counsel delivered an initial draft form of arrangement agreement to counsel to the Special Committee and a form of financing commitment letter.

On December 27, 2012, the Special Committee met to receive a report from the Chairman regarding the ongoing valuation work being performed by Deloitte. At this meeting the Special Committee's counsel reviewed with the Special Committee the terms of the draft form of arrangement agreement delivered by counsel to Mr. Yu and the principal issues raised by the agreement.

The Board of Directors also met (without Mr. Yu) on December 27, 2012 to receive an update from the Chairman of the Special Committee on its work to date and the status of the proposed transaction with Mr. Yu.

On December 28, 2012, Agrium agreed with Mr. Yu to tender its Shares to a take-over bid or vote in favour of an alternative form of transaction subject to certain terms and conditions.

In the course of its work, the Special Committee considered at length, among other matters, whether it was appropriate to pursue, or continue to pursue, discussions and negotiations with Mr. Yu without first having actively solicited other expressions of interest in respect of the Corporation or conducting an auction. The Special Committee considered the current market environment, the financial condition of the Corporation and, in particular, its economic dependence on Beidahuang, and the fact that the Corporation's business operations are located entirely in China and Indonesia. The Special Committee also considered the potential consequences to the Corporation's relationship with Beidahuang that might result from a public process, including the possibility that competitors might seek to solicit Beidahunag's business in light of uncertainty surrounding Hanfeng resulting from Mr. Yu's proposal. On the basis of these and other considerations, the Special Committee determined it would not be appropriate to risk losing the proposal and further disrupting the business of the Corporation by attempting to conduct a broad market canvass in the circumstances. In the absence of such a canvass, the Special Committee directed the Corporation's legal advisor to ensure that, in the event the Corporation were to determine to pursue a transaction with Mr. Yu, reasonable "fiduciary out" and termination fee provisions be negotiated to allow an opportunity for other potential unsolicited acquirors and competing offers to emerge. Moreover, the Chairman of the Special Committee met with three potential strategic acquirors, including Agrium and Beidahuang, and explored whether each might be interested in pursuing an acquisition or strategic transaction. Each advised Mr. Owen that it was not interested in acquiring, or otherwise entering into a strategic transaction with the Corporation. Mr. Owen also consulted with senior representatives of financial sponsors and advisory firms in North America and Asia about the prospects and viability of an alternative transaction to the proposal made by Mr. Yu. The Special Committee also carefully considered whether to pursue a liquidation or realization strategy, and consulted with professionals in China and North America in this regard. The Special Committee determined that pursuing a realization or liquidation strategy carries substantial risk and uncertainty in terms of realizing the value of the assets and executing on such a strategy in a timely manner. Among other things, a realization or liquidation strategy could be expected to result in substantial discounts to asset values as well as material tax, severance, environmental and foreign exchange cost consequences under Chinese law.

During the weeks of January 1, 2013 and January 7, 2013, Mr. Owen, the Chief Financial Officer of the Corporation, and representatives of Deloitte travelled to China for the purposes of conducting due diligence investigations in respect of the Corporation, including site visits of the Corporation's operations and production facilities, interviews with the Corporation's local management and with Beidahuang, and performing financial and valuation analysis of the Corporation. Mr. Owen and the Chief Financial Officer of the Corporation also travelled to Indonesia to conduct site visits and due diligence.

On January 4, 2013, counsel to the Special Committee provided counsel to Mr. Yu with detailed comments on the initial draft form of arrangement agreement and advised counsel to Mr. Yu that, among other things, the initial draft form of arrangement agreement needed to provide greater deal certainty than initially contemplated by the agreement proposed, and the "fiduciary out" and termination provisions in favour of the Corporation needed to be more permissive than initially contemplated in order to allow the Corporation to consider and respond to alternative acquisition proposals.

In light of the ongoing work then underway by the Special Committee in connection with its review and consideration of the privatization proposal, the Corporation deferred the timing of its annual meeting of shareholders until February 13, 2013 and, on January 8, 2013, filed and published notice of a record date of January 15, 2013 for the purpose of determining shareholders entitled to receive notice of, and to vote at, an annual and special meeting of shareholders proposed to be held on February 13, 2013.

On January 8, 2013, after the close of markets, the Corporation publicly announced that it was in receipt of the privatization proposal and had authorized the Special Committee to review and consider the proposal.

On January 9, 2013, the Special Committee met with its legal and financial advisors. Deloitte presented the preliminary results of its ongoing valuation analysis to the Special Committee. Members of the Special Committee had extensive discussions with Deloitte regarding the due diligence performed by Deloitte, the approaches and methodologies being taken by Deloitte to value the business of the Corporation and its Shares and arrive at an opinion as to the fairness, from a financial point of view, of the consideration to be received by the Minority Shareholders under the Arrangement, the assumptions upon which Deloitte's valuation work was based and the terms of the privatization proposal.

During this meeting, Deloitte observed that, based on its meetings with Mr. Yu and representatives of Beidahuang, the preservation of the Corporation's customer relationship with Beidahuang was in doubt as long as Hanfeng remained a public company, and in light of the Corporation's economic dependence on Beidahuang, the loss of that material customer relationship could be expected to have a material adverse effect on the financial condition and prospects of the Corporation. Specifically, Beidahuang indicated that it will not purchase fertilizer from Hanfeng unless Hanfeng is a private company. Moreover, Beidahuang indicated that a timely commitment for Hanfeng to go private must be made in order to accommodate its fertilizer purchase requirements for the spring 2013 planting season. Deloitte advised that if Hanfeng is not committed to going private, Beidahuang may also return last season's fertilizer purchases delivery from July to August and the current balance of outstanding accounts receivable may be uncollectible. Deloitte further advised that without Beidahuang as a customer, the Heilongjiang facility, at least initially, will not be profitable and may have to secure supply from alternate suppliers.

Deloitte also advised that representatives of Beidahuang had expressed an interest in Beidahuang potentially making a further investment in Hanfeng following the completion of Mr. Yu's privatization proposal. Specifically, Deloitte advised that both Mr. Yu and a representative of Beidahuang indicated that Beidahuang may be interested, subsequent to Hanfeng becoming a private company, in acquiring up to 30% equity interest in Hanfeng from Mr. Yu at a purchase price of $2.20 per Share. At present, the Corporation is unaware of any definitive agreement in this regard between Mr. Yu and Beidahuang.

At this meeting, the members of the Special Committee engaged in extensive discussions about the basis for those observations and views and the alternatives available to the Corporation, including liquidation and realization strategies and the risks associated with Hanfeng continuing to execute its business plans independently without the business of Beidahuang. The Special Committee asked that the Chairman make further inquiries in this regard.

At this same meeting, counsel to the Special Committee briefed the Special Committee on the status of its negotiations of the material terms of the arrangement agreement. Members of the Special Committee raised and discussed a number of issues relating to the proposed transaction with counsel to the Special Committee, including relating to deal certainty, financing covenants, the scope of the "fiduciary out" provisions, and the quantum of any "break fee" payable to Mr. Yu in connection with the termination of the arrangement agreement. The Special

Committee also received advice from its counsel in respect of the applicable legal requirements relating to the privatization proposal and a court-approved plan of arrangement.

Over the course of the next two days, the Chairman made further inquiries of Mr. Yu and Beidahuang and confirmed Beidahuang had expressed its intent that it would not continue as a customer unless the Corporation was taken private by Mr. Yu.

On January 10, 2013, counsel to Mr. Yu provided counsel to the Special Committee with a revised draft of the arrangement agreement.

On January 14, 2013, the Special Committee met to discuss transaction status and to prepare for an update to the Board of Directors. Immediately following that meeting, the Board of Directors met (without Mr. Yu) to receive an update from the Special Committee on the status and preliminary results of Deloitte's ongoing valuation work, the status of negotiations of the terms of the draft definitive documents, and the terms and conditions of the proposed transaction whereby the Corporation was, in substance, asked to choose between the privatization proposal and the status quo but without the continuing business of Beidahuang.

Later that evening, the Special Committee met together with its legal and financial advisors. Deloitte presented a preliminary report on its ongoing valuation and fairness analysis. Following extensive discussions, the Committee authorized Mr. Owen to continue to negotiate with Mr. Yu for the purpose of seeking an increase to the proposed $2.20 per share.

On January 15, 2013, Mr. Owen discussed the financial terms of the proposed transaction in a telephone call with Mr. Yu and sought an increase to the proposed $2.20 per share offer price.

Between January 17, 2013 and January 29, 2013, the Special Committee met on two occasions, the legal advisor to the Special Committee continued its negotiations of the arrangement agreement, Deloitte continued its valuation work, and Mr. Owen continued to negotiate with Mr. Yu. On January 29, 2013, following further discussions and negotiations, Mr. Yu agreed to increase his price per share from $2.20 per share to $2.25 per share.

On January 30, 2013, following negotiations with counsel to Mr. Yu, counsel to the Special Committee provided counsel to Mr. Yu with a further revised draft form of arrangement agreement on terms and conditions that were acceptable to the Special Committee, including a robust fiduciary out, no break fee payable by the Corporation in any circumstances and a reverse break fee payable by Mr. Yu in certain circumstances, among other rights and remedies in favour of the Corporation.

On January 31, 2013, the Special Committee met with its legal and financial advisors. Deloitte presented an updated report on its ongoing valuation and fairness analysis and advised that, based on its work to date, it expected the $2.25 offer price to fall within the valuation range with the result that the consideration offered pursuant to the proposal was expected to be fair, from a financial point of view, to the Minority Shareholders.

Between February 1, 2013 and February 6, 2013, the Special Committee met twice to discuss alternatives available to the Corporation, including the privatization proposal, and transaction implementation and timing issues associated with those alternatives.

On February 4, 2013, counsel to Mr. Yu advised counsel to the Special Committee that Mr. Yu had agreed to the terms and conditions presented in the form of revised arrangement agreement previously circulated by counsel to the Special Committee on January 30, 2013.

On February 7, 2013, the Special Committee met with its legal and financial advisors. Deloitte presented its valuation report and fairness opinion and delivered its oral opinion that, based on and subject to the assumptions, limitations and qualifications contained therein, the cash consideration of $2.25 per Share to be received by the Minority Shareholders was within the valuation range with the result that the consideration offered pursuant to the proposal was fair, from a financial point of view, to the Minority Shareholders.

On February 9, 2013, the Board of Directors, excluding Mr. Yu, met to receive the report and recommendation of the Special Committee. A representative of Deloitte was present at this meeting and answered questions presented by the members of the Board of Directors. The Special Committee recommended that the Board of Directors authorize the Corporation to enter into the Arrangement Agreement and submit the Arrangement Resolution to a vote of the Shareholders at the Meeting. The Special Committee further recommended that the

Board of Directors recommend to Shareholders that they vote in favour of the Arrangement Resolution. Following the recommendation of the Special Committee, the Board of Directors engaged in discussions, following which one of the directors (Mr. Jonathan Pollack) requested that the Chairman adjourn the meeting. The Chairman adjourned the meeting until further notice. Later that day, Mr. Pollack advised the Chairman that he had elected to resign as a director of the Corporation.

On February 9, 2013, Agrium agreed to vote in favour of the Arrangement Resolution, subject to the terms and conditions of its support agreement with the Purchaser.

Early in the morning prior to the opening of markets on February 11, 2013, the Chairman reconvened the meeting of the Board of Directors for the purposes of affirming the recommendation of the Special Committee and approving the proposed transaction. At that meeting, the Board of Directors resolved to authorize the Corporation to enter into the Arrangement Agreement, submit the Arrangement Resolution to a vote of the Shareholders at the Meeting, and recommend to Shareholders that they vote in favour of the Arrangement Resolution. On that same day, the Corporation, the Purchaser and Mr. Yu executed the Arrangement Agreement. The transaction was publicly announced prior to the opening of trading in the Corporation's Shares on February 11, 2013.

Recommendation of the Special Committee

Having undertaken a thorough review of, and carefully considered, the Arrangement, including consulting with independent legal and financial advisors, the Special Committee has unanimously determined that the Arrangement is in the best interests of the Corporation and the Consideration payable under the Arrangement is fair to the Minority Shareholders. Accordingly, the Special Committee unanimously recommended that the Board of Directors approve the Arrangement Agreement and recommend that Shareholders vote **FOR** the Arrangement Resolution.

Recommendation of the Board of Directors

The Board of Directors has unanimously approved (without the participation of Mr. Yu) the entering into of the Arrangement Agreement and has unanimously determined (without the participation of Mr. Yu) that the Arrangement is in the best interests of the Corporation and the Consideration payable under the Arrangement is fair to the Minority Shareholders. Accordingly, the Board of Directors unanimously approved the Arrangement Agreement and unanimously recommends that Shareholders vote **FOR** the Arrangement Resolution. The approval by the Board of Directors followed the unanimous recommendation of the Special Committee which was formed to, among other things, review and consider the proposed transaction with Mr. Yu. The recommendation of the Special Committee followed an extensive review and analysis of the proposed transaction with Mr. Yu. In connection with its work, the Special Committee engaged Deloitte as its independent financial advisor and Osler, Hoskin & Harcourt LLP as its independent legal counsel. In addition, the Board of Directors has received the Valuation and Fairness Opinion from Deloitte to the effect that, as of February 9, 2013, the consideration payable under the Arrangement is fair, from a financial point of view, to the Minority Shareholders.

Pursuant to the terms of the Arrangement Agreement, each director and executive officer of the Corporation, in his or her capacity as a Shareholder, intends to vote all of such individual's Shares in favour of the Arrangement Resolution and against any resolution submitted by any shareholder that is inconsistent with the Arrangement.

Reasons for the Arrangement

In evaluating and approving the Arrangement and in making their determinations and recommendations, the Special Committee and the Board of Directors gave careful consideration to the current and expected future position of the business of the Corporation and all the terms of the Arrangement Agreement and the Plan of Arrangement. The Special Committee and the Board of Directors considered a number of factors including, among others, the following:

- The Fairness Opinion provided by Deloitte to the effect that, as of February 9, 2013, and based upon and subject to the assumptions, limitations and qualifications contained therein, the consideration payable under the Arrangement to the Minority Shareholders is fair, from a financial point of view, to the Minority Shareholders.

- The value of the consideration being offered to the Minority Shareholders is $2.25 in cash per share. This value represents a premium of approximately 47% over the volume-weighted average price of the shares based on the Corporation's trading volume on the TSX over the 30 trading days prior to the announcement of Mr. Yu's privatization proposal on January 8, 2013.
- The voting support of Agrium, a sophisticated and major industrial shareholder, representing approximately 20% of the issued and outstanding shares, and acting at arm's length to Mr. Yu and Beidahuang.
- The terms and conditions of the Arrangement Agreement were negotiated at arm's length among Mr. Yu, the Special Committee, and the Corporation, and their respective advisors. The Arrangement Agreement: (a) is not subject to a financing condition; (b) permits the Board of Directors to engage in discussions and negotiations with respect to unsolicited acquisition proposals that could reasonably be expected to lead to a superior proposal; (c) does not provide for any termination fee payable to Mr. Yu in any circumstances; (d) provides for a reverse termination fee in the amount of $750,000 payable by Mr. Yu to the Corporation in certain circumstances, among other rights and remedies in favour of the Corporation, and (e) is subject to limited conditionality beyond the minority shareholder vote and court approval.
- The Minority Shareholders should be provided with an opportunity to vote on whether the Corporation proceeds with the Arrangement and therefore determine whether to accept the consideration offered by Mr. Yu for their shares.
- The shares of the Corporation are illiquid. Prior to the announcement of Mr. Yu's privatization proposal on January 8, 2013, it took an average of approximately 469 trading days to turn over the public float based on the Corporation's trading volume on the TSX. The Arrangement provides Minority Shareholders with a meaningful liquidity event at a significant premium to trading prices of the Shares prior to the announcement of the privatization proposal.
- Since the announcement of Mr. Yu's privatization proposal on January 8, 2013 to February 11, 2013, no third party offers or proposals to acquire the Corporation have been received by the Special Committee or its advisors.
- In the case of each of the three industry participants approached by Mr. Owen, each declined to consider an investment in Hanfeng, or an acquisition of its business or assets.
- If the Corporation is not taken private, there is a very high probability it will lose Beidahuang's business with the result that there can be expected to be a material adverse effect to the financial condition and long-term prospects of the business of the Corporation. To date, Beidahuang has indicated its intentions both in direct meetings with Mr. Owen and representatives of Deloitte, and it has not yet placed a purchase order for this planting season.
- The Special Committee considered strategic alternatives available to it in the absence of a privatization, including the prospect of rebuilding the business without the continuing business of Beidahuang and through building new customer relationships either under the continuing management of Mr. Yu or with a new Chief Executive Officer. The Special Committee determined that pursuing such an alternative was subject to significant risks and uncertainties and would be expected to take a significant period of time to be implemented in a manner that best serves the interests of the Corporation.
- The Special Committee also seriously considered whether to realize the assets pursuant to an orderly realization and liquidation process. The Special Committee determined that pursuing a realization or liquidation strategy carries substantial risk and uncertainty in terms of realizing the value of the assets and executing on such a strategy in a timely manner. Among other things, a realization or liquidation strategy could be expected to result in substantial discounts to assets as well as material tax, severance, environmental and foreign exchange cost consequences under Chinese law.
- The procedural protections in favour of the Minority Shareholders, including that (i) the Arrangement must be approved by not less than two-thirds of the votes cast by the Shareholders as

well as a majority of the votes cast by the Minority Shareholders; (ii) the Arrangement must also be approved by the Court which will consider the fairness of the Arrangement to all shareholders; and (iii) any Registered Shareholder who opposes the Arrangement may exercise dissent rights, in compliance with the dissent conditions and procedures described in this Circular and the Plan of Arrangement.

The Special Committee and the Board of Directors also considered a number of potential risks relating to the Arrangement and the Arrangement Agreement and other factors, including:

- If the Arrangement is successfully completed, the Corporation will no longer exist as an independent public company and shareholders will be unable to participate in the longer term potential benefits, if any, of the business of the Corporation.
- The unique risks, and resulting depressed valuations, associated with emerging market issuers.
- The economic dependence of the Corporation on Beidahuang, the very high probability that the Corporation will lose Beidahuang's business and the lack of an order from Beidahuang to date.
- In the absence of consummating the Arrangement, the Corporation can be expected to be under substantial financial pressure to raise capital, find a new customer base, and potentially recruit a new CEO.

The foregoing summary of the information, factors and risks considered by the Special Committee and the Board of Directors is not, and is not intended to be, exhaustive. In view of the factors and the amount of information considered in connection with its evaluation of the Arrangement, the Special Committee and the Board of Directors did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusions and recommendations. The Special Committee's and the Board of Directors' recommendations were made after consideration of all of the above-noted factors and in light of their collective knowledge of the business, financial condition and prospects of Hanfeng, and were also based upon the advice of the Board of Directors' financial advisor and the Special Committee's legal counsel and the Corporation's legal counsel. In addition, individual members of the Special Committee and the Board of Directors may have assigned different weights to different factors.

Valuation and Fairness Opinion

Engagement of Deloitte

The Special Committee initially contacted Deloitte on December 13, 2012 regarding the assignment to prepare and deliver the Valuation and Fairness Opinion. Deloitte was formally engaged through the engagement agreement between the Special Committee and Deloitte (the "**Engagement Agreement**") dated December 19, 2012 to prepare the Valuation and Fairness Opinion. The terms of the Engagement Agreement provide for payment of compensation based on hourly rates for time expended to a maximum fee of $300,000 to Deloitte for the provision of the Valuation and Fairness Opinion. In addition, Deloitte is to be reimbursed for reasonable out-of-pocket expenses. The fees payable to Deloitte are not contingent in whole or in part on the outcome of the Arrangement or on the conclusions reached in the Valuation and Fairness Opinion.

Credentials of Deloitte

Deloitte is one of the world's largest and most reputable professional services organizations with approximately 200,000 people in over 150 countries. In Canada, Deloitte is one of the country's leading professional services firms and provides audit, tax, financial advisory and consulting services through more than 8,000 people in 56 offices.

Deloitte's professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters and corporate income tax, amongst other things.

As a global market leader with over 125 valuation professionals in Canada and over 1,500 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Certified Public Accountant (CPA) and Accredited Senior Appraiser (ASA).

Independence of Deloitte

Independence of the valuator with respect to the valuation is set out in Part 6.1 (Independence and Qualifications of the Valuator) of MI 61-101. Deloitte has confirmed that:

- Deloitte and its affiliated entities are not an "issuer insider", "associated entity" nor an "affiliated entity" of any Interested Party (as each such term is used in MI 61-101) in respect of the Arrangement;
- Deloitte and its affiliated entities are not acting as a financial advisor to any Interested Party in connection with the Arrangement;
- Deloitte's compensation under the Engagement Agreement will not depend in whole or in part on the conclusion reached in the valuation report or the outcome of the Arrangement; and
- Deloitte and its affiliated entities do not have any material financial interest in the completion of the Arrangement.

Scope of Review and Assumptions and Limitations

In preparing the Valuation and Fairness Opinion, Deloitte reviewed, among other things, Mr. Yu's privatization proposal, the Commitment Letter, the Arrangement Agreement, publicly available information for Hanfeng, certain property and plant appraisals, non-public documents relating to Hanfeng and its subsidiaries, and public information relating to Hanfeng considered relevant for the purpose of the Valuation and Fairness Opinion. Deloitte also held discussions with executive officers and management of Hanfeng, the Special Committee, a representative of Agrium and representatives of Beidahuang.

With the Special Committee's approval and as provided for in the Engagement Agreement, Deloitte relied on the completeness, accuracy, and fair presentation of all the financial and other information, data, advice, opinions or representations obtained from Management and/or its agents and advisors (collectively, the "**Information**"). The Valuation and Fairness Opinion are conditional upon the completeness, accuracy, and fair presentation of such Information. Except as expressly described in its report, Deloitte did not attempt to verify independently the completeness, accuracy or fair presentation of the Information.

The Valuation is rendered on the basis of economic, financial, and general business conditions prevailing as at the December 31, 2012 and the condition and prospects, financial and otherwise, of the Company as they were reflected in the Information. In the analyses and in preparing the Valuation and Fairness Opinion, Deloitte made numerous assumptions with respect to industry performance, general business, and economic conditions and other matters.

The information below provides a summary of certain key elements of the Valuation and Fairness Opinion. To fully understand the scope of the work undertaken and its limitations, and the basis of Deloitte' analysis, Shareholders are encouraged to read the Valuation and Fairness Opinion, attached as Appendix A to this Circular, carefully and in its entirety.

Definition of Fair Market Value

For purposes of the valuation, fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

In determining the fair market value of the Shares, and consistent with MI 61-101, Deloitte did not include a downward adjustment to reflect the liquidity of the shares held by Minority Shareholders, the effect of the Mr. Yu's privatization proposal on the Minority Shares, or the fact that the shares held by Minority Shareholders do not form part of a controlling interest.

Fair market value as defined above is a concept of value, which may or may not equal the purchase/sale price in an actual market transaction. Within the marketplace, there may exist "special purchasers" who may be willing to pay higher prices, as a result of reduced or eliminated competition, ensured source of sales, cost savings arising on business combinations following acquisitions, or other strategic advantage which could be enjoyed by the purchaser.

With respect to the Valuation and Fairness Opinion, Deloitte has defined fair, from a financial point of view, to the Minority Shareholders as whether the Consideration provided to Minority Shareholders falls within, or exceeds the range of the fair market value of the Shares as determined by Deloitte.

Valuation Methodologies

Deloitte calculated the following two scenarios, both of which assume the Corporation does not go-private, and which assume the loss of Beidahuang as a customer.

Scenario One

This scenario calculated the fair market value of the Shares assuming the Corporation determines to realize upon all of its assets through either a liquidation or disposition ("**Scenario One**"), based on the following approaches for the principal operating assets / subsidiaries:

- Heilongjiang facility – an adjusted net asset approach;
- Jiangsu facility – an adjusted net asset approach;
- Hanampi – a net book value approach supported by a rate of return implied through a capitalized cash flow ("**CCF**") analysis; and
- Corporate – an adjusted net asset approach.

The asset-based approach considers the current value of a company's net assets as the prime determinant of value. This approach is generally used where a business is not viable as a going concern and it therefore maximizes value under a liquidation scenario or where a company is properly valued as a going concern but where the going concern value is closely related to the value of its underlying assets (i.e., limited goodwill and intangible assets). Fair market value based on an adjusted net asset approach estimates the value of a company's shares based on the realizable value of its identifiable net assets. Under an orderly liquidation scenario, the value derived assumes the assets are sold in an orderly manner.

Scenario Two

This scenario differs from Scenario One in that it calculated the fair market value of the Shares, assuming the Corporation continues to operate and rebuild the customer base at Heilongjiang ("**Scenario Two**"). Therefore, the approach to Scenario Two is similar to Scenario One for both Jiangsu and Hanampi. The difference is that Heilongjiang is valued as a going concern using a discounted cash flow ("**DCF**") approach, and there is an adjustment for a normalized level of ongoing public company corporate costs adopting a CCF approach.

The DCF approach involves discounting the estimated future maintainable after-tax cash flow from operations by a discount rate, which serves as a measure of the rate of return required by a prospective purchaser of the business reflecting, among other factors, the risk inherent in achieving the determined future cash flows.

Deloitte also considered a market approach to value. However, having regard to the unique situation currently faced by the Corporation, Deloitte determined that multiples implied by publicly traded companies and transactions that would have otherwise been believed to be comparable are not relevant benchmarks. Therefore, Deloitte concluded that it was not appropriate to rely on this methodology.

Fair market value conclusion

Based upon the scope of Deloitte's review and research, analysis and experience, and subject to the assumptions, restrictions and qualifications, all as set out in the Valuation and Fairness Opinion, Deloitte is of the opinion that, as at December 31, 2012, the fair market value of the Shares lies in a range of $1.94 to $3.02 per Share.

Fairness Opinion conclusion

Based upon and subject to the foregoing, Deloitte is of the opinion that, as of February 9, 2013, the consideration of $2.25 per Share is fair, from a financial point of view, to the Minority Shareholders.

The full text of the Valuation and Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with such Valuation and Fairness Opinion, is attached as Appendix A to this Circular.

The Valuation and Fairness Opinion is not a recommendation as to whether or not Shareholders should vote in favour of the Arrangement Resolution. The Valuation and Fairness Opinion is one of a number of factors taken into consideration by the Special Committee and the Board of Directors in making their unanimous determination (without the participation of Mr. Yu) that Shareholders vote in favour of the Arrangement Resolution. Pursuant to the terms of its engagement letter, Deloitte is to be paid a fee for its services as financial advisor. Shareholders are urged to read each of the Valuation and Fairness Opinion in its entirety. See Appendix A to this Circular.

Particulars of the Arrangement

Arrangement Mechanics

The following description is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached hereto in Appendix D to this Circular. Subject to receiving Shareholder Approval and the Final Order, and satisfaction or waiver of applicable conditions, the Arrangement will become effective on the Effective Date which is anticipated to be on or about March 18, 2013. The following events set out below shall occur and shall be deemed to occur consecutively in the order and at the times set out below without any further authorization, act or formality of or by Hanfeng, the Purchaser, the Purchaser or any other person:

(a) notwithstanding the terms of the Stock Option Plan or any stock option agreement, as applicable, each Hanfeng Option that is outstanding immediately prior to the Effective Time and that has not been duly exercised prior to the Effective Time, whether or not vested, shall be immediately cancelled for no consideration and none of the Corporation nor the Purchaser shall have any liabilities or obligations with respect to such Hanfeng Options;

(b) the Stock Option Plan and all agreements relating thereto shall be terminated and none of the Corporation nor any of its affiliates shall have any liabilities or obligations with respect to such plan or agreements;

(c) each Dissent Share shall be transferred from the holder thereof without any further act or formality on its part to the Purchaser in consideration for a debt claim against the Purchaser in an amount determined and payable in accordance with Section 4.1(2) of the Plan of Arrangement, and the name of such holder will be removed from the register of holders of the Shares (in respect of the Dissent Shares), and the Purchaser shall be recorded as the registered holder of Dissent Shares so transferred and shall be the sole registered and beneficial owner of such Dissent Shares;

(d) each Share issued and outstanding, other than any Shares held by Mr. Yu and entities controlled or directed by him, the Purchaser and their respective affiliates, Lei Li, The Yu Foundation, The Yu Family Trust, Tianhua Yu and Tianyu Yu (the "**Insider Group**") and any Dissent Shares, shall be transferred from the holder thereof to the Purchaser in exchange for the Consideration for each Share from the Purchaser, subject to (for greater certainty) applicable withholdings in accordance with Section 3.4 of the Plan of Arrangement, and the name of such holder will be removed from the register of holders of the Shares and the Purchaser shall be recorded as the registered holder of Shares so transferred and shall be the sole registered and beneficial owner of such Shares; and

(e) each of Loudon F. McLean Owen, Edwin Nordholm, David Thomson and Joanne Yan will cease to be directors of the Corporation.

Certain Effects of the Arrangement

Upon completion of the Arrangement, the Purchaser will have acquired all of the issued and outstanding Shares not already owned or controlled by Mr. Yu or other members of the Insider Group. Shortly after consummation of the Arrangement, it is expected that the Shares will cease to be listed on the TSX and trading of the Shares in the public market will no longer be possible. The Purchaser will seek to have Hanfeng be deemed to have ceased to be a reporting issuer under Canadian Securities Laws, in which case Hanfeng will cease to be required to file continuous disclosure documents with Canadian Securities Administrators.

For a discussion of certain Canadian federal income tax considerations relating to the disposition of Shares, please see "Certain Canadian Federal Income Tax Considerations for Shareholders".

Effects on Hanfeng if the Arrangement is Not Completed

If the Arrangement is not approved by the Shareholders or if the Arrangement is not completed for any other reason, Shareholders will not receive any consideration for their Shares in connection with the Arrangement. Instead, Hanfeng will remain a public company and the Shares will continue to be listed and traded on the TSX. If the Arrangement is not completed, it is expected that Hanfeng's management will operate Hanfeng in a manner similar to that in which it was being operated prior to the date of the Arrangement Agreement and that Shareholders will continue to be subject to the same risks and opportunities currently facing Hanfeng, except that Hanfeng can be expected to face material changes in its business and results of operations if Beidahuang is no longer a major customer and supplier of the Corporation and ceases its commercial relations with the Corporation. The Board of Directors would continue to evaluate and review, among other things, the performance of Hanfeng's business and the capitalization of Hanfeng and would make such changes as are deemed appropriate.

As confirmed by Mr. Yu and a representative of Beidahuang, Beidahuang has indicated that it will not purchase fertilizer from Hanfeng unless Hanfeng is a private company. Beidahuang indicated that a timely commitment for Hanfeng to go private must be made in order to accommodate its fertilizer purchase requirements for the spring 2013 planting season. If Hanfeng is not taken private, Beidahuang will not purchase fertilizer from the Corporation; may return last season's fertilizer purchases delivery from July to August; and the current balance of outstanding accounts receivable may be uncollectible. Without Beidahuang as a customer, the Heilongjiang facility, at least initially, may not be profitable and may have to secure supply from alternate suppliers. Further, securing new customers may be extremely difficult.

Required Shareholder Approval

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of (i) at least two-thirds (66⅔%) of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote, and (ii) at least a majority of the votes cast by Minority Shareholders present in person or represented by proxy at the Meeting and entitled to vote (together, the "**Shareholder Approval**"). Upon receipt of Shareholder Approval, the Corporation will seek the Final Order and implement the Arrangement on the Effective Date in accordance with the Final Order. See "Principal Legal Matters – Canadian Securities Law Matters".

Pursuant to the terms of the Arrangement Agreement, each director and executive officer of the Corporation, in his or her capacity as a Shareholder, intends to vote all of such individual's Shares in favour of the Arrangement Resolution and against any resolution submitted by any shareholder that is inconsistent with the Arrangement.

Agrium, the beneficial owner of 20.0% of the Shares, has agreed with Mr. Yu and the Purchaser to vote its Shares in favour of the Arrangement Resolution, subject to the terms and conditions of the support agreement with the Purchaser.

Notwithstanding the approval by Shareholders of the Arrangement Resolution, each of the Purchaser and Hanfeng reserves the right in certain circumstances to not proceed with the Arrangement in accordance with the terms of the Arrangement Agreement. See "The Arrangement Agreement – Termination".

Hanfeng Shareholdings

As of January 31, 2013, the executive officers and directors of Hanfeng (including Mr. Yu) and their associates and affiliates beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 12,540,860 Shares (excluding the Shares issuable upon the exercise of Options), representing approximately 20.8% of the 60,193,716 Shares outstanding as of the close of business on January 31, 2013.

Of these 60,193,716 outstanding Shares, Mr. Yu beneficially owns, directly or indirectly, or exercises control or direction over, in the aggregate, 12,296,700 Shares (the "**Yu Shares**"), representing approximately 20.4% of the Shares outstanding. Mr. Yu's Shares, and an additional 354,974 Shares beneficially owned or controlled by associates of Mr. Yu in the Insider Group shall be excluded for the purposes of determining whether minority approval of the Arrangement is obtained.

All of the Shares held by the executive officers and directors of Hanfeng, with the exception of the Yu Shares, will be treated in the same fashion under the Arrangement as Shares held by any other Shareholder. See "Particulars of the Arrangement – Arrangement Mechanics".

The following table sets out the names and positions of the directors and executive officers of Hanfeng and, as of the close of business on February 11, 2013, the number and percentage of Shares owned or over which control or direction is exercised, directly or indirectly, by each such director or executive officer of Hanfeng and, where known after reasonable enquiry, by their respective associates or affiliates:

Name	Position	Aggregate Number of Shares	Percentage of Outstanding Shares
Loudon Owen	Chairman and Director	22,000	0.04%
Edwin Nordholm	Director	10,000	0.02%
David Thomson	Director	65,000	0.11%
Joanne Yan	Director	135,000	0.22%
Xinduo Yu	CEO, President and Director	12,296,700	20.43%
Niral Merchant	Chief Financial Officer & Corporate Secretary	8,000	0.01%

Each director and executive officer of the Corporation in his or her capacity as a Shareholder intends to vote all of such individual's Shares in favour of the Arrangement Resolution and against any resolution submitted by any Shareholder that is inconsistent with the Arrangement.

Agrium, the beneficial owner of 12,059,000 Shares representing 20.0% of the Shares outstanding, has agreed with Mr. Yu and the Purchaser to vote its Shares in favour of the Arrangement Resolution, subject to the terms and conditions of the support agreement with the Purchaser.

Beidahuang Agriculture Development Limited ("**Beidahuang Shareholder**") holds 4,226,408 Shares (the "**Beidahuang Shares**"), representing 7.0% of the Shares outstanding. The Corporation believes but has been unable to verify that Beidahuang Shareholder is an affiliate of Beidahuang.

Hanfeng Options

The executive officers of Hanfeng beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 610,000 Options outstanding as of the close of business on January 31, 2013. No director of Hanfeng who is not also an executive officer of Hanfeng beneficially owns, directly or indirectly, or exercises control or direction over, any Options. All of the Options held by the executive officers of Hanfeng will be treated in the same manner under the Arrangement as Options held by every other holder of Options.

Pursuant to the Plan of Arrangement, all options unexercised at the effective time of the Arrangement will be cancelled.

Change of Control Provisions

In the event of a change of control, Mr. Merchant is entitled to a payment equal to eighteen months consulting fees totalling $412,500. See "Executive Compensation – Termination and Change of Control Benefits".

Indemnity and Insurance Arrangements

For a description of the indemnification and insurance arrangements for directors and executive officers of Hanfeng under the Arrangement Agreement, see "The Arrangement Agreement – Directors' and Officers' Indemnification and Insurance".

Sources of Funds for the Arrangement

Under the terms of the Arrangement Agreement, assuming that no Shareholders exercise their Dissent Rights, that 60,193,716 Shares are outstanding at the Effective Time, the Purchaser will pay an aggregate of approximately $106,969,594.50 to fund the cash consideration for the acquisition of all of the outstanding Shares.

The aggregate cash consideration required to fund the Purchaser's obligations under the Arrangement (including the payments set out above) will be funded by the Purchaser with cash on hand from Mr. Yu and/or new debt financing (the "**Financing**"). However, the Arrangement is not contingent on the closing of such Financing by the Purchaser.

Prior to the execution and delivery of the Arrangement Agreement, the Purchaser delivered to Hanfeng a loan contract and a supplemental loan contract (together, the "**Commitment Letter**") made by Nongken Longgang Agriculture Investment Co., Limited (the "**Lender**"), evidencing the availability of a secured term loan facility of up to $109 million in favour of the Purchaser, pursuant to which the Lender agreed to provide the Purchaser with the Financing, for the sole purpose of funding amounts payable by the Purchaser in connection with or pursuant to the Arrangement. Pursuant to the Arrangement Agreement, the Purchaser agreed that it shall refrain from taking, directly or indirectly, any actions that could reasonably be expected to result in any of the conditions contained in the Commitment Letter or in any definitive agreement related to the Financing, in each case, that are within the Purchaser's control, to not be satisfied. Pursuant to the Arrangement Agreement, Mr. Yu has unconditionally and irrevocably guaranteed, as primary obligor and not merely as surety, and has covenanted and agreed to be jointly and severally liable with (i) the Purchaser, for the due and punctual performance of each and every obligation of the Purchaser under or relating to the Arrangement and the other transactions contemplated by the Arrangement Agreement, including the payment of the aggregate consideration payable under the Arrangement, and (ii) any affiliate of Mr. Yu, including the Purchaser, for the due and punctual performance of each and every obligation by any affiliate of Mr. Yu or the Purchaser, as applicable, under the Commitment Letter. Pursuant to the Arrangement Agreement, Mr. Yu is required to take all action that may be necessary to cause (i) the Purchaser to comply with each of its obligations under the Arrangement Agreement and (ii) Mr. Yu's affiliates, including the Purchaser, as applicable, to comply with each of its obligations under the Commitment Letter.

Expenses of the Arrangement

The estimated costs to be incurred by Hanfeng with respect to the Arrangement and related matters including, without limitation, financial advisory, accounting and legal fees, the costs of preparation, printing and mailing of this Circular and other related documents and agreements, and stock exchange and regulatory filing fees, are expected to be approximately $1.1 million in the aggregate, excluding applicable taxes.

Except as otherwise provided under the Arrangement Agreement, all fees, costs and expenses of the parties in connection with the Arrangement are to be paid by the party incurring such fees, costs and expenses.

The Arrangement Agreement

The following is a summary of certain material terms of the Arrangement Agreement, a copy of which is attached as Appendix C to this Circular. This summary and certain capitalized terms referred to in the summary do not contain all of the information about the Arrangement Agreement. Therefore, Shareholders should read the Arrangement Agreement carefully and in its entirety, as the rights and obligations of Hanfeng and the Purchaser are governed by the express terms of the Arrangement Agreement and not by this summary or any other information contained in this Circular.

The Arrangement Agreement contains representations and warranties made by Hanfeng and the Purchaser. These representations and warranties, which are set forth in the Arrangement Agreement, were made by and to the parties *thereto for the purposes of the Arrangement Agreement (and not to other parties such as the Shareholders) and are subject to qualifications and limitations agreed to by the parties in connection with negotiating and entering into the Arrangement Agreement. In addition, these representations and warranties were made as of specified dates, may be subject to a contractual standard of materiality different from what may be viewed as material to Shareholders, or may have been used for the purpose of allocating risk between the parties instead of establishing such matters as facts. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this Circular, may have changed since the date of the Arrangement Agreement.*

On February 11, 2013, Hanfeng, the Purchaser and Mr. Yu entered into the Arrangement Agreement, under which it was agreed that, subject to the terms and conditions set forth in the Arrangement Agreement, the Purchaser will acquire all of the issued and outstanding Shares, other than the Yu Shares, as part of a plan of arrangement, under which Shareholders (other than Dissenting Holders) will receive for each Share $2.25 in cash. The terms of the Arrangement Agreement are the result of arm's-length negotiations conducted between Hanfeng and the Purchaser and their respective advisors.

The Arrangement Agreement is governed by the Laws of the Province of Ontario and the Laws of Canada applicable thereon.

Mutual Conditions Precedent

The Arrangement Agreement provides that the obligations of the parties to complete the Arrangement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived in whole or in part with the mutual consent of Hanfeng and the Purchaser:

a) The Arrangement Resolution has been approved and adopted by the Shareholders at the Meeting in accordance with the Interim Order.

b) The Interim Order and the Final Order have each been obtained on terms consistent with the Arrangement Agreement, and have not been set aside or modified in a manner unacceptable to either Hanfeng or the Purchaser, each acting reasonably, on appeal or otherwise.

c) No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins Hanfeng or the Purchaser from consummating the Arrangement.

Conditions Precedent to the Obligations of the Purchaser

The Arrangement Agreement provides that the obligation of the Purchaser to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser):

a) the representations and warranties of the Corporation set forth in the Arrangement Agreement shall be true and correct in all respects as of the Effective Time, except where the failure of such representations and warranties to be true and correct would not reasonably be expected to have a Material Adverse Effect (as such term is defined in the Arrangement Agreement);

b) the Corporation has fulfilled or complied in all material respects with each of the covenants of the Corporation contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time; and

c) there is no action or proceeding pending or threatened by any person (other than the Purchaser) in any jurisdiction to:

    i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Shares, including the right to vote the Shares;

    ii) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser of the business or assets of the Purchaser, the Corporation or any of its subsidiaries; or

iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect (as such term is defined in the Arrangement Agreement).

Conditions Precedent to the Obligations of Hanfeng

The Arrangement Agreement provides that the obligations of the Corporation to complete the transactions contemplated by the Arrangement Agreement shall be subject to the following conditions precedent (each of which is for the exclusive benefit of the Corporation and may be waived in whole or in part by the Corporation):

a) the representations and warranties of the Purchaser set forth in the Arrangement Agreement shall be true and correct in all respects as of the Effective Time;

b) the Purchaser has fulfilled or complied in all material respects with each of the covenants of the Purchaser contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time; and

c) there is no action or proceeding pending or threatened by any person in any jurisdiction to:

   i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Shares, including the right to vote the Shares;

   ii) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser of the business or assets of the Purchaser, the Corporation or any of its subsidiaries as defined in the Arrangement Agreement; or

   iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect (as such term is defined in the Arrangement Agreement).

Representations and Warranties

The Arrangement Agreement contains limited representations and warranties of the Corporation relating to certain matters including the following: organization and qualification; authority relative to the Arrangement Agreement; no conflicts or contraventions; capitalization; shareholders' and similar agreements; ownership of Canadian subsidiaries; reporting status and securities law matters; financial statements; no undisclosed liabilities; compliance with Laws; authorizations and licenses in Canada; opinion of financial advisors; formal valuation; finders' fees; and board and special committee approval.

In addition, the Arrangement Agreement contains customary representations and warranties of the Purchaser relating to certain matters including the following: organization and qualification; authority relative to the Arrangement Agreement; no contraventions; and financing.

Hanfeng Covenants

Hanfeng Covenants Regarding Conduct of Business

In the Arrangement Agreement, Hanfeng agreed to certain limited negative and affirmative covenants relating to the operation of its business between the date of the Arrangement Agreement and until the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms. In particular, Hanfeng agreed to conduct its business in the ordinary course and to use reasonable efforts to maintain and preserve its business organization, employees, goodwill and business relationships. Shareholders should refer to the Arrangement Agreement for details regarding the additional negative and affirmative covenants given by the Corporation in relation to the operation of its business prior to the Effective Time.

Hanfeng Covenants Regarding the Performance of Obligations

Hanfeng further agreed to perform all obligations necessary, proper or advisable to be performed by it or any of its subsidiaries as applicable, under the Arrangement Agreement in order to consummate and make effective, as soon as practicable, the Arrangement, including to:

a) use its commercially reasonable efforts to satisfy all conditions precedent in the Arrangement Agreement and take all steps set forth in the Interim Order and Final Order applicable to it;

b) use its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Corporation relating to the Arrangement;

c) use its commercially reasonable efforts to, on prior written approval of and in consultation with the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or the Arrangement Agreement;

d) assist in obtaining the resignations (in a form satisfactory to the Purchaser, acting reasonably) of each member of the Board of Directors and each member of the board of directors of the Corporation's subsidiaries, and causing them to be replaced by persons nominated by the Purchaser effective as of the Effective Time as may be requested by the Purchaser; and

e) not take any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by the Arrangement Agreement.

Hanfeng further agreed to promptly notify the Purchaser of:

a) any Material Adverse Effect (as such term is defined in the Arrangement Agreement) or any change, effect, event, development, occurrence, circumstance or state of facts which could, to the Corporation's knowledge, reasonably be expected to have a Material Adverse Effect (as such term is defined in the Arrangement Agreement);

b) any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person is required in connection with the Arrangement Agreement or the Arrangement;

c) any notice or other communication from any Governmental Entity in connection with the Arrangement Agreement; or

d) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Corporation, its subsidiaries or assets.

Financing Covenants

In the Arrangement Agreement, the Purchaser agreed to use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to arrange the Financing on the terms and conditions described in the Commitment Letter, including (i) entering into definitive agreements (if required to be entered into) with respect thereto on the terms and conditions contemplated by the Commitment Letter or on other terms acceptable to the Purchaser, in its sole discretion, that would not adversely impact the ability or likelihood of the Purchaser to consummate the transactions contemplated in the Arrangement Agreement, and (ii) subject to the satisfaction or waiver of the conditions set forth in the Arrangement Agreement, consummating the Financing at or prior to the Effective Date.

In the Arrangement Agreement, Mr. Yu agreed to unconditionally and irrevocably guarantee, as primary obligor and not merely as surety, and covenanted and agreed to be jointly and severally liable with (i) the Purchaser, for the due and punctual performance of each and every obligation of the Purchaser under or relating to the Arrangement and the other transactions contemplated by the Arrangement Agreement, including the payment of the aggregate consideration payable under the Arrangement, and (ii) any affiliate of Mr. Yu, including the Purchaser, for the due and punctual performance of each and every obligation by any affiliate of Mr. Yu or the Purchaser, as applicable, under the Commitment Letter. Mr. Yu agreed to take all action that may be necessary to cause (i) the Purchaser to comply with each of its obligations under the Arrangement Agreement and (ii) Mr. Yu's affiliates, including the Purchaser, as applicable, to comply with each of its obligations under the Commitment Letter.

Directors' and Officers' Indemnification and Insurance

From and after the Effective Time, the Purchaser has agreed that it shall, and shall cause the Corporation to, indemnify and hold harmless, to the fullest extent permitted under applicable Law, each present and former director and officer of the Corporation and its subsidiaries (each, an "Indemnified Person") against any costs or expenses (including reasonable legal fees and expenses), judgments, fines, losses, claims, damages or liabilities incurred in connection with any proceeding arising out of or related to such Indemnified Person's service as a director or officer of the Corporation and/or any of its subsidiaries or services performed by such Indemnified Person at the request of the Corporation and/or any of its subsidiaries at or prior to or following the Effective Time, whether asserted or claimed prior to, at or after the Effective Time.

Under the Arrangement Agreement, the Purchaser has agreed that it shall cause the Corporation and its subsidiaries to, obtain and fully pay the premium for the non-cancellable extension of the directors' and officers' liability coverage of the Corporation's and its subsidiaries' existing directors' and officers' insurance policies for a claims reporting or run-off and extended reporting period and claims reporting period of at least six (6) years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time from an insurance carrier with the same or better credit rating as the Corporation's current insurance carriers with respect to directors' and officers' liability insurance (the "D&O Insurance"), and with terms, conditions, retentions and limits of liability that are no less advantageous to the Indemnified Persons than the coverage provided under the existing policies of the Corporation and its subsidiaries in respect of claims arising from facts or events which existed or occurred at or prior to the Effective Time, including in connection with the approval or completion of the Arrangement Agreement or the Arrangement.

Non-Solicitation Obligations

Hanfeng has agreed, except as otherwise permitted by the Arrangement Agreement, not to, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of the Corporation or any of its subsidiaries to:

a) solicit, assist, initiate, knowingly encourage or otherwise facilitate, an Acquisition Proposal;

b) enter into or otherwise engage or participate in any discussions or negotiations with any person (other than the Purchaser and its affiliates) regarding an Acquisition Proposal;

c) make a Change in Recommendation;

d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal; or

e) enter into or publicly propose to enter into any agreement, arrangement or understanding in respect of an Acquisition Proposal.

Superior Proposal

Notwithstanding the non-solicitation provisions, the Arrangement Agreement contains provisions that facilitate the ability of the Board of Directors to react to, and engage in discussions and negotiations with, third parties in order to explore whether an Acquisition Proposal could be reasonably expected to become a Superior Proposal. No break fee is payable to the Purchaser in the event that the Arrangement Agreement is terminated as a result of the Board of Directors accepting a Superior Proposal. If at any time, prior to obtaining the approval by the Shareholders of the Arrangement Resolution, the Corporation receives an Acquisition Proposal, the Board of Directors shall be permitted to:

a) contact the person making such Acquisition Proposal and its representatives for the purpose of clarifying such Acquisition Proposal so as to determine whether such Acquisition Proposal constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal; and

b) engage in or participate in discussions or negotiations with such person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Corporation or its subsidiaries, if and only if:

   i) the Board of Directors first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal is or could reasonably be expected to lead to a Superior Proposal and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;

   ii) the Corporation has been, and continues to be, in compliance with its obligations under the Arrangement Agreement; and

   iii) prior to providing any such copies, access, or disclosure, the Corporation enters into a customary confidentiality agreement with such person and any such copies, access or disclosure provided to such person shall have already (or simultaneously be) provided to the Purchaser.

If the Corporation receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Shareholders, the Board of Directors may, subject to compliance with the Arrangement Agreement, enter into a definitive agreement with respect to such Acquisition Proposal, if and only if:

a) the Corporation has been, and continues to be, in compliance with its obligations under the Arrangement Agreement;

b) the Corporation has delivered to the Purchaser a written notice of the determination of the Board of Directors that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board of Directors to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the Board of Directors regarding the value and financial terms that the Board of Directors, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal;

c) the Corporation has provided the Purchaser a copy of the proposed definitive agreement for the Superior Proposal including the identity of the person making the Superior Proposal;

d) at least three Business Days (the "**Matching Period**") have elapsed from the date that the Purchaser received the Superior Proposal notice;

e) during any Matching Period, the Purchaser has had the opportunity (but not the obligation) in accordance with the Arrangement Agreement, to offer to amend in writing the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

f) if the Purchaser has offered to amend the Arrangement Agreement and the Arrangement in accordance with the Arrangement Agreement, the Board of Directors:

   i) has determined in good faith, after consultation with the Corporation's outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by the Purchaser; and

   ii) has determined in good faith, after consultation with its outside legal counsel, that failure to enter into a definitive agreement with respect to such Superior Proposal could reasonably be expected to be inconsistent with its fiduciary duties; and

g) prior to entering into such definitive agreement the Corporation terminates the Arrangement Agreement.

Termination

By Consent

The Arrangement Agreement may be terminated at any time prior to the Effective Time by mutual written consent of the Purchaser and Hanfeng.

By Hanfeng

Subject to the notice and cure provisions of the Arrangement Agreement, the Arrangement Agreement may be terminated prior to the Effective Time by the Corporation if:

a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under the Arrangement Agreement occurs that would cause any closing condition in favour of the Corporation not to be satisfied;

b) prior to the approval by the Shareholders of the Arrangement Resolution, the Board of Directors authorizes the Corporation to enter into a written agreement (other than a confidentiality agreement permitted by and in accordance with the Arrangement Agreement) with respect to a Superior Proposal; or

c) the Purchaser does not provide, or cause to be provided, the Depositary with sufficient funds to complete the transactions contemplated by the Arrangement Agreement.

In the event that the Purchaser does not provide, or cause to be provided, the Depositary with sufficient funds to complete the transactions contemplated by the Arrangement Agreement, the Purchaser is obligated to pay to the Corporation, by wire transfer, $750,000.00, provided, however, that payment thereof shall not be in lieu of any damages or any other payment or remedy available in the event of any wilful breach of the Purchaser's obligations under the Arrangement Agreement.

By Purchaser

Subject to the notice and cure provisions of the Arrangement Agreement, the Arrangement Agreement may be terminated prior to the Effective Time by the Purchaser if:

a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Corporation under the Arrangement Agreement occurs that would cause any closing condition in favour of the Purchaser not to be satisfied; or

b) provided the Purchaser is not in material breach of the Arrangement Agreement, the Board of Directors or any committee of the Board of Directors fails to unanimously recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm the Board of Directors Recommendation within three Business Days after having been requested in writing by the Purchaser to do so or takes no position or a neutral position with respect to an Acquisition Proposal for more than three Business Days following the public announcement of an Acquisition Proposal.

By Hanfeng or by the Purchaser

The Arrangement Agreement may be terminated by either the Corporation or the Purchaser prior to the Effective Time if:

a) 66 2/3% of the votes cast on the Arrangement Resolution by Shareholders present in person or represented by proxy at the Meeting and a majority of the votes attached to Shares held by the Minority Shareholders present in person or represented by proxy at the Meeting (the "Required Approval") is not obtained in accordance with the Interim Order, provided that a party may not terminate the Arrangement Agreement under these circumstances if the failure to obtain the Required Approval has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Arrangement Agreement;

b) after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Corporation or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable; or

c) the Effective Time does not occur on or prior to April 30, 2013, provided that a party may not terminate the Arrangement Agreement under these circumstances if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such party of any of its representations or warranties or the failure of such party to perform any of its covenants or agreements under the Arrangement Agreement.

Amendment and Waiver

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Hanfeng Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, without limitation:

a) change the time for performance of any of the obligations or acts of the Parties;

b) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;

c) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or

d) modify any mutual conditions contained in the Arrangement Agreement.

No waiver of any of the provisions of the Arrangement Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under the Arrangement Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Agrium Support Agreement

Agrium, the beneficial owner of 20.0% of the Shares, has agreed with Mr. Yu and the Purchaser to vote its Shares in favour of the Arrangement Resolution, subject to the terms and conditions of the support agreement with the Purchaser.

Principal Legal Matters

Court Approval of the Arrangement and Completion of the Arrangement

An arrangement under the OBCA requires Court approval. Prior to the mailing of this Circular, Hanfeng obtained the Interim Order, which provides for the calling and holding of the Meeting, the Dissent Rights and other procedural matters. A copy of the Interim Order is attached as Appendix E to this Circular.

Subject to obtaining the Shareholder Approval at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on March 18, 2013 in the Court at 330 University Avenue, Toronto, Ontario M5G 1R8. Any Shareholder or other person who wishes to appear, or to be represented, and to present evidence or arguments must serve and file a notice of appearance (a "**Notice of Appearance**") as set out in the notice of application (the "**Notice of Application**") for the Final Order and satisfy any other requirements of the Court. The Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions, if any, as the Court deems fit. In the event that the hearing is postponed, adjourned or rescheduled then, subject to further order of the Court, only those persons having previously served a Notice of Appearance in compliance with the Notice of Application and the Interim Order will be given notice of the postponement, adjournment or rescheduled date. A copy of the Notice of Application for the Final Order is attached as Appendix F to this Circular.

If (a) Shareholder Approval is obtained, (b) the Final Order is obtained, and (c) all other conditions under the Arrangement Agreement are satisfied or waived, the Articles of Arrangement will be filed and the Arrangement will become effective on the Effective Date.

Canadian Securities Law Matters

Hanfeng is a reporting issuer (or the equivalent) under applicable Canadian securities legislation in each of the provinces and territories of Canada and is, among other things, subject to MI 61-101.

MI 61-101 is intended to regulate certain types of transactions with related parties to ensure the protection and fair treatment of minority shareholders, requiring in certain circumstances enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and/or approval and oversight of certain transactions by a special committee of independent directors.

The Arrangement constitutes a "business combination" within the meaning of MI 61-101 because: (i) it may involve the termination of certain Shareholders' interest in the Corporation without such Shareholders' consent; and (ii) a related party of the Corporation, namely Mr. Yu, would, as a consequence of the Arrangement, indirectly acquire the Corporation. Mr. Yu is a "related party" of the Corporation within the meaning of MI 61-101 because he together with other members of the Insider Group: (i) is a director and President and Chief Executive Officer of Hanfeng; and (ii) has beneficial ownership of, or control or direction over, directly or indirectly, securities of the Corporation carrying more than 10% of the voting rights attached to all the Corporation's outstanding voting securities.

Valuation

MI 61-101 provides that, unless an exemption is available, a reporting issuer proposing to carry out a business combination is required to obtain a formal valuation of the affected securities from a qualified independent valuator and to provide the holders of the affected securities such valuation, or a summary thereof. For the purposes of the Arrangement, the Shares are considered "affected securities" within the meaning of MI 61-101. A summary of the formal valuation prepared by Deloitte can be found at "Background and Reasons for the Arrangement – Valuation and Fairness Opinion" and a copy of the Valuation and Fairness Opinion is attached as Appendix A to this Circular.

To the knowledge of the directors and officers of the Corporation, after reasonable enquiry, the only prior valuation (as defined in MI 61-101) prepared in respect of the Corporation or its material assets or securities within the 24 months preceding the date of this Circular was an appraisal conducted on December 20, 2012, of the Corporation's Jiangsu plant. The industrial property and the leased state-owned industrial land of Hanfeng Slow-Release Fertilizer (Jiangsu) Co., Ltd., located in Shuangshou village, Jiangyan Economic Development Zone, Jiangsu Province, China, was appraised at a total appraisal value of 59,850,700 (yuan) (approximately CAD$9,492,321 using the Bank of Canada's historical noon exchange rate for Chinese renminbi (yuan) on that date). The appraisal was conducted for Hanfeng by Jiangsu Zhongda Land & Real Estate Appraisal Co., Ltd., an independent appraiser and the report was prepared in accordance with the Chinese law GB/T50291—1999, Rules and Regulations for Real Estate Appraisal. The land area appraised was 100,401 square metres, which included 23 buildings (including factory buildings, office buildings, and auxiliary buildings. The land use rights were valued using the coefficient adjusting method of benchmark land prices, while the other property was valued using a cost method based upon the replacement price at the time of the appraisal deducting material, functional, economical and other depreciations. A copy of the prior valuation is available for inspection at the Corporation's office at One First Canadian Place, Suite 2510, 100 King Street West, Toronto, Ontario. A copy of the prior valuation will be sent to any Shareholder upon request for a nominal charge sufficient to cover printing and postage.

Minority Approval

MI 61-101 also requires that, in addition to any other required securityholder approval, a business combination is subject to "minority approval" (as defined in MI 61-101) of every class of "affected securities" of the issuer, in each case voting separately as a class. In relation to the Arrangement, the approval of the Arrangement Resolution will require the affirmative vote of a simple majority of the votes cast by all Shareholders, other than interested parties including: Mr. Yu, the Purchaser, any "related party" of them within the meaning of MI 61-101, and any person acting jointly or in concert with the foregoing in respect of the Arrangement (collectively, the "**Excluded Shareholders**"). (All Shareholders other than such Excluded Shareholders are referred to herein as the "**Minority Shareholders**"). The number of votes that will be excluded from the "minority approval" vote is set forth under the heading "Particulars of the Arrangement – Hanfeng Shareholdings".

This approval is in addition to the requirement under the OBCA and the Interim Order that the Arrangement must be approved by at least two-thirds (66⅔%) of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat.

Mr. Yu beneficially owns or exercises control or direction of 12,296,700 Shares, representing approximately 20.4% of the issued and outstanding Shares. Mr. Yu's Shares, and an additional 354,974 Shares beneficially owned or controlled by associates of Mr. Yu in the Insider Group shall be excluded for the purposes of determining whether minority approval of the Arrangement is obtained.

As described in the sections entitled "Background to the Arrangement Agreement" and "Effects on Hanfeng if the Arrangement is Not Completed", Beidahuang has advised that if Hanfeng is not taken private, Beidahuang will not purchase fertilizer from the Corporation; may return last season's fertilizer purchases delivery from July to August; and the current balance of outstanding accounts receivable may be uncollectible. Moreover, the Corporation understands that both Mr. Yu and a representative of Beidahuang have indicated that Beidahuang may be interested, subsequent to Hanfeng becoming a private company, in acquiring up to 30% equity interest in Hanfeng from Mr. Yu at the purchase price of $2.20 per share. As such, Beidahuang may have an agreement, commitment or understanding with Mr. Yu. As a result of these factors, the Corporation has determined that Beidahuang may be a joint actor with Mr. Yu. The Beidahuang Shareholder owns 4,226,400 Shares. Although the Corporation has been unable to verify this, the Corporation believes that Beidahuang Shareholder is affiliated with Beidahuang. Accordingly, the 4,226,400 Beidahuang Shares shall also be excluded for the purposes of determining whether minority approval of the Arrangement is obtained unless, prior to the date of the Meeting, the holder of the Beidahuang Shares establishes to the satisfaction of the Corporation that it is not an affiliate of Beidahuang.

Accordingly, the following table sets out the Shareholders who will be Excluded Shareholders and the number of votes attached to their securities that, to the knowledge of the Corporation after reasonable enquiry, will be excluded in determining whether minority approval of the Arrangement is obtained:

Excluded Shareholder	**Number of Votes**	**Percentage of the Total Number of Outstanding Shares**
Xinduo Yu	10,876,400	18.1%
The Yu Foundation	359,500	0.6%
The Yu Family Trust	1,060,800	1.8%
Lei Li	136,474	0.2%
Tianhua Yu	133,500	0.2%
Tianyu Yu	85,000	0.1%
Beidahuang Agriculture Development Limited	4,226,408	7.0%
Total Excluded Votes	**16,878,082**	**28.0%**

Stock Exchange De-Listing and Reporting Issuer Status

The Shares are currently listed on the TSX under the symbol "HF". It is expected that trading of the Shares will cease in the public market shortly after completion of the Arrangement and the Shares will cease to be listed on the TSX. In addition, the Purchaser will seek to have Hanfeng deemed to have ceased to be a reporting issuer under Canadian Securities Laws, in which case Hanfeng will cease to be required to file continuous disclosure documents with Canadian Securities Administrators. As of the Effective Date, Hanfeng Share certificates will only represent the right of a Registered Shareholder to receive, upon surrender thereof, the cash to which such holder is entitled under the Arrangement.

Procedures for the Surrender of Share Certificates and Payment of Consideration

Letter of Transmittal

If you are a Registered Shareholder, you should have received with this Circular a Letter of Transmittal. If the Arrangement Resolution is passed and the Arrangement is implemented, in order to receive the payment for your Shares, you must complete and sign the Letter of Transmittal enclosed with this Circular and deliver it (or a manually executed facsimile thereof) together with your certificate(s) representing Shares and the other relevant documents required by the instructions set out therein to the Depositary in accordance with the instructions contained in the Letter of Transmittal. You can request additional copies of the Letter of Transmittal by contacting the Depositary. The Letter of Transmittal is also available under the Corporation's profile on SEDAR at www.sedar.com.

The Letter of Transmittal contains procedural information relating to the Arrangement and should be reviewed carefully. The deposit of Shares pursuant to the procedures in the Letter of Transmittal will constitute a binding agreement between the depositing Shareholder and the Purchaser upon the terms and subject to the conditions of the Arrangement.

In all cases, payment for Shares deposited will be made only after timely receipt by the Depositary of certificates representing such Shares, together with a properly completed and duly executed Letter of Transmittal in the form accompanying this Circular, or a manually executed facsimile thereof, relating to such Shares, with signatures guaranteed if so required in accordance with the instructions in the Letter of Transmittal, and any other required documents.

Shareholders who do not deliver the certificates representing the Shares held by them and all other required documents to the Depositary on or before the date which is six years after the Effective Date will lose their right to receive the Consideration for their Shares under the Arrangement.

Where a certificate for Shares has been destroyed, lost or stolen, the Registered Shareholder of that certificate should immediately contact the Depositary at (416) 361-0152. A replacement certificate will be issued upon the Registered Shareholder satisfying the requirements of the Transfer Agent and Hanfeng relating to replacement Share certificate(s).

Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the registered holder of the certificate(s) deposited therewith, the certificate(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by an Eligible Institution.

All questions as to validity, form, eligibility (including timely receipt) and acceptance of any Shares deposited pursuant to the Arrangement will be determined by the Purchaser in its full and sole discretion. Depositing Shareholders agree that such determination shall be final and binding. The Purchaser reserves the right, if it so elects in its absolute discretion, to instruct the Depositary to waive any defect or irregularity contained in any Letter of Transmittal received by it. There shall be no duty or obligation on the Purchaser, the Purchaser, Hanfeng, the Depositary or any other person to give notice of any defect or irregularity in any deposit of Shares and no liability shall be incurred by any of them for failure to give such notice.

The method of delivery of certificates representing the Shares and all other required documents is at the option and risk of the person depositing the same. Hanfeng recommends that such documents be delivered by hand to the Depositary and a receipt obtained or, if mailed, that registered mail with return receipt requested be used and that appropriate insurance be obtained.

If you are a Non-Registered Shareholder, you should carefully follow the instructions from the Intermediary that holds Shares on your behalf in order to receive payment for your Shares.

Delivery of Consideration

In accordance with the terms of the Arrangement Agreement, prior to the Filing Date, the Purchaser is required to provide the Depositary with sufficient funds in escrow (the terms and conditions of such escrow to be satisfactory to the Corporation and the Purchaser, each acting reasonably, to pay the aggregate Consideration for all of the Shares to be acquired pursuant to the Arrangement).

Any interest earned on the cash deposited with the Depositary shall be for the account of the Purchaser.

The Depositary will act as the agent of persons who have deposited Shares pursuant to the Arrangement for the purpose of receiving payment from the Purchaser and transmitting payment from the Purchaser to such persons, and receipt of payment by the Depositary will be deemed to constitute receipt of payment by persons depositing Shares.

Upon surrender to the Depositary for cancellation of certificate(s) which immediately prior to the Effective Time represented one or more Shares, together with the Letter of Transmittal and such additional documents and instruments properly completed and duly executed as the Depositary may reasonably require, the Shareholder of such surrendered certificate(s) shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Shareholder as soon as possible after the Effective Date by first-class mail, postage prepaid, a cheque representing the cash which such Shareholder has the right to receive under the Arrangement, less applicable withholdings in accordance with the Plan of Arrangement, and the certificate so surrendered shall forthwith be cancelled. Until surrendered for cancellation, each certificate which immediately prior to the Effective Time represented Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment in lieu of such certificate, less any amounts withheld pursuant to the Plan of Arrangement.

Unless otherwise directed in the Letter of Transmittal, cheques will be issued in the name of the registered holder of Shares so deposited. Unless the person who deposits Shares instructs the Depositary to hold a cheque for pick-up by checking the appropriate box in the Letter of Transmittal, cheques will be forwarded by first-class mail to the address provided in the Letter of Transmittal. If no address is provided, cheques will be forwarded to the address of the person as shown on the applicable register of Hanfeng.

The payments to Shareholders will be denominated in Canadian dollars.

Under no circumstances will interest accrue or be paid by Hanfeng, the Purchaser or the Depositary to persons depositing Shares on the Consideration payable for Shares by the Purchaser under the Arrangement, regardless of any delay in making the payment.

Notwithstanding the provisions of the Arrangement and the Letter of Transmittal, cheques in payment of Shares deposited pursuant to the Arrangement and certificates representing Shares to be returned will not be mailed if the Purchaser determines that delivery thereof by mail may be delayed. Persons entitled to cheques and other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited certificates representing Shares in respect of which cheques are being issued were originally deposited upon application to the Depositary, until such time as the Purchaser has determined that delivery by mail will no longer be delayed. Cheques not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery at the office of the Depositary at which the Shares were deposited and payment for those Shares shall be deemed to have been immediately made upon such deposit.

Subject to any applicable escheat and unclaimed property laws, any payment made by way of cheque by the Depositary on behalf of the Purchaser or Hanfeng that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case on or before the sixth anniversary of the Effective Date, shall cease to represent a right or claim of any kind or nature, and the right of the former Shareholder to receive the consideration for Shares pursuant to the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

Hanfeng, the Purchaser, the Purchaser and the Depositary will be entitled to deduct and withhold from any consideration otherwise payable to a Shareholder applicable withholdings in accordance with the Plan of Arrangement.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out of pocket expenses and will be indemnified by Hanfeng against certain liabilities under applicable securities laws and expenses in connection therewith.

Information Concerning the Corporation

The following information about the Corporation is a general summary only and is not intended to be comprehensive.

Hanfeng is a company organized and existing under the OBCA. The registered and head office of the Corporation is located at One First Canadian Place, Suite 2510, Box 129, 100 King Street West, Toronto, ON M5X 1A4.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in two of world's most significant agricultural markets: the

People's Republic of China ("**China**") and the Republic of Indonesia. As the first company to introduce slow and controlled release fertilizers into China's agriculture market, Hanfeng has established itself both as a market leader and innovator. The Shares are listed on the TSX under the trading symbol "HF".

Market Price and Trading Volume Information

The following table summarizes the market prices and volumes of trading of the Shares for the six months preceding the date hereof:

	Price Range		
Month	**High**	**Low**	**Trading Volume**
July, 2012	$2.05	$1.83	685,779
August, 2012	$1.87	$1.33	519,466
September, 2012	$1.88	$1.30	630,132
October, 2012	$1.70	$1.48	1,320,817
November, 2012	$1.74	$1.53	472,091
December, 2012	$1.65	$1.34	491,792
January 1 to January 7, 2013	$1.65	$1.51	72,230
January 8 to January 31, 2013	$2.30	$1.64	1,432,190
February 1 to February 8, 2013	$2.18	$2.16	87,803

The cash consideration of $2.25 per Share pursuant to the Arrangement represents a premium of approximately 42% over the closing trading price of the Shares of $1.59 on the TSX on January 7, 2013, the last trading day on the TSX prior to the public announcement of the proposed offer leading to the Arrangement Agreement and represents a premium of approximately 47% over the 30-day volume weighted average trading price for the Shares of $1.52 on the TSX ending January 7, 2013.

Previous Purchases and Sales

During the 12 months preceding the date hereof, Hanfeng repurchased 339,800 Shares on the open market under its normal course issuer bid, pursuant to an automatic share purchase plan, as follows:

Purchase Date	No. of Shares Repurchased	Purchase Price
January 9, 2012	4,000	$2.77
January 10, 2012	8,000	$2.72
January 11, 2012	9,800	$2.61
January 12, 2012	1,200	$2.37
January 13, 2012	3,000	$2.59
January 16, 2012	2,000	$2.45
January 17, 2012	5,000	$2.50
January 18, 2012	5,000	$2.44
January 19, 2012	2,000	$2.47
January 20, 2012	3,000	$2.44
January 23, 2012	5,300	$2.42

Purchase Date	No. of Shares Repurchased	Purchase Price
January 24, 2012	3,500	$2.40
January 26, 2012	3,000	$2.54
January 27, 2012	1,000	$2.51
January 30, 2012	1,000	$2.44
January 31, 2012	3,000	$2.47
February 1, 2012	9,000	$2.50
February 2, 2012	15,000	$2.50
February 3, 2012	5,000	$2.50
February 6, 2012	5,000	$2.50
February 9, 2012	8,700	$2.28
February 7, 2012	3,000	$2.51
February 9, 2012	8,300	$2.22
March 7, 2012	7,400	$2.18
March 8, 2012	10,200	$2.40
February 16, 2012	5,600	$2.38
February 17, 2012	7,500	$2.47
February 16, 2012	2,700	$2.39
March 23, 2012	2,000	$2.68
March 26, 2012	1,000	$2.71
March 27, 2012	1,000	$2.72
March 28, 2012	1,000	$2.70
March 29, 2012	1,000	$2.75
March 30, 2012	1,000	$2.76
April 2, 2012	1,000	$2.76
April 3, 2012	1,000	$2.70
April 4, 2012	2,000	$2.67
April 5, 2012	2,000	$2.63
April 9, 2012	1,000	$2.64
April 10, 2012	1,000	$2.60
April 11, 2012	1,000	$2.57
April 12, 2012	2,000	$2.53
April 16, 2012	1,000	$2.50
April 17, 2012	2,000	$2.58
April 18, 2012	2,000	$2.53
April 19, 2012	2,000	$2.55
April 20, 2012	800	$2.56
April 20, 2012	300	$2.54
April 23, 2012	1,000	$2.57

Purchase Date	No. of Shares Repurchased	Purchase Price
April 24, 2012	1,000	$2.65
April 25, 2012	1,000	$2.61
April 27, 2012	2,000	$2.51
April 26, 2012	2,000	$2.64
April 30, 2012	1,900	$2.49
May 1, 2012	1,000	$2.49
May 2, 2012	1,000	$2.45
May 4, 2012	1,000	$2.47
May 7, 2012	1,000	$2.46
May 8, 2012	2,000	$2.45
May 9, 2012	1,000	$2.49
May 10, 2012	1,000	$2.52
May 11, 2012	1,000	$2.50
May 14, 2012	1,000	$2.49
May 15, 2012	1,500	$2.47
May 17, 2012	2,000	$2.45
May 22, 2012	1,000	$2.50
May 24, 2012	3,000	$2.43
May 24, 2012	300	$2.39
May 25, 2012	1,000	$2.40
May 28, 2012	1,000	$2.40
May 29, 2012	1,700	$2.34
May 30, 2012	2,000	$2.20
June 1, 2012	1,400	$1.90
June 4, 2012	2,000	$1.98
June 5, 2012	2,200	$2.05
June 6, 2012	2,000	$2.11
June 7, 2012	2,000	$2.03
June 8, 2012	1,000	$1.97
June 11, 2012	3,000	$1.94
June 12, 2012	6,200	$1.84
June 13, 2012	9,000	$1.98
June 14, 2012	1,000	$1.95
June 15, 2012	30,000	$1.96
June 19, 2012	25,000	$1.95
June 20, 2012	2,000	$2.01
June 21, 2012	4,800	$2.00
June 25, 2012	1,000	$2.02

Purchase Date	No. of Shares Repurchased	Purchase Price
June 26, 2012	4,000	$1.98
June 27, 2012	5,000	$1.97
June 28, 2012	3,000	$1.97
June 29, 2012	1,000	$1.98
July 3, 2012	1,000	$1.99
July 5, 2012	1,000	$2.00
July 10, 2012	1,000	$2.05
July 12, 2012	100	$2.02
August 8, 2012	5,000	$1.57
August 13, 2012	2,000	$1.52
August 31, 2012	4,700	$1.36
September 4, 2012	900	$1.32
September 5, 2012	2,000	$1.39
September 6, 2012	1,800	$1.47
September 7, 2012	2,000	$1.49
September 13, 2012	3,000	$1.44
September 14, 2012	4,000	$1.53

Previous Distributions

No Shares have been distributed by the Corporation during the five years preceding the date hereof, except for the issuance of Shares upon the exercise of stock options under the Corporation's Stock Option Plan, and except for the issue of 100,000 Shares to a subsidiary of Agrium Inc. on July 16, 2010 at $6.22 per Share ($622,000 in the aggregate), in connection with Hanfeng's reacquisition of Agrium's joint venture interest in Hanfeng Slow Release Fertilizer (Canada) Co. Ltd.

Dividends

Hanfeng has not paid dividends in the two-year period preceding the date hereof.

Hanfeng does not currently intend to declare any dividend prior to the Arrangement becoming effective on the Effective Date, which is anticipated to be on or about March 18, 2013.

Auditors

KPMG LLP is the auditor of Hanfeng.

Information Concerning the Purchaser

The Purchaser, which is wholly-owned by Mr. Yu, was incorporated under the laws of Canada for the purposes of completing the Arrangement and related transactions. The Purchaser has not carried on any active business prior to the date of this Circular, other than activities in connection with the proposed Arrangement, including entering into the Financing.

Certain Canadian Federal Income Tax Considerations for Shareholders

In the opinion of Blake, Cassels & Graydon LLP, counsel to Hanfeng, the following summary describes certain Canadian federal income tax considerations generally applicable to a beneficial owner of Shares who disposes of Shares pursuant to the Arrangement and who, at all relevant times, for purposes of the Tax Act: (a) deals at arm's length with Hanfeng and the Purchaser; (b) is not affiliated with Hanfeng or the Purchaser; and (c) holds Shares as capital property (a "**Holder**"). Generally, Shares will be capital property to a Holder unless the Shares are held or were acquired in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Resident Holders (as defined below) may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which would be to deem to be capital property any Shares (and all other "Canadian securities", as defined in the Tax Act) owned by such Resident Holder in the taxation year in which the election is made and in all subsequent taxation years. Resident Holders whose Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This summary does not describe the tax consequences to a holder of Options who disposes of such Options pursuant to the Arrangement or who acquires Shares on the exercise of Options.

This summary is based on the current provisions of the Tax Act, and counsel's understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices whether by legislative, regulatory, administrative or judicial action or decision, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction which may be different from those discussed herein. This summary assumes that, at all relevant times prior to and including the time of acquisition of the Shares by the Purchaser, the Shares will be listed on the TSX.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders should consult their own tax advisors having regard to their own particular circumstances.

Holders Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable tax treaty, is, or is deemed to be, resident in Canada (a "**Resident Holder**").

This portion of the summary is not applicable to a Resident Holder (i) that is a "specified financial institution", (ii) an interest in which is a "tax shelter investment", (iii) that is a "financial institution" for purposes of certain rules applicable to securities held by financial institutions (referred to as the "mark-to-market" rules), or (iv) that reports its "Canadian tax results" in a currency other than Canadian dollars, each as defined in the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the consequences of the Arrangement.

(i) Disposition of Shares

Generally, a Resident Holder who disposes of Shares pursuant to the Arrangement will realize a capital gain (or capital loss) equal to the amount, if any, by which the aggregate Consideration received for such Shares, net of any reasonable costs of disposition, exceeds (or is less than) the adjusted cost base to the Resident Holder of such Shares immediately before the disposition.

Generally, a Resident Holder is required to include in computing its income for a taxation year one half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in such taxation year. Allowable capital losses in excess of taxable capital gains for the year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, in accordance with and subject to the rules contained in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Share may be reduced by the amount of any dividends received (or deemed to be received) by it on such Share to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Resident Holders should consult their own advisors.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable for a refundable tax of 6⅔% on its aggregate investment income, which includes amounts in respect of taxable capital gains.

A capital gain realized by a Resident Holder who is an individual or trust (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act.

(ii) Dissenting Shareholders

A Resident Holder who duly and validly exercises Dissent Rights (a "**Resident Dissenting Holder**") who receives a cash payment from or on behalf of the Purchaser in respect of the fair value of the Resident Dissenting Holder's Dissenting Shares will be deemed to have disposed of the Dissenting Shares to the Purchaser for proceeds of disposition equal to the amount received by the Resident Dissenting Holder (excluding the amount of any interest awarded by a court). As a result, such Resident Dissenting Holder will generally realize a capital gain (or a capital loss) to the extent that such proceeds of disposition (excluding any interest awarded by a court) net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base to the Resident Dissenting Holder of such Dissenting Shares. See the disclosure above under "–Holders Resident in Canada – Disposition of Shares" for a description of the tax treatment of capital gains and losses.

Interest awarded by a court to a Resident Dissenting Holder will be included in the Resident Dissenting Holder's income for the purposes of the Tax Act. A Resident Dissenting Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax of 6⅔% on its aggregate investment income, which includes interest income.

Additional income tax considerations may be relevant to Resident Holders who fail to perfect or withdraw their claims pursuant to the Dissent Rights. Resident Holders should consult their own tax advisors to determine the particular tax consequences to them of exercising their Dissent Rights.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty, has not been and is not, and is not deemed to be, resident in Canada and does not use or hold and is not deemed to use or hold the Shares in a business carried on in Canada (a "**Non-Resident Holder**"). This portion of the summary is not applicable to Non-Resident Holders that are: (i) insurers carrying on an insurance business in Canada and elsewhere; or (ii) "authorized foreign banks" (as defined in the Tax Act). Such Non-Resident Holders should consult their own tax advisors with respect to the Arrangement.

(i) Disposition of Shares

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition of Shares under the Arrangement unless the Shares are "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act at the time such Shares are disposed of to the Purchaser and the Non-Resident Holder is not exempt from Canadian tax on any gain realized under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, the Shares will not constitute taxable Canadian property to a Non-Resident Holder at the time of disposition, provided that the Shares are listed on a designated stock exchange (which includes the TSX) at that time unless at any time during the 60-month period that ends at that time (a) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued shares of any class or series of the capital stock of Hanfeng, and (b) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties whether or not such properties exist. Notwithstanding the foregoing, Shares may be deemed to be taxable Canadian property in certain circumstances specified in the Tax Act.

Even if Shares constitute taxable Canadian property to a Non-Resident Holder, any gain realized on a disposition of any such Shares may be exempt from tax under the Tax Act pursuant to the terms of an applicable income tax convention. Non-Resident Holders should consult their own tax advisors with respect to the availability of relief under the terms of any applicable income tax convention.

In the event that Shares constitute taxable Canadian property to a Non-Resident Holder and any capital gain realized by the Non-Resident Holder on the disposition of the Shares under the Arrangement is not exempt from tax under the Tax Act by virtue of an applicable income tax convention, then the tax consequences described above under the heading "– Holders Resident in Canada – Disposition of Shares" will generally apply.

Non-Resident Holders whose shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances, including regarding any Canadian reporting requirement arising from the Arrangement.

(ii) Dissenting Shareholders

A Non-Resident Holder who duly and validly exercises Dissent Rights (a "**Non-Resident Dissenting Holder**") who receives a cash payment from or on behalf of the Purchaser in respect of the fair value of the Non-Resident Dissenting Holder's Dissenting Shares will be deemed to have disposed of the Dissenting Shares to the Purchaser for proceeds of disposition equal to the amount received by the Non-Resident Dissenting Shareholder (excluding the amount of any interest awarded by a court). The tax treatment of a Non-Resident Dissenting Holder in respect of such a disposition will be similar to that of a Non-Resident Holder who participates in the Arrangement, as described above.

An amount paid in respect of interest to a Non-Resident Dissenting Holder will generally not be subject to Canadian withholding tax.

Non-Resident Dissenting Holders whose Shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.

Dissenting Shareholders' Rights

Section 185 of the OBCA provides registered shareholders of a corporation with the right to dissent from certain resolutions that effect extraordinary corporate transactions or fundamental corporate changes. The Interim Order expressly provides Registered Shareholders with the right to dissent from the Arrangement Resolution pursuant to Section 185 of the OBCA, with modifications to the provisions of Section 185 as provided in the Plan of Arrangement and the Interim Order ("**Dissent Rights**"). The following summary is qualified in its entirety by the provisions of Section 185 of the OBCA, the Interim Order and the Plan of Arrangement. Any Registered Shareholder who validly exercises Dissent Rights (a "**Dissenting Holder**") will be entitled, in the event the Arrangement becomes effective, to be paid the fair value of Shares held by such Dissenting Holder determined as of the close of business on the day before the day the Arrangement Resolution is adopted. Shareholders are cautioned that fair value could be determined to be less than the $2.25 payable pursuant to the terms of the Arrangement. In addition, any judicial determination of fair value will result in delay of receipt by a Dissenting Holder of consideration for such Dissenting Holder's Shares.

Section 185 of the OBCA provides that a Dissenting Holder may only make a claim under that section with respect to all of the Shares held by the Dissenting Holder on behalf of any one beneficial owner and registered in the Dissenting Holder's name. One consequence of this provision is that a Registered Shareholder may only exercise the Dissent Right in respect of Shares that are registered in that Shareholder's name.

The execution or exercise of a proxy does not constitute a written objection for the purposes of subsection 185(6) of the OBCA.

In many cases, Shares beneficially owned by a Non-Registered Shareholder are registered either (a) in the name of an Intermediary or (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise his or her Dissent Rights directly (unless the Shares are re-registered in the Non-Registered Shareholder's name). A Non-Registered Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of his or her Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Shares are registered in the name of CDS or other clearing agency, may require that such Shares first be re-registered in the name of the Intermediary), or (ii) instruct the Intermediary to re-register such Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

A Registered Shareholder who wishes to dissent must provide a written notice (a "Dissent Notice") to Hanfeng (a) **at One First Canadian Place, Suite 2510, Box 129, 100 King Street West, Toronto ON M5X 1A4 (Attention: Corporate Secretary); or** (b) **by facsimile transmission to (416) 849-0075 (Attention: Corporate Secretary), to be received by it not later than 5:00 p.m. (Toronto time) on March 14, 2013 (or 5:00 p.m. (Toronto time) on the Business Day immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). Failure to strictly comply with these dissent procedures may result in the loss or unavailability of the right to dissent.**

The filing of a Dissent Notice does not deprive a Registered Shareholder of the right to vote at the Meeting. However, the OBCA provides, in effect, that a Registered Shareholder who has submitted a Dissent Notice and who votes in favour of the Arrangement Resolution will no longer be considered a Dissenting Holder with respect to the Shares voted in favour of the Arrangement Resolution. The OBCA does not provide, and Hanfeng will not assume, that a proxy submitted instructing the proxy holder to vote against the Arrangement Resolution, a vote against the Arrangement Resolution or an abstention constitutes a Dissent Notice, but a Registered Shareholder need not vote his or her Shares against the Arrangement Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Arrangement Resolution does not constitute a Dissent Notice. However, any proxy granted by a Registered Shareholder who intends to dissent, other than a proxy that instructs the proxy holder to vote against the Arrangement Resolution, should be validly revoked in order to prevent the proxy holder from voting such Shares in favour of the Arrangement Resolution and thereby causing the Registered Shareholder to forfeit his or her Dissent Rights.

Within 10 days of Shareholders adopting the Arrangement Resolution, Hanfeng (or its successor) is required to notify in writing each Dissenting Holder that the Arrangement Resolution has been adopted, unless the Dissenting Holder voted in favour of the Arrangement Resolution or has withdrawn such Shareholder's Notice of Dissent. A Dissenting Holder must, within 20 days after such Shareholder receives notice of the adoption of the Arrangement Resolution or, if such Shareholder does not receive such notice, within 20 days after such Shareholder learns that the Arrangement Resolution has been adopted, send to Hanfeng a written notice (the "**Demand for Payment**") containing such Shareholder's name and address, the number of Shares in respect of which such Shareholder dissents and a demand for payment of the fair value of the Shares held by such Shareholder. Within 30 days of the sending of such Shareholder's Demand for Payment, the Dissenting Holder must send the certificates representing the Shares in respect of which such Shareholder dissents to Hanfeng or the Transfer Agent. Hanfeng or the Transfer Agent will endorse thereon notice that the Shareholder is a Dissenting Holder and will then return the share certificates to the Dissenting Holder.

Pursuant to the Plan of Arrangement and the Interim Order, after sending a Demand for Payment, a Dissenting Holder ceases to have any rights as a Shareholder in respect of such holder's Shares other than the right to be paid the fair value of the Shares held by such Shareholder as determined pursuant to the Interim Order, except where: (i) the Dissenting Holder withdraws such Shareholder's Demand for Payment before the Purchaser makes an offer as hereinafter described to the Dissenting Holder pursuant to the OBCA; (ii) the Purchaser fails to make an offer as hereinafter described and the Dissenting Holder withdraws such Shareholder's Demand for Payment; or (iii) the Arrangement Agreement is terminated. Pursuant to the Plan of Arrangement, in no case shall the Corporation, the Purchaser or any other person be required to recognize any Dissenting Holder as a Shareholder after the Effective Date and the names of such Shareholders shall be deleted from the list of Registered Shareholders at the Effective Date.

Pursuant to the Plan of Arrangement, Dissenting Holders who are ultimately determined to be entitled to be paid fair value for their Dissenting Shares shall be deemed to have transferred such Dissenting Shares to the Purchaser on the Effective Date.

Pursuant to the Plan of Arrangement, Dissenting Holders who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Holder.

The Purchaser is required, not later than seven days after the later of the Effective Date or the date on which a Demand for Payment is received from a Dissenting Holder, to send to each Dissenting Holder who has sent a Demand for Payment, an Offer to Pay for its Dissenting Shares in an amount considered by the Board of Directors to be the fair value of the Shares, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay must be on the same terms. The Purchaser must pay for the Dissenting Shares of a Dissenting Holder within 10 days after an Offer to Pay has been accepted by a Dissenting Holder, but any such offer lapses if the Purchaser does not receive an acceptance within 30 days after the Offer to Pay has been made.

If an offer to pay is not made by the Purchaser or if a Dissenting Holder does not accept an offer to pay, the Purchaser may, within 50 days after the Effective Date or within such further period as the Court may allow, apply to the Court to fix a fair value for the Shares of any Dissenting Holder. If the Purchaser fails to apply to the Court, a Dissenting Holder may apply to the Court for the same purpose within a further period of 20 days or within such further period as the Court may allow.

Before making an application to the Court, or not later than seven days after receiving notice of an application to the Court brought by a Dissenting Holder, as the case may be, the Purchaser must give notice to each Dissenting Holder who, at the date upon which the notice is given, (a) has sent a Demand for Payment and (b) has not accepted the offer to pay made by the Purchaser, notice of the date, place and consequences of the application and of such Dissenting Holder's right to appear and be heard in person or by counsel. A similar notice must be given to each Dissenting Holder who, after the date of such first mentioned notice and before the termination of the proceedings commenced by the application, satisfies the conditions in (a) and (b) above within three days after such Shareholder satisfies such conditions. All Dissenting Holders who satisfy the conditions in (a) and (b) above shall be deemed to be joined in the application on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and such Dissenting Holders are bound by the decision rendered by the Court in the proceedings commenced by the application. Upon an application to the Court, the Court may determine whether any other person is a Dissenting Holder who should be joined as a party, and the Court is to fix a fair value for the Shares of all Dissenting Holders.

A Registered Shareholder who dissents and elects to receive the fair value of such Shareholder's Shares and who does not accept the offer to pay made by the Purchaser, or if the offer to pay lapses and the Purchaser has not received an acceptance thereof, will be bound to accept the amount determined by the Court to be the fair value of the Shares. In addition, in certain circumstances, Dissenting Holders may be responsible for certain of the costs of the Court incurred by it in the application.

The above is only a summary of the Dissent Rights provided by the OBCA (as modified by the Plan of Arrangement and the Interim Order), which are technical and complex. A complete copy of Section 185 of the OBCA is attached as Appendix G to this Circular. It is suggested that any Registered Shareholder wishing to avail themselves of such rights under those provisions obtain legal advice, as failure to comply strictly with the provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) may prejudice such Shareholder's Dissent Rights. Dissenting Holders should also seek their own tax advice.

For a general summary of certain income tax implications to a Dissenting Holder, see "Certain Canadian Federal Income Tax Considerations for Shareholders".

Risk Factors Related to the Arrangement

The following risk factors should be considered by Shareholders in evaluating whether to approve the Arrangement. These risk factors should be considered in conjunction with the other information included in this Circular and the risk factors disclosed under the heading entitled "Risk Factors" in the Corporation's most recent annual information form, which is available on SEDAR at www.sedar.com.

Whether or not the Arrangement is completed, the Corporation will continue to face those risk factors that it currently faces with respect to its business and affairs.

Beidahuang business is in jeopardy unless Hanfeng goes private.

If the Corporation is not taken private, it is expected to lose Beidahuang's business with the result that there could be a material adverse effect to the financial condition and long-term prospects of the business of the Corporation. See "Particulars of the Arrangement - Effects on Hanfeng if the Arrangement is Not Completed."

The Arrangement Agreement may be terminated and failure to complete the Arrangement and related steps could negatively affect Hanfeng.

Each of Hanfeng and the Purchaser has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there can be no certainty, nor can Hanfeng provide any assurance, that the Arrangement Agreement will not be terminated by either of Hanfeng or the Purchaser prior to the completion of the Arrangement. If, for any reason, the Arrangement Agreement is terminated, risks to which Hanfeng is subject include: (a) the price of the Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed; (b) certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees incurred by Hanfeng must be paid by Hanfeng even if the Arrangement is not completed; and (c) if the Arrangement is terminated and the Board of Directors decides to seek another similar transaction, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the Consideration to be paid by the Purchaser pursuant to the Arrangement.

Conditions precedent to the Arrangement may not be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Hanfeng, including obtaining Shareholder Approval. There can be no certainty, nor can Hanfeng provide any assurance, that these conditions will be satisfied, or, if satisfied, when they will be satisfied. A substantial delay in satisfying these conditions may have an adverse effect on the business, financial condition or results of operations of Hanfeng. If, for any reason, the Arrangement is not completed, risks to which Hanfeng is subject include: (a) the price of the Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed; (b) certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees incurred by Hanfeng must be paid by Hanfeng even if the Arrangement is not completed; and (c) if the Arrangement is terminated and the Board of Directors decides to seek another similar transaction, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the Consideration to be paid by the Purchaser pursuant to the Arrangement.

Income tax consequences.

The Arrangement Agreement results in certain income tax consequences to the Corporation's securityholders. See "Certain Canadian Federal Income Tax Considerations for Shareholders".

Adverse effect on business.

If the Corporation is unable to complete the Arrangement or if completion of the Arrangement is delayed, there could be an adverse effect on the Corporation's business, financial condition, operating results and the price of its Shares. The completion of the Arrangement is subject to the satisfaction of closing conditions. A substantial delay in satisfying such conditions could have an adverse effect on the business, financial condition or results of operations of the Corporation or could result in the termination of the Arrangement Agreement. If (a) Shareholders choose not to approve the Arrangement, (b) the Corporation otherwise fails to satisfy, or fails to obtain a waiver of the satisfaction of, the closing conditions to the transaction and the Arrangement is not completed, (c) an action or proceeding results in the termination of the Arrangement Agreement, or (d) any legal proceeding results in enjoining the transactions contemplated by the Arrangement, the Corporation could be subject to various adverse consequences, including that the Corporation would remain liable for significant costs relating to the Arrangement, including, among others, legal, accounting, financial advisory and financial printing expenses.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person, proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction since July 1, 2011 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries, other than the Arrangement described herein.

ADDITIONAL INFORMATION

A copy of this Circular has been sent to each director of the Corporation, to the applicable regulatory authorities, to each shareholder entitled to notice of the meeting and to the auditors of the Corporation. Upon request to the Corporation, as described under "Shareholder Communication", the Corporation will send to the person or company making such request, at a nominal charge, and in the case of a shareholder, without charge, a copy of:

1. the Corporation's current Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;
2. the most recently filed audited comparative consolidated financial statements of the Corporation, together with the management's discussion and analysis of such financial results and the auditor's report thereon, and any interim financial statements of the Corporation that have been filed for any period after the end of its most recently completed financial year; and
3. this Circular.

Financial information for the Corporation's most recently completed financial year, being June 30, 2012, is provided in the Corporation's audited comparative consolidated financial statements for the year ended June 30, 2012, and management's discussion and analysis of such financial results.

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

DIRECTORS' APPROVAL

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

Dated: February 13, 2013

SCHEDULE 1
HANFENG EVERGREEN INC.

BOARD OF DIRECTORS MANDATE

The following mandate has been adopted by the Board of Directors (the "**Board**") of Hanfeng Evergreen Inc. (the "**Corporation**") to assist the Board in the exercise of its responsibilities. This mandate reflects the Board's commitment to designing corporate governance principles and guidelines to monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing long-term shareholder value. This mandate is subject to modification from time to time by the Board.

THE BOARD

Role of Directors

The business and affairs of the Corporation shall be managed by or under the direction of the Board. The Board has responsibility for the stewardship of the company.

The Board's Goals

The Board's goals are to build long-term value for the Corporation's shareholders, to create a culture of integrity and to assure the vitality of the Corporation for its customers, employees and the other individuals and organizations that depend on the Corporation.

To achieve these goals the Board will monitor both the performance of the Corporation (in relation to its goals, strategy, conduct and competitors) and the performance of the Chief Executive Officer and other senior management, and offer constructive advice and feedback.

Size of the Board

The Board believes that it should generally have no fewer than six and no more than ten directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board could, however, be increased or decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Governance & Compensation Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Governance & Compensation Committee shall also consider advice and recommendations from others as it deems appropriate.

Board Membership Criteria

Nominees for director shall be selected on the basis of, among other things, experience, knowledge, skills, expertise, integrity, ability to make independent analytical inquiries, understanding of the Corporation's business environment and willingness to devote adequate time and effort to Board responsibilities.

The Governance & Compensation Committee shall be responsible for assessing the appropriate balance of criteria required of Board members.

Other Public Corporation Directorships

The Corporation does not have a policy limiting the number of other public company boards of directors upon which a director may sit. However, the Governance & Compensation Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors ("**Independent Directors**") under the criteria of section 1.4 of Multilateral Instrument 52-110 ("**Rule 52-110**").

The Board shall review annually the relationships that each director has with the Corporation (directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation). Following such annual review, only those directors who the Board affirmatively determines have no direct or indirect material relationship with the company which could, in the view of the board, be reasonably expected to interfere with the exercise of a member's independent judgment will be considered Independent Directors, subject to additional qualifications prescribed under the standards of any applicable exchange or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence.

Directors Who Change Their Present Job Responsibility

The Board does not believe that directors who retire or change the position they held when they became a member of the Board should necessarily be obligated to leave the Board. Promptly following such event, the director must notify the Compensation Committee, which shall review the continued appropriateness of the affected director remaining on the Board under the circumstances. The affected director is expected to act in accordance with the Compensation Committee's recommendation following such review.

Board Compensation

A director who is also an officer of the Corporation shall not receive additional compensation for such service as a director.

The Compensation Committee will periodically review the level and form of the Corporation's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity.

Director's fees (including any additional amounts paid to chairs of committees and to members of committees of the Board) are the only form of compensatory fee a member of the Audit Committee may receive from the Corporation.

Strategic Direction of the Corporation

The Board is responsible for adopting a strategic planning process. It is management's job to formalize, propose and implement strategic choices and the Board's role to approve strategic direction and evaluate strategic results. At least annually, the Board shall consider a strategic plan presented by management which takes into account, among other things, the opportunities and risks of the business. As a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings when appropriate.

Risk Identification

The Board or its designated committees shall regularly discuss with management the process for the identification of the principal risks of the Corporation's business, and shall oversee the implementation of appropriate systems, including internal control and management information systems, to manage those identified risks.

Board Access to Management

Board members shall have access to the Corporation's management and, as appropriate, to the Corporation's outside advisors. Board members shall coordinate such access through the Chief Executive Officer and Board members will use judgment to assure that this access is not distracting to the business operation of the Corporation.

Attendance at Meetings

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairperson of the appropriate committee in advance of such meeting.

Frequency of Meetings

There shall be at least four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held in each quarter.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring members of executive management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve the executive; (ii) make presentations to the Board on matters which involve the executive; and (iii) bring executives with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

Separate Sessions of Non-Management Directors

The non-management directors of the Corporation shall meet regularly in executive session without management present.

Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

Self-Evaluation by the Board

The Governance & Compensation Committee will sponsor an annual self-assessment of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Corporation. The Governance & Compensation Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

Board Orientation and Continuing Education

The Corporation shall provide new directors with director orientation to familiarize such directors with, among other things, the Corporation's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, principal officers, and independent auditors. The Corporation encourages each director to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director.

BOARD COMMITTEES

Number and Names of Board Committees

The Corporation shall have two standing committees: Audit and Governance & Compensation. The purpose and responsibilities for the Audit and Governance & Compensation committees shall be outlined in committee charters adopted by the Board. The Board may, from time to time, form a new committee or disband a current committee (other than the Audit Committee) depending on circumstances. In addition, the Board may determine to form temporary committees from time to time, and determine the composition and areas of competence of such committees.

Independence of Board Committees

Each of the Audit Committee and the Governance & Compensation Committee shall be composed entirely of Independent Directors satisfying Rule 52-110 (in the case of the Audit Committee, including both sections 1.4 and 1.5 thereof) and all other applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members

The Governance & Compensation Committee shall be responsible, after consultation with the Chairman of the Board and the Chief Executive Officer, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Governance & Compensation Committee's recommendations, the Board shall be responsible for appointing the members to the committees on an annual basis.

The Governance & Compensation Committee shall annually review the Committee assignments and shall consider such assignments with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

LEADERSHIP DEVELOPMENT

Selection of the Chief Executive Officer

The Board shall be responsible for identifying potential candidates for, and selecting, the Corporation's Chief Executive Officer. In doing so, the Board shall consider, among other things, a candidate's experience, understanding of the Corporation's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community. When it is appropriate or necessary, it is the Board's responsibility to remove the Chief Executive Officer and to select a successor.

Evaluation of Chief Executive Officer

The Governance & Compensation Committee will conduct an annual performance review of the Chief Executive Officer based on the performance of the business, achievement of the Corporation's financial and strategic objectives, development of management, and as further set forth in its charter.

Succession Planning

The Board is responsible for developing a succession plan for the Chief Executive Officer, and to discuss with the Chief Executive Officer succession plans for other senior management, and will review the plan each year.

CONSENT OF DELOITTE LLP

To: The Board of Directors of Hanfeng Evergreen Inc.

We hereby consent to the references to the opinions of our firm and the inclusion of the text of our valuation and fairness opinion dated February 9, 2013, in the management information circular of Hanfeng Evergreen Inc. dated February 13, 2013.

February 13, 2013
Toronto, Ontario

(Signed) "*Deloitte LLP*"

CONSENT OF BLAKE, CASSELS & GRAYDON LLP

We hereby consent to the reference to our opinion contained under "Certain Canadian Federal Income Tax Considerations for Shareholders" in the management information circular of Hanfeng Evergreen Inc. dated February 13, 2013 (the "**Circular**") and to the inclusion of the foregoing opinion in the Circular.

February 13, 2013
Toronto, Ontario

(Signed) *"Blake, Cassels & Graydon LLP"*

GLOSSARY OF TERMS

The following glossary of terms used in this Circular, including the Summary, but not including the Appendices, is provided for ease of reference:

"Acquisition Proposal" means, other than the transactions contemplated by the Arrangement Agreement, any offer, proposal or inquiry (written or oral) from any person or group of persons other than the Purchaser (or any affiliate of the Purchaser or any person acting in concert with the Purchaser or any affiliate of the Purchaser) after the date of the Arrangement Agreement relating to any (i) direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Corporation and its subsidiaries or of 20% or more of the voting or equity securities of the Corporation or any of its subsidiaries (or rights or interests in such voting or equity securities), (ii) take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in such person or group of persons beneficially owning 20% or more of any class of voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of the Corporation or any of its subsidiaries, (iii) plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Corporation or any of its subsidiaries or (iv) other similar transaction or series of transactions involving the Corporation or any of its subsidiaries;

"affiliate" has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions of the Canadian Securities Administrators*;

"Agrium" means Agrium Inc.

"Arrangement" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Corporation and the Purchaser, each acting reasonably;

"Arrangement Agreement" means the arrangement agreement made as of February 11, 2013, between the Corporation and the Purchaser, including the schedules thereto, attached to this Circular as Appendix C, as same may be amended, supplemented, restated or otherwise modified from time to time in accordance with its terms, providing for, among other things, the Arrangement;

"Arrangement Resolution" means the special resolution approving the Arrangement to be considered at the Meeting, attached to this Circular as Appendix B;

"Articles of Arrangement" means the articles of arrangement of the Corporation in respect of the Arrangement, which shall include the Plan of Arrangement and otherwise be in form and content satisfactory to the Corporation and the Purchaser, each acting reasonably;

"associate" has the meaning ascribed thereto in the *Securities Act* (Ontario);

"Beidahuang" means Beidahuang Group of companies, a major Chinese state-owned enterprise involved in the agriculture business;

"Beidahuang Shareholder" means Beidahuang Agriculture Development Limited;

"Blakes" means Blake, Cassels & Graydon LLP;

"Board of Directors" means the board of directors of the Corporation;

"Business Day" means any day, other than a Saturday, a Sunday or any day on which major banks are closed for business in Toronto, Canada;

"CDS" means CDS Clearing and Depository Services Inc.;

"Certificate of Arrangement" means the certificate of arrangement to be issued by the Director pursuant to Section 183(2) of the OBCA in respect of the Articles of Arrangement;

"Circular" means this management information circular of Hanfeng, including the notice of meeting and all appendices attached hereto;

"Commitment Letter" has the meaning ascribed thereto under "Particulars of the Arrangement – Sources of Funds for the Arrangement";

"Consideration" means an amount of cash equal to $2.25 for each Share;

"Court" means the Superior Court of Justice (Ontario);

"CRA" means the Canada Revenue Agency;

"D&O Insurance" has the meaning ascribed thereto under "The Arrangement Agreement – Directors' and Officers' Indemnification and Insurance";

"Deloitte" means Deloitte LLP;

"Demand for Payment" has the meaning ascribed thereto under "Dissenting Shareholders' Rights";

"Depositary" means Equity Financial Trust Company, as depositary, or any other bank, trust company or financial institution, as may be agreed to in writing by the Corporation and the Purchaser;

"Director" means the Director appointed pursuant to section 278 of the OBCA;

"Dissenting Holder" has the meaning ascribed thereto under "Dissenting Shareholders' Rights";

"Dissenting Shares" means Shares in respect of which Dissent Rights have been validly exercised before the Effective Time;

"Dissent Notice" has the meaning ascribed thereto under "Dissenting Shareholders' Rights";

"Dissent Rights" has the meaning ascribed thereto under "Dissenting Shareholders' Rights";

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"Effective Time" means 12:01 a.m. (Toronto time) or such other time on the Effective Date as may be agreed to in writing by the Corporation and the Purchaser pursuant to the Plan of Arrangement;

"Eligible Institution" means a Canadian Schedule 1 chartered bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP);

"Engagement Agreement" has the meaning ascribed thereto under "Background and Reasons for the Arrangement - Valuation and Fairness Opinion";

"Filing Date" means the date that the Articles of Arrangement are to be filed with the Director in accordance with the Arrangement Agreement;

"Final Order" means the final order of the Court in a form acceptable to the Corporation and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Corporation and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and the Purchaser, each acting reasonably) on appeal;

"Financing" has the meaning ascribed thereto under "Particulars of the Arrangement – Sources of Funds for the Arrangement";

"forward-looking statements" has the meaning ascribed thereto under "Cautionary Statement Regarding Forward-Looking Statements";

"GAAP" means Canadian generally accepted accounting principles applicable to public companies at the relevant time applied on a consistent basis, which, for greater certainty, includes International Financial Reporting Standards from and after adoption by the Corporation;

"Governmental Entity" means (i) any international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, governmental, quasi-governmental, administrative body, authority or public department with competent jurisdiction exercising legislative, judicial, regulatory or administrative functions of or pertaining to international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, including any central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor-in-council, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange;

"Hanfeng" or **"Corporation"** means Hanfeng Corporation, a company incorporated under the laws of the Province of Ontario;

"Holder" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations for Shareholders";

"**Indemnified Person"** has the meaning ascribed thereto under "The Arrangement Agreement – Directors' and Officers' Indemnification and Insurance";

"Insider Group" means Mr. Yu and entities controlled or directed by him, the Purchaser and their respective affiliates, Lei Li, The Yu Foundation, The Yu Family Trust, Tianhua Yu and Tianyu Yu;

"Interim Order" means the interim order of the Court attached to this Circular as Appendix E, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of the Corporation and the Purchaser, each acting reasonably;

"Intermediary" means an intermediary with which a Non-Registered Holder may deal, including banks, trust companies, securities dealers or brokers and trustees or administrators of self-directed trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans (collectively, as defined in the Tax Act) and similar plans, and their nominees;

"Kingsdale" means Kingsdale Shareholder Services Inc., the proxy solicitation agent retained by the Corporation;

"Law" or "Laws" means, with respect to any person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

"Lender" has the meaning ascribed thereto under "Particulars of the Arrangement – Sources of Funds for the Arrangement";

"Letter of Transmittal" means the letter of transmittal sent by the Corporation to Shareholders for use in connection with the Arrangement enclosed with this Circular or otherwise made available by the Corporation to Shareholders;

"Matching Period" has the meaning ascribed thereto under "The Arrangement Agreement – Superior Proposal"

"Material Adverse Effect" has the meaning ascribed thereto under the Arrangement Agreement;

"Meeting" has the meaning ascribed thereto under "Solicitation of Proxies";

"Meeting Materials" means the notice of meeting, the Circular, the form of proxy (for Registered Shareholders) and the Letter of Transmittal (for Registered Shareholders), along with such amendments or additional documents as counsel for Hanfeng may advise are necessary or desirable and are not inconsistent with the terms of the Interim Order;

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the securities regulatory authorities of Ontario and Québec;

"Minority Shareholders" means Shareholders other than Mr. Yu, the Purchaser and their respective associated entities, affiliated entities, related parties and joint actors and such other Shareholders that are required to be excluded pursuant to MI 61-101;

"NI 54-101" means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"Non-Registered Shareholder" means a non-registered beneficial owner of Shares whose shares are held through an Intermediary;

"Non-Resident Dissenting Holder" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations for Shareholders – Holders Not Resident in Canada";

"Non-Resident Holder" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations for Shareholders – Holders Not Resident in Canada";

"Notice of Appearance" has the meaning ascribed thereto under "Principal Legal Matters – Court Approval of the Arrangement and Completion of the Arrangement";

"Notice of Application" has the meaning ascribed thereto under "Principal Legal Matters – Court Approval of the Arrangement and Completion of the Arrangement";

"OBCA" means the *Business Corporations Act* (Ontario), as amended;

"Offer to Pay" means the written offer of the Purchaser to each Dissenting Holder who has sent a Demand for Payment to pay for its Shares in an amount considered by the Board of Directors to be the fair value of the Shares, all in compliance with the dissent procedures described under "Dissenting Shareholders' Rights";

"Options" means all options issued pursuant to the Stock Option Plan that are outstanding immediately prior to the Effective Time;

"Parties" means collectively, the Corporation and the Purchaser, and **"Party"** means any of them;

"Plan of Arrangement" means the amended and restated plan of arrangement hereto in Appendix D, and any amendments or variations thereto made in accordance with the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of the Corporation and the Purchaser, each acting reasonably;

"Purchaser" means 8310831 Canada Inc., a corporation existing under the laws of Canada, and wholly-owned by Mr. Yu;

"Registered Shareholders" means a registered holder of Shares as recorded in the Hanfeng Shareholders' register;

"Required Approval" has the meaning ascribed thereto under "The Arrangement Agreement – Termination – By Hanfeng or by the Purchaser";

"Resident Dissenting Holder" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations for Shareholders – Holders Resident in Canada";

"Resident Holder" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations for Shareholders – Holders Resident in Canada";

"Securities Authority" means the Ontario Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the other provinces and territories of Canada;

"Securities Laws" means the *Securities Act* (Ontario) and all other applicable Canadian provincial and territorial securities laws, rules and regulations and published policies thereunder and the rules of the Exchange applicable to companies listed thereon;

"Shareholder Approval" means, collectively, the approval of the Arrangement Resolution by (i) at least two-thirds (66⅔%) of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote; and (ii) at least a majority of the votes cast by Minority Shareholders present in person or represented by proxy at the Meeting and entitled to vote;

"Shareholders" means the registered or beneficial holders of the Shares, as the context requires;

"Shares" means the common shares in the capital of the Corporation;

"Special Committee" has the meaning ascribed thereto under "Background and Reasons for the Arrangement Agreement – Background to the Arrangement Agreement";

"subsidiary" has the meaning ascribed thereto in National Instrument 45-106;

'**Superior Proposal"** means any unsolicited bona fide written Acquisition Proposal to acquire all of the outstanding Shares or all or substantially all of the assets of the Corporation on a consolidated basis that: (a) did not result from a violation of Section 5.1(a) of the Arrangement Agreement; (b) is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the person making such proposal; (c) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required funds will be available to effect payment in full for all of the Shares or assets, as the case may be; (d) is not subject to any due diligence or access condition; and (e) that the Board of Directors determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisor and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Shareholders (other than the Insider Group, any person acting jointly or in concert with the Insider Group, or any of their respective affiliates) than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(b) of the Arrangement Agreement);

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended;

"Transfer Agent" means Equity Financial Trust Company, in its capacity as the transfer agent for the Corporation;

"TSX" means Toronto Stock Exchange; and

"Valuation and Fairness Opinion" means the valuation and fairness opinion prepared by Deloitte LLP, a copy of which is attached in Appendix A to this Circular.

APPENDIX A

VALUATION AND FAIRNESS OPINION

Deloitte.

Hanfeng Evergreen Inc.

Formal Valuation

As at December 31, 2012

and Fairness Opinion

As at February 9, 2013

February 9, 2013

Deloitte.

Deloitte LLP
Brookfield Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: 416-601-6150
www.deloitte.ca

February 9, 2013

Special Committee of the Board of Directors
Hanfeng Evergreen Inc.
Suite 2510 1 First Canadian Place, Box 129
Toronto ON M5X 1A4
Canada

Dear Sirs:

Subject: Formal valuation of the fair market value of the common shares of Hanfeng Evergreen Inc. and Fairness Opinion with respect to the privatization proposal from Mr. Xinduo Yu

Deloitte LLP ("Deloitte") understands that 8310831 Canada Inc. ("Acquisition Co."), a corporation wholly-owned by Mr. Xinduo Yu ("Mr. Yu"), Chief Executive Officer and Director of Hanfeng Evergreen Inc. ("Hanfeng", "HF" or the "Company"), and the holder of approximately 20 percent of the outstanding common shares ("Shares") of the Company, has offered to purchase all of the issued and outstanding Shares of Hanfeng that Mr. Yu does not already own ("Minority Shares") for $2.25 per Share, in cash (the "Consideration") (referred to herein as the "Proposed Transaction"). The terms of the Proposed Transaction are more fully described in the arrangement agreement between Mr. Yu, Acquisition Co. and the Company (the "Arrangement Agreement"), and the Management Information Circular (the "Circular") to be mailed to Hanfeng shareholders in connection with the Proposed Transaction.

Deloitte understands that the board of directors of Hanfeng (the "Board") has constituted a special committee[1] (the "Special Committee") to consider the Proposed Transaction and make recommendations thereon to the Board; and the Board will then consider making a recommendation to the Hanfeng shareholders other than Mr. Yu (the "Minority Shareholders"). Further, Deloitte has been advised by the Special Committee that the Proposed Transaction would be a "business combination", as defined in Multilateral Instrument 61-101 ("MI 61-101") of the Ontario Securities Commission ("OSC") and the Autorité des marchés financiers. The Special Committee retained Deloitte to prepare and deliver to the Special Committee a formal valuation in accordance with the requirements of MI 61-101 (the "Valuation") and to provide Deloitte's opinion (the "Fairness Opinion") as to whether the Proposed Transaction is fair, from a financial point of view, to the Minority Shareholders.

Engagement

The Special Committee initially contacted Deloitte on December 13, 2012 regarding the assignment to prepare and deliver a Valuation and Fairness Opinion. Deloitte was formally engaged through the

[1] Comprised of Loudon Owen (Chairman), Edwin Nordholm and David Thomson.

engagement agreement between the Special Committee and Deloitte (the "Engagement Agreement") dated December 19, 2012 to prepare the Valuation and Fairness Opinion.

You have asked Deloitte, acting independently and objectively, to provide you with our opinion as to the fair market value of the Shares of Hanfeng as at December 31, 2012 (the "Valuation Date").

Our Valuation has been prepared in conformity with the Practice Standards of The Canadian Institute of Chartered Business Valuators (the "CICBV") for a comprehensive valuation report, which meets the requirements of a formal valuation as defined under MI 61-101.

You have also asked Deloitte, acting independently and objectively, to provide our Fairness Opinion as to the fairness, from a financial point of view, of the Proposed Transaction to the Minority Shareholders. The effective date of the Fairness Opinion is February 9, 2013 (the "Opinion Date"). The Fairness Opinion has been prepared in conformity with CICBV Practice Standards No. 510, 520 and 530 pertaining to fairness opinions. The said Fairness Opinion is included within this report.

The terms of the Engagement Agreement provide that Deloitte is to be paid a fee for the Valuation and Fairness Opinion based on time spent. In addition, Deloitte is to be reimbursed for its reasonable out-of-pocket expenses. No part of Deloitte's fee is contingent upon the conclusions reached in the Valuation or Fairness Opinion or any action or event contemplated in the Valuation or Fairness Opinion. The principal valuator and other staff involved in the preparation of the Valuation and Fairness Opinion acted independently and objectively in completing this engagement.

Purpose

We understand that our Valuation is required in respect of the Proposed Transaction where Mr. Yu may, directly or indirectly, purchase the Minority Shares where upon he intends to take the Company private.

Further, we understand that the Special Committee required our Fairness Opinion in order to assist in its fiduciary responsibilities to ensure the fairness, from a financial point of view, of the Proposed Transaction to the Minority Shareholders. We understand that the Valuation and Fairness Opinion will be sent to the Minority Shareholders as part of the Circular describing the Proposed Transaction. Any recipient of the Fairness Opinion acknowledges the restrictions in its use and circulation as stated herein.

Summary of conclusions

Fair market value conclusion

Based upon the scope of our review and our research, analysis and experience and subject to the assumptions, restrictions and qualifications, all as set out herein, Deloitte is of the opinion that as at December 31, 2012 the fair market value of the Shares lies in a range of $1.94 to $3.02 per Share.

Fairness Opinion conclusion

Based upon and subject to the foregoing (and as discussed below), Deloitte is of the opinion that, as of February 9, 2013, the Proposed Transaction for Consideration of $2.25 per Share is fair, from a financial point of view, to the Minority Shareholders.

Credentials of Deloitte

Deloitte is one of the world's largest and most reputable professional services organizations with approximately 200,000 people in over 150 countries. In Canada, Deloitte is one of the country's leading professional services firms and provides audit, tax, financial advisory and consulting services through more than 8,000 people in 56 offices.

Deloitte's professionals have significant experience in providing advisory services for various purposes, including fairness opinions, mergers and acquisitions, corporate finance, business valuations, litigation matters and corporate income tax, amongst other things.

As a global market leader with over 125 valuation professionals in Canada and over 1,500 valuation professionals globally, Deloitte has a leading valuation practice with international delivery capabilities, deep financial and accounting acumen and robust industry experience. Our valuation services group includes finance professionals, many of whom have earned professional designations including Chartered Business Valuator (CBV), Chartered Financial Analyst (CFA), Chartered Accountant (CA), Certified Public Accountant (CPA) and Accredited Senior Appraiser (ASA).

Independence of Deloitte

Independence of the valuator with respect to the Valuation is set out in Part 6.1 (Independence and Qualifications of the Valuator) of MI 61-101. We have reviewed Part 6.1 of MI 61-101 and we confirm that:

1. We and our affiliated entities are not an "issuer insider", "associated entity" nor an "affiliated entity" of any Interested Party (as each such term is used in MI 61-101) in respect of the Proposed Transaction;
2. We and our affiliated entities are not acting as a financial advisor to any Interested Party in connection with the Proposed Transaction;
3. Our compensation under the Engagement Agreement will not depend in whole or in part on the conclusions reached in our Valuation and Fairness Opinion or the outcome of the Proposed Transaction; and
4. We and our affiliated entities do not have any material financial interest in the completion of the Proposed Transaction.

Definitions

In providing the Valuation, we were guided by the definition of fair market value in MI 61-101. Fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

In determining the fair market value of the Shares, and consistent with MI 61-101, we did not include a downward adjustment to reflect the liquidity of the Minority Shares, the effect of the Proposed Transaction on the Minority Shares or the fact that the Minority Shares do not form part of a controlling interest.

Fair market value as defined above is a concept of value, which may or may not equal the purchase/sale price in an actual market transaction. Within the marketplace, there may exist "special purchasers" who may be willing to pay higher prices, as a result of reduced or eliminated competition, ensured source of sales, cost savings arising on business combinations following acquisitions, or other strategic advantage which could be enjoyed by the purchaser.

With respect to the Fairness Opinion, Deloitte has defined fair, from a financial point of view, to the Minority Shareholders as whether the Consideration provided to Minority Shareholders falls within, or exceeds the range of the fair market value of the Shares as determined by Deloitte.

Currency of Valuation and Fairness Opinion

Unless otherwise noted, all currency amounts shown in this Valuation and Fairness Opinion are expressed in Canadian dollars and are denoted as ("$") or ("CAD"). The Chinese renminbi is denoted as RMB, the Indonesian rupiah is denoted as ("IDR") and the United States dollar is denoted as US$.

Scope of review

In connection with the Valuation and the Fairness Opinion, Deloitte has reviewed and relied on, among other things, the following information:

1. The Arrangement Agreement (being the draft version available at February 9, 2013);
2. The draft Management Information Circular available February 9, 2013 (the "Management Information Circular");
3. The financing agreement between Mr. Yu and Nongken Longgang Agriculture Investment Co. Limited for a loan to be used to fund the Proposed Transaction, signed by the latter;
4. Audited financial statements of Hanfeng for each of the five years ended June 30, 2008 through 2012;
5. Unaudited interim financial statements of Hanfeng for the quarters ended September 30, 2010 through September 30, 2012;
6. Management discussion and analysis for each of the five years ended June 30, 2008 through 2012 and for the quarter ended September 30, 2012;
7. Annual Information Forms of Hanfeng for the two years ended June 30, 2011 and June 30, 2012;
8. Quarterly internal consolidation work papers of Hanfeng for the fiscal years ended June 30, 2011 and 2012 and for the quarter ended September 30, 2012;
9. Estimates related to certain cash and working capital balances and operating results for the Company as at, and for the quarter ended December 31, 2012;
10. Property and plant appraisal performed for Jiangsu as at December 2012 by Jiangsu Zhongda Land & Real Estate Appraisal Co., Ltd. dated (the "2012 Jiangsu Appraisal");
11. Property and plant appraisal performed for Heilongjiang as at December 2012 by Heilongjiang Ping'an Assets Appraisal Co., Ltd. dated January 21, 2013 (the "2012 Heilongjiang Appraisal");
12. Legal opinion related to severance costs estimated to be incurred at Heilongjiang prepared by Heilongjiang Long Xin Law Firm and dated January 14, 2013 (the "Severance Legal Opinion");
13. Asset impairment analysis for the year ended June 30, 2012 prepared by Management ("Impairment Memo");
14. The Lock-up Agreement dated December 28, 2012 between Acquisition Co. and Agrium Inc. ("Agrium");
15. Non-public documents relating to Hanfeng and its subsidiaries, including operating reports, internal Hanfeng documents relating to cash balances, financial statement account balances, working capital, foreign exchange contracts, income tax balances, headcount details and other relevant information;
16. Public information relating to the business, operations, financial performance and stock trading history of Hanfeng, the industry in which it operates and other selected public entities considered by us to be relevant;

17. Representations contained in certificates addressed to us, dated as of February 9, 2013, from senior officers of Hanfeng, including Mr. Yu, Mr. Niral Merchant, the Chief Financial Officer of Hanfeng, and the Special Committee; and
18. Such other corporate, industry and financial market information as we deemed relevant.

In addition, Deloitte had discussions with:

1. Mr. Yu and certain of the China based management with respect to the current and prospective operations of Hanfeng and the realizable values for the certain of the tangible assets located in China;
2. The Chief Financial Officer of Hanfeng;
3. The Special Committee;
4. A representative of Agrium, a 20.0 percent shareholder of Hanfeng; and
5. Representatives of Beidahuang Group, Hanfeng's largest customer and supplier.

Further, Deloitte toured the facilities at Heilongjiang and Jiangsu on January 7 and 8, 2013, respectively.

Deloitte has not, to the best of its knowledge, been denied access to any information requested by Deloitte.

Prior valuations

Management of Hanfeng ("Management") and the Special Committee have represented to Deloitte that, to the best of their knowledge, there have not been any prior valuations, appraisals or other material expert reports (as those terms are used in MI 61-101 regarding Hanfeng or its material assets or shares in the preceding 24-month period), other than the 2012 Jiangsu Appraisal.

Restrictions and limitations

Our Valuation and Fairness Opinion have been provided solely for the use by the Special Committee and the Board of Directors of Hanfeng in considering the Proposed Transaction and for inclusion in the Circular and is not intended for general circulation and may not be used, relied upon or published by any other person or for any other purpose without Deloitte's express prior written consent in each specific instance. We do not assume any responsibility or liability for losses incurred by any parties as a result of the circulation, publication, reproduction or use of the Valuation or Fairness Opinion contrary to the provisions of this paragraph. Subject to the terms of the Engagement Agreement, Deloitte consents to the inclusion of the Valuation and Fairness Opinion in its entirety, and a summary thereof in a form acceptable to Deloitte, in the Circular and to the filing thereof, as necessary, by Hanfeng with the applicable securities commissions or similar regulatory authorities in Canada.

The Valuation and Fairness opinion are effective on the date hereof. Deloitte disclaims any undertaking or obligation to advise any person of any change in any fact of matter affecting the Valuation and Fairness Opinion which may come of be brought to Deloitte's attention after the date hereof. Without limiting the foregoing, in the event that there is material change in any fact or matter affecting this Valuation or Fairness Opinion after the date hereof, Deloitte reserves the right to change, modify or withdraw the Valuation and Fairness Opinion.

We relied on the completeness, accuracy and fair presentation of all the financial and other information, data, advice, opinions or representations obtained from Management and/or its agents and advisors (collectively, the "Information"). The Valuation and Fairness Opinion are conditional upon the completeness, accuracy and fair presentation of such Information. Except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of the Information.

We relied on the representations contained in certificates addressed to us, dated as of February 9, 2013, from senior officers of Hanfeng, including Mr. Yu, the Chief Financial Officer and the Special Committee.

The Valuation is rendered on the basis of economic, financial and general business conditions prevailing as at the Valuation Date and the condition and prospects, financial and otherwise, of the Company as they were reflected in the Information. In the analyses and in preparing the Valuation and Fairness Opinion, we have made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, the attainment of which are beyond our control.

The Valuation and Fairness Opinion must be considered as a whole, selecting portions of the analyses or the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying the Valuation and Fairness Opinion. The preparation of a valuation and fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The Fairness Opinion is not to be construed as a recommendation to the Special Committee, the Board of Directors, or any Minority Shareholder to support or reject the Proposed Transaction. Deloitte has not been retained to comment on the investment or strategic merit of the Proposed Transaction or the future operations of Hanfeng. Future business conditions are subject to change and are beyond the control of Deloitte and the parties involved in the Proposed Transaction.

No opinion, counsel or representation is intended in matters that require legal or other appropriate professional advice. It is assumed that that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

Major assumptions

Deloitte has relied upon the following major assumptions in preparing the Valuation and Fairness Opinion:

1. Deloitte assumed that all conditions precedent to the completion of the Proposed Transaction will be satisfied in due course by the expected closing date and that all consents, permissions, exemptions or orders required to be obtained from third parties and relevant authorities will be obtained, without adverse condition or qualification and without material cost to Hanfeng. Deloitte has also assumed that all draft documents referred to under "Scope of review" above are accurate reflections, in all material respects, of the final form of such documents.
2. The financial statements referred to under "Scope of review" are complete in all material respects and contain all and reflect only those revenues, expenses, assets and liabilities of Hanfeng.
3. We relied upon the financial position of the Company as at September 30, 2012 as the December 31, 2012 financial statements had not been finalized at the date of this report. In arriving at our valuation conclusions, we reviewed the available December 31, 2012 financial statements of the Company and concluded that our valuation conclusions would not be materially different as at the Valuation Date.
4. With respect to any estimates related to expected future operating and financial performance of the Company provided to us and relied upon in our analysis, we have assumed, without independent verification or investigation, that they have been prepared on a reasonable basis reflecting current best

assumptions, estimates and judgments of Management, having regard to Hanfeng's plans, financial condition and prospects.

5. The title to all assets, properties or business interests purportedly owned by Hanfeng is good and marketable within the laws of the country in which the asset is located. There are no adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests and that the subject assets, properties or business interests are free and clear of any and all liens, encumbrances and encroachments, other than as disclosed to us.
6. There were no material contingent or unrecorded liabilities, environmental liabilities, litigation pending or threatened other than in the ordinary course of business.
7. There were no bona fide offers from third parties to purchase Hanfeng or its respective assets during the preceding 24 months.
8. Based on our discussions with management and the Special Committee that nothing has occurred or is pending to February 9, 2013 which has not been disclosed to us, and which could reasonably be expected to materially effect the Valuation as at December 31, 2012 and the Fairness Opinion as at February 9, 2013.

Should any of the above assumptions not be accurate or should any of the other information provided to us not be factual or correct, our Valuation and Fairness Opinion conclusions, as expressed herein, could be different.

In completing the Valuation and Fairness Opinion, Deloitte has made certain assumptions noted in this report in addition to those noted above which it considered to be reasonable and appropriate in the circumstances.

Overview of Hanfeng[2]

Hanfeng is a producer and supplier of value-added fertilizer solutions in emerging markets. It is one of the largest producers of slow and controlled release fertilizer in two of the world's most significant agricultural markets: China and Indonesia. It was the first company to introduce slow and controlled release fertilizers into China's agriculture market. Its products are used mainly to improve yields of corn, rice, palm oil, soybeans and wheat, as well as other agricultural crops in China and Indonesia.

Hanfeng markets a number of value-added fertilizer solutions including single and multi-nutrient slow and controlled release ("SCR") fertilizers. In the year ended June 30, 2012 ("Fiscal 2012"), the Company also began to produce a new custom product which is an SCR product with nitrogen enhanced coated urea formulations added to it. Compared to conventional fertilizers, SCR fertilizers have properties that improve fertilization effectiveness and efficiency, increase crop yield and reduce the impact on the environment. Nitrogen enhanced coated urea ("NE") fertilizer has properties that improve the plant's effectiveness of up-taking nutrients and increasing the plant's resistance to stress and thus increasing crop yields.

The predecessor company to Hanfeng was founded in 1996 as a China based nursery and landscaping company. The Company as it exists today was formed through a reverse takeover in 2003 and is currently headquartered in Toronto, Ontario. The Company's Shares are listed and traded on the Toronto Stock Exchange. The Company has approximately 700 full-time employees based in China, Canada and Indonesia.

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[2] Hanfeng Annual Information Form dated September 28, 2012.

In July 2010, Hanfeng opened the first SCR production facility in Indonesia. Hanfeng has grown initial assets of $70.0 million from the sale of its nursery business to over $300.0 million in assets as at September 30, 2012. Hanfeng continues to expand its operations as it has announced a second joint venture ("JV") facility with production capacity of 600,000 metric tonnes ("MT") per annum ("MTPA") in Indonesia, and expects a large test-order of 70,000 MT for Thai markets through its joint venture in Indonesia in 2012. However, our current understanding is that the expansion has been deferred and the test-order has been reduced to 1,000 MT.

Hanfeng operated 11 plants (wholly-owned and through joint venture agreements) in Indonesia and two provinces in China as of September 26, 2012. The plants have a combined 753,000 MTPA of SCR design capacity. Hanfeng is now a leading producer and supplier of value-added fertilizer solutions in China.

Chinese operations overview

Hanfeng's China-based facilities are located in two regions: the northeast region in Heilongjiang Province and the eastern region in Jiangsu Province.

Heilongjiang facility

In the northeast region, also known as China's "corn-belt", Hanfeng has four wholly-owned plants located at the Shangzhi, Heilongjiang facility ("Heilongjiang" or "HLJ") with a total design capacity of 450,000 MTPA. These plants comprise Hanfeng's largest operation in China.

Jiangsu facility

In the eastern region, the Company has two wholly-owned plants located at the Jiangyan, Jiangsu facility ("Jiangsu" or "JS") with a total design capacity of 150,000 MTPA. This plant experienced technical difficulties in 2010 with heat in the prill tower and this has contributed to reduced production capacity. Subsequent to the end of Q4FY12, the Company announced a plan to convert a significant portion of its JS facility to a training and research facility. JS will continue to produce certain specialty fertilizer products for commercial sale to local customers of a targeted minimum of 25,000 MTPA. However, the primary use of JS will be the ongoing training of existing and future staff and research and development of advanced fertilizer products and technologies. It was indicated that training will initially be focused on Indonesian operations which are further described below and will eventually be used to train any future licensees of Hanfeng's technology.

Other facilities

The Company jointly owned two facilities that were sold during 2012; a 50.0 percent interest with Shanxi Fengxi Fertilizer Industry Group Ltd. in a plant located at the Yuncheng, Shanxi facility with a total design capacity of 50,000 MTPA ("Shanxi JV") and a 50.0 percent interest with Shandong Mingshui Great Chemical Group in the Shandong facility, with a total design capacity of 100,000 MTPA ("Shandong JV"). On disposal the Company recognized a loss of approximately $0.1 million on the sale of the interests in the Shanxi JV and the Shandong JV.

Indonesian operations overview

Hanfeng's Indonesia-based entity, known as PT. Hanampi Sejahtera Kahuripan ("Hanampi" or "Indo JV"), was commissioned in October of 2010 and is located in Surabaya, Indonesia. The Company has a 34.0 percent interest in the Indo JV, along with other strategic shareholders, PT. Matahari Kahuripan Indonesia, one of the largest Indonesian palm oil and tobacco producers which holds a 36.0 percent interest, and PT. Sumber Agrindo Sejahtera, the largest agricultural distributor in Surabaya, Indonesia, which holds a 30.0 percent interest. The Indo JV includes a 100,000 MTPA slow release NPK plant, a 50,000 MTPA slow release coating plant and a 100,000 MTPA bulk-blending facility, which is located near port and rail facilities, and within five kilometres of a urea production plant. The Indo JV also added another 200,000 MTPA bulk-blending facility, which was commissioned for initial use in the Q3FY12.

Customers

As the result of a change in strategic direction in Q2FY11, the Company now relies on relatively few customers to generate sales and depends heavily on one customer in particular, Beidahuang Group ("Beidahuang"), a state owned enterprise. Beidahuang first became a customer of Hanfeng in December 2011. Beidahuang is a large Chinese-based user and distributor of fertilizers and in Fiscal 2012 was responsible for approximately 73.0 percent of Hanfeng's sales. As at June 30, 2012, 83.0 percent of Hanfeng's accounts receivable was related to Beidahuang, which supplies fertilizers to farmers growing a range of crops over a large geographical area. Beidahuang accounted also for 51.0 percent of Hanfeng's total purchases, and as at June 30, 2012, 49.0 percent of Hanfeng's advances to suppliers were related to Beidahuang. Hanfeng believes these concentration factors are a direct result of its overall stated strategy of aligning itself with large regional end-users.

Beidahuang supplies raw materials and purchases finished goods from Hanfeng's HLJ facility. In Fiscal 2012, Beidahuang purchased 81.0 percent of HLJ's total sales volume or 73.0 percent of Hanfeng's total sales.

Beidahuang plays a significant role in the food supply chain in China. Beidahuang has extremely high standards for its fertilizer requirements and as a large purchaser of fertilizer in China has economic advantages over its suppliers. Consistent with China government policy, Beidahuang wants to ensure its fertilizer supply is secured and thus wants to have control over Hanfeng's productive capacity and fertilizer supply. We understand that between late 2011 and early 2012 Beidahuang attempted to acquire a 30.0 percent interest in the Company but a transaction was not consummated.

Competition

While Hanfeng may have been the first in China with SCR, competitors in the last year or two have entered the market with competitive product.

Hanfeng's current situation

As confirmed by Mr. Yu and a representative of Beidahuang, Beidahuang has indicated that it will not purchase fertilizer from Hanfeng unless Hanfeng is a private company. Beidahuang indicated that a timely commitment for Hanfeng to go private must be made in order to accommodate its fertilizer purchase requirements for the spring 2013 planting season. If Hanfeng is not committed to going private, we understand that Beidahuang will not purchase fertilizer from the Company, may return last season's fertilizer purchases delivery from July to August and the current balance of outstanding accounts receivable may be uncollectible. Without Beidahuang as a customer, the HLJ facility, at least initially, will not be profitable and may have to secure supply from alternate suppliers. Further, we understand that securing new customers would be extremely difficult given Hanfeng's change in strategic direction in Q2FY11 and former customers now being serviced by competitors.

Both Mr. Yu and the representative of Beidahuang indicated that Beidahuang is interested, subsequent to Hanfeng becoming a private company, in acquiring a 30.0 percent equity interest in Hanfeng from Mr. Yu at the purchase price of $2.20 per Share. At present, we understand there is no definitive agreement in this regard between Mr. Yu and Beidahuang.

Financial overview

Table 1 – Select operating results

(CAD thousands)	For the fiscal years ended June 30,			Quarter ended September 30,	
	2010	**2011**	**2012**	**2011**	**2012**
Revenue	270,405	246,800	248,526	11,723	42,322
Revenue growth	*N/A*	*-8.73%*	*0.70%*	*N/A*	*261%*
Gross profit	41,765	30,545	33,389	1,577	5,982
Research and development	1,566	1,411	3,892	520	1,002
Impairment of assets	1,000	5,245	10,571	-	-
Selling, general & administrative	5,514	9,750	13,277	3,053	2,359
EBITDA	38,708	25,863	26,475	(925)	3,761
EBITDA margin	*14.31%*	*10.48%*	*10.65%*	*-7.89%*	*0.85%*
Net income (loss)	29,305	13,099	6,925	-2,000	1,391
Net income (loss) per share	0.47	0.21	0.11	(0.03)	0.02

Overview

In Fiscal 2012, revenue increased by 0.7 percent to $248.5 million compared to $246.8 million in Fiscal 2011. The main reasons for the increase include higher price per MT at HLJ with consistent volumes, higher sales volume in Hanampi due to a full year of operations in Fiscal 2012 reduced by the revenue losses incurred at Jiangsu. Hanfeng realized lower margins on their first sale to Beidahuang as the on-hand finished goods inventory was not the required product mix requested by Beidahuang, so the Company provided them with a discounted selling price on their initial order. During Fiscal 2012, HLJ also underwent a two month maintenance turnaround during the first quarter ("Maintenance Turnaround"). This Maintenance Turnaround negatively affected production as HLJ received its first major maintenance since inception. Due to the Maintenance Turnaround, HLJ had zero sales during the Q1FY12 however this did not affect year-over-year revenue or gross profit from Fiscal 2011 as the facility was more efficient in the final three quarters of the year.

Earnings before interest, taxes, depreciation and amortization ("EBITDA")

EBITDA increased during Fiscal 2012 to $26.5 million from $25.9 million during Fiscal 2011. The increase was mainly due to higher gross profits during Fiscal 2012 despite increased costs in selling, general and administrative, research and development and HLJ Maintenance Turnaround during the first quarter, as well as higher costs of delivery to customers.

Net earnings

Net earnings for Fiscal 2012 were $6.9 million compared to net earnings of $13.1 million for Fiscal 2011. The main reason for the lower net earnings was the non-cash impairment of long-lived assets which in 2012 totalled $10.6 million up from $5.2 million in 2011 and the Maintenance Turnaround discussed above. Excluding the impact of the non-cash impairment, net income was $15.5 million in 2012 down from $18.3 million in 2011. Net earnings include EBITDA and foreign exchange gain/loss, stock based compensation, amortization, interest income and expense and loss on disposition of assets.

Table 2 – Financial position

(CAD thousands)	As at fiscal year ended June 30,			As at September 30,	
	2010	**2011**	**2012**	**2011**	**2012**
Cash and S/T investments	51,949	67,089	82,033	36,645	81,080
Working Capital [1]	166,695	185,325	220,702	192,168	215,138
Property, plant and equipment	115,516	104,787	87,832	112,955	84,239
Total assets	286,781	298,410	340,178	329,417	329,198
Debt [2]	-	11,115	21,828	13,732	19,121
Total equity	282,596	280,963	305,886	303,522	299,976
Debt to total equity	-	3.96%	7.14%	4.52%	6.37%

[1] Working capital items include; cash, accounts receivable, inventory, advances to suppliers, short-term investments, bank indebtedness, accounts payable and accrued liabilities, advances to customers and income taxes payable.
[2] As at September 30, 2012, Hanfeng had over $96 million (RMB 600 million) in undrawn lines of credit with Chinese banks. Debt represents the Company's proportionate share of the Indo JV and debt associated with the Company's prior joint venture agreements which relate to construction and working capital.

Cash

Cash and short term investments were $81.1 million as at September 30, 2012 compared to $82.0 million as at June 30, 2012 and $67.1 million as at June 30, 2011. Cash increased from year end June 30, 2011 to 2012 as a result of the sale of the Shandong and Shanxi Joint Ventures, as well as overall positive cash flows and the depreciation of the Canadian dollar versus the RMB, both of which were slightly offset by a use of cash to repurchase Shares of the Company (see trading information below).

Working capital

The increase in working capital between Fiscal 2011 and Fiscal 2012 is partly due to large increases in cash, as previously discussed, and accounts receivable. Accounts receivable increased from $39.4 million in Fiscal 2011 to $77.5 million in Fiscal 2012, primarily because the Company sold products later in Q4FY12 when compared to Q4FY11. The most significant cause for the increase was the Canadian dollar depreciating 7.0 percent against the RMB from Fiscal 2011 to Fiscal 2012. Additionally, profitability during Fiscal 2012 also contributed to the increase in working capital. Working capital dropped slightly from $220.7 million at June 30, 2012 to $215.1 million as at September 30, 2012.

Debt

Debt increased from $11.1 million in Fiscal 2011 to $21.8 million in Fiscal 2012, primarily as a result of increased loans from the joint venture partners of the Indo JV. In Fiscal 2012, the Company's Indo JV received approval to increase the maximum amount under its IDR denominated revolving line of credit from IDR 21.1 billion to IDR 23.8 billion. In addition, the Indo JV received approval to increase the maximum amount under its US denominated revolving line of credit from US$8.0 million to US$16.0 million. These amounts represent the Company's 34.0 percent pro rata portion of the line of credit. The revolving line of credit is included in working capital described above, as it is the primary source for working capital for Hanampi.

TSX Share trading information

There are approximately 60.2 million Shares outstanding on the TSX, traded at roughly 46,000 Shares on average per trading day in the calendar year 2012. Total trading volume for Fiscal 2012, from July 1, 2011 to June 30, 2012 inclusive was 17,528,400, 5.6 percent of which was Share repurchases. In the first and second quarters of Fiscal 2012, the Company repurchased 148,291 and 500,200 Shares respectively, at average prices of $3.89 and $2.79. In the third and fourth quarters of Fiscal 2012, the Company repurchased 173,800 and 157,100 Shares respectively, at average prices of $2.51 and $2.14. In total, Hanfeng repurchased 979,391 Shares in Fiscal 2012 at an average price of $2.83.

Chart 1 – One year share price and volume activity

Chart 2 – Five year share price and volume activity

Table 3 – Trading information

Period ended December 31, 2012 CAD per share amounts	Average daily trading volume	Volume weighted average price ("VWAP")	Intraday high	Intraday low
1 Day	19,615	1.53	1.57	1.48
5 Days	24,458	1.54	1.65	1.48
30 Days	23,462	1.50	1.67	1.34
60 Days	37,979	1.56	1.74	1.34
90 Days	34,985	1.57	1.88	1.30

Industry and economic overview

A summary of the prevailing industry conditions and general economic conditions as at the Valuation Date are contained within Appendices A and B, respectively.

Approach to value

The Valuation is based upon the following methodologies that Deloitte considered appropriate in the circumstances for the purposes of arriving at the fair market value of the Shares of Hanfeng.

In selecting the approach to value, we had regard to the factors presented above, specifically:

1. the circumstances related to Beidahuang (Refer to description above – Hanfeng's current situation);
2. the current state of the JS facility and the contemplation of a potential sale; and
3. the going-concern nature of operations at Hanampi.

Based on the forgoing, Deloitte calculated the following two scenarios, both of which assume the Company does not go-private, and which we have assumed will result in the loss of Beidahuang as a customer.

Scenario One

This scenario calculates the fair market value of the Shares assuming the Company determines to realize upon all of its assets through either a liquidation or disposition ("Scenario One") based on the following approaches for the principal operating assets / subsidiaries:

1. Heilongjiang facility – an adjusted net asset approach;
2. Jiangsu facility – an adjusted net asset approach;
3. Hanampi – a net book value approach supported by a rate of return implied through a capitalized cash flow ("CCF") analysis; and
4. Corporate – an adjusted net asset approach.

Scenario Two

This scenario differs from Scenario One in that it calculates the fair market value of the Shares, assuming the Company continues to operate and rebuild the customer base at Heilongiang ("Scenario Two"). Therefore, the approach to Scenario Two is similar to Scenario One for both Jiangsu and Hanampi. The difference is that Heilongjiang is valued as a going concern using a discounted cash flow ("DCF") approach and there is an adjustment for a normalized level of ongoing public company corporate costs adopting a CCF approach.

Deloitte also considered a market approach to value. However, having regard to the unique situation currently faced by the Company, we determined that multiples implied by publicly traded companies and transactions that would have otherwise been believed to be comparable are not relevant benchmarks. Therefore, Deloitte concluded that it was not appropriate to rely on this methodology.

Scenario One valuation

Heilongjiang and Jiangsu: Net asset approach

The adjusted net asset approach involves the restatement of the reported net book value of the assets and liabilities of a company relative to their respective realizable values.

The asset-based approach considers the current value of a company's net assets as the prime determinant of value. This approach is generally used where a business is not viable as a going concern and it therefore maximizes value under a liquidation scenario or where a company is properly valued as a going concern but where the going concern value is closely related to the value of its underlying assets (i.e., limited goodwill and intangible assets). Fair market value based on an adjusted net asset approach estimates the value of a company's shares based on the realizable value of its identifiable net assets. Under an orderly liquidation scenario, the value derived assumes the assets are sold in an orderly manner.

Based on our discussions, Management has indicated to us that there would be substantial discounts to asset values in a liquidation realization at Heilongjiang. However, we understand from Management that the Company may be able to structure a sale of Jiangsu as a going concern, but reflecting significant discounts to the property, plant and equipment. However, any potential sale of Jiangsu is in its preliminary stages of discussion and there is uncertainty with respect to pricing and closing.

Accordingly, we have adopted a value range under Scenario One. The low end of the range assumes liquidation / realization of individual assets at both Heilongjiang and Jiangsu facilities with liquidation discounts as estimated initially by Management for Heilongjiang, contemplating a one-year liquidation / realization horizon ("Low Range"). At the high end, we have assumed a sale of both the Heilongjiang and Jiangsu subsidiaries generally consistent with what is preliminarily being contemplated at Jiangsu ("High Range"). Based on our discussions with Management and our understanding of the rationale underlying the discounts and our analysis and expertise, the realizable values set our below do not appear unreasonable.

Table 4 – Realizable value proportion of asset classes

Account	Low Range	High Range	Notes
Cash and equivalents	100%	100%	
Accounts receivable	55%	100%	[1]
Inventory:			
Raw Materials	70%	100%	
Finished goods	40%	100%	[2]
Inventory in process	40%	100%	
Other inventory	40%	100%	
Prepaid expense and deposits	70%	100%	[3]
Property, plant and equipment:			
Land use rights and buildings	[4]	[4]	
Equipment	0%	0%	[5]
Future income tax assets	0%	0%	
Liabilities	100%	100%	

[1] In arriving at the discount on accounts receivable on the Low Range, we relied on Management's estimate.
[2] Finished goods were made to a single customer's specifications and therefore, are required to be repackaged and potentially re-worked before being sold at a discount.
[3] This is principally comprised of supplier advances for future raw materials delivery. Management has informed us that they would be required to take delivery, and that the raw materials would be subject to a 30 percent discount. Further, we understand that if the company tried to cancel the purchase, they would have to negotiate with the supplier and management would expect the same discount.
[4] Based on the appraised value of land use rights and buildings per the 2012 Jiangsu and Heilongjiang Appraisals.
[5] Per discussions with Management, the equipment at the plants is old, corroded and not efficient. A buyer would not pay anything for the current equipment on hand. As such, the recoverable value is 0%.

We considered the following liquidation-related costs in arriving at the Low Range:

1. *Environmental costs*: Based on discussions with Management, this cost has been estimated to approximate $1.0 million per facility.
2. *Severance costs:* Estimated to be approximately equal to the estimate of Management and supported by the Severance Legal Opinion for Heilongjiang at approximately $17.9 million[3] and then prorated for the number of employees at Jiangsu.
3. *Repayment of tax holiday:* The Heilongjiang and Jiangsu facilities are located in economic development zones and were granted economic development status until 2024 and 2020 respectively. As part of this status, the plants were granted a reduced tax rate by the government ("tax holiday"). However, if they do not continue to operate as a fertilizer company or under parameters required by the government until 2024 and 2020, respectively, the economic benefit associated with the tax holiday must be repaid.
4. *Withholding tax:* We understand that China imposes a 10.0 percent withholding tax on the value realized upon a liquidation or sale of a Chinese operation in excess of invested capital plus debt. We have included this cost in order to ascertain the funds that could be transferred to Canadian shareholders.
5. *Tax deductibility:* We understand that losses incurred on liquidation are tax deductible to offset taxable income in the future but not on a carry back to prior year basis. Therefore, we did not include any tax benefit associated with the discounts applied to all assets, along with the severance and environmental costs discussed above. We understand that application must be made to the tax authorities to recover tax related to these losses in the future.

Hanampi: Net book value supported by a capitalized cash flow approach

The CCF approach contemplates the continuation of the business by the purchaser and is based upon the purchaser's desire to acquire the future cash generating potential of the business. This approach assumes a continuing business operation with potential for maintaining cash flow from operations at a level that will provide a reasonable return on investment.

The CCF approach involves capitalizing the estimated future maintainable after-tax cash flow from operations by a capitalization rate, which serves as a measure of the rate of return required by a prospective purchaser of the business reflecting, among other factors, the risk inherent in achieving the determined level of maintainable cash flow.

The capitalized cash flow approach to value capitalizes earnings:

1. before depreciation, but after a notionally-assumed income tax on this cash flow; and

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[3] Severance Legal Opinion concluded $19.0 million based on 500 employees, where the actual number of employees at HLJ is 468.

2. after sustaining capital reinvestment, defined as the capital outlay required each year to maintain operations at existing levels, net of the related tax shield benefit.

Where a business interest is being valued using the CCF approach, it is also necessary to consider whether there are any assets redundant to the operations of that business. Redundant assets are defined as assets that are excess to, and therefore do not influence, the going-concern value of the operations. A knowledgeable vendor would not sell a business as a going-concern without either extracting such assets from his business or adding the value of the redundant assets to the going-concern value of the business.

Maintainable cash flow implies a level of cash flow which can reasonably be expected in the future. It should not be construed as a level that will necessarily be achieved in each and every year into perpetuity, but rather a reasonable average expected level over an undefined and indefinite period. To the extent that future cash flow growth is anticipated, it is considered in the selection of the capitalization rate or multiple.

As previously described, Hanfeng owns a 34.0 percent interest in the Indo JV along with two third parties. In determining the level of maintainable after-tax cash flow for Hanfeng's interest in Hanampi, we reviewed Hanfeng's proportional share of the historical operating results since inception to September 31, 2012. Additionally, based on our discussions with Management, we understand that the growth trend experienced since inception is not expected to continue due to the downward pressure on crude palm oil prices. As fertilizer is one of the major cost components in the production of crude palm oil, Management expects that both the volume and sales price of Hanampi product may be negatively impacted.

In considering the CCF approach for Hanampi, we gave consideration to expected volume, gross margin per MT, overhead costs, income taxes, sustaining capital expenditures, working capital requirements, foreign exchange rates and Hanfeng's net investment in Hanampi. On a weighted average cost of capital ("WACC") approach, the after-tax net income before interest that we determined, measured against the net book value of the investment, implies rates of return of 18.0 percent to 19.0 percent. Our analysis of the WACC on a capital asset pricing model ("CAPM") basis having regard to size premiums, country risk, company specific risks, the cost of debt and the optimal capital structure, suggested that these rates of return are reasonable. Accordingly, we have determined the fair market value of Hanfeng's investment in Hanampi to be represented by its net book value of $5.6 million plus advances related to a loan of $8.3 million.

Corporate costs

In arriving at our conclusion of fair market value of the Shares under Scenario One and consistent with our assumed one year liquidation / realization period, we have included a deduction equal to one year's corporate costs and a realization of the net assets at the corporate level of the Company.

Scenario Two Valuation

As discussed, the approaches to value for Jiangsu and Hanampi are unchanged between Scenario One and Scenario Two. However, Scenario Two adopts the DCF approach to value for HLJ as well as the CCF approach to continuing corporate costs described further below.

Heilongjiang: Discounted cash flow approach

The DCF approach contemplates the continuation of the business by the purchaser and is based upon the purchaser's desire to acquire the future cash generating potential of the business. This approach assumes a continuing business operation with potential for maintaining cash flow from operations at a level that will provide a reasonable return on investment.

The DCF approach involves discounting the estimated future maintainable after-tax cash flow from operations by a discount rate, which serves as a measure of the rate of return required by a prospective purchaser of the business reflecting, among other factors, the risk inherent in achieving the determined future cash flows.

The discounted cash flow approach to value discounts to present value the forecast stream of future earnings:

1. before depreciation, but after a notionally-assumed income tax on this cash flow; and
2. after sustaining capital reinvestment, defined as the capital outlay required each year to maintain operations at existing levels, net of the related tax shield benefit.

Under the DCF approach, fair market value is based on the net present value of expected future cash flows. Specifically, the after-tax cash flow that the business is expected to generate is projected over an explicit forecast period. The projected cash flows, together with the residual value of the business at the end of the forecast period, are discounted at an appropriate rate to their present value equivalent resulting in the fair market value of the business operations.

Where a business interest is being valued using the DCF approach, it is also necessary to consider whether there are any assets redundant to the operations of that business.

In considering the DCF approach for Heilongjiang, we gave consideration to expected volume, gross margin per MT, overhead costs, income taxes, sustaining capital expenditures, working capital requirements and foreign exchange in arriving at the annual after-tax discretionary cash flow. We assumed a DCF time period of ten years as this was the estimated time needed to reach a maintainable level of sales equal to Fiscal 2012 sales volume in MT with rebuilding the customer base, based on past experience. Utilizing a WACC approach, on a CAPM basis having regard to size premiums, country risk, company specific risks, the cost of debt and the optimal capital structure, suggested rates of return in the range of 19.0 percent to 20.0 percent. Further, we have determined that approximately $101.0 million in working capital related assets were redundant to the ongoing operations of Heilongjiang, having regard to our understanding that non-Beidahuang customers represented approximately 20.0 percent of the Fiscal 2012 volume in MT. In realizing on these redundant assets, we have applied realization discounts similar to those in Scenario One (except that raw material inventories were discounted less, since some portion thereof would be required in the reduced volume, ongoing operations). Therefore, we added the realized value of the redundant assets. Accordingly, we have determined the fair market value of ongoing operations at Heilongjiang to be in the range of $11.0 million to $13.0 million plus net redundant assets of approximately $101.0 million in Scenario Two.

Corporate costs: Capitalized cash flow approach

For corporate costs in Scenario Two, our approach was to capitalize a normalized level of public company corporate level costs. Based on our review of financial data provided by Management, we estimated a maintainable level of corporate costs incurred in Canada. Utilizing the same WACC as determined for HLJ above of 19.5 percent with no growth in our capitalization rate calculation, we have determined the deduction from value to be attributed to Hanfeng's corporate costs to be approximately $11.5 million. This value was netted against corporate assets and redundant cash of $11.1 million.

Valuation summary

Scenario One

To arrive at a fair market value per Share, we applied a 20.0 percent present value discount to the realized value of the net assets at HLJ and JS, in order to reflect the professional costs that may be incurred, the time value of money and the estimated risk to realizing the asset proceeds over the realization period. While we have assumed that Mr. Yu, as the legal representative of the Company in China, and Beidahuang would not be obstructive to the asset liquidation / realization process, we understand that there are risks in the China environment to asset realization and limiting other costs. We excluded the value attributed to Hanampi from the application of this discount as the operations are expected to continue and we would anticipate a sale of Hanfeng's JV interest. We estimated the net asset value per Share under Scenario One to be in the range of $1.94 to $3.02 per Share as shown in Schedule 1.

Scenario Two

Similar to Scenario One, to arrive at a fair market value per Share, we deducted a 20.0 percent present value discount relative to the asset realizations at Jiangsu, and a 10.0 percent present value discount relative to the redundant assets at Heilongjiang. The Heilongjiang discount was reduced to reflect that the property, plant and equipment were not being realized upon but in continued use in the operations, and the relatively greater proportion of the net assets being cash. No discount was applied to the net book value ascribed to Hanampi or the corporate cost as these are expected to continue. We estimated the net asset value per Share to be in the range of $2.37 to $2.70 per Share as shown in Schedule 2.

Fair market value conclusion

Based upon the scope of our review and our research, analysis and experience, and subject to the assumptions, restrictions and qualifications, all as set out herein, Deloitte is of the opinion that as at December 31, 2012 the fair market value of the Shares lies in a range of $1.94 to $3.02 per Share.

Material benefit

Material benefit is any distinctive material benefit that might accrue to an interested party as a consequence of the transaction, including the earlier use of available tax losses, lower income taxes, reduced costs or increased revenues.

Mr. Yu stands to gain a distinctive material benefit from the Proposed Transaction because he may benefit from the future upside of Hanfeng operating as a going concern with continued sales of products to and purchases from Beidahuang, as well as savings related to costs incurred as a private company versus with being a public enterprise.

Fairness Opinion

In considering the fairness, from a financial point of view, to the Minority Shareholders pursuant to the Proposed Transaction, Deloitte reviewed, considered and relied upon or carried out, among other things, those items listed under "Scope of Review" and "Major Assumptions".

With respect to the Fairness Opinion, Deloitte has defined fair, from a financial point of view, to the Minority Shareholders as to whether the Consideration provided to Minority Shareholders falls within, or exceeds, the range of the fair market value of the Shares as determined by Deloitte.

We determined that the Proposed Transaction is fair, from a financial point of view, to the Minority Shareholders because the Consideration of $2.25 per Share fell within the valuation range as determined by Deloitte.

In addition, we recommend that the Special Committee consider the following matters in making a recommendation to the Board with respect to the fairness of the Proposed Transaction:

1. The risk to the Company's financial future success should Beidahuang choose not to purchase fertilizer from the Company in the foreseeable future;
2. The Consideration of $2.25 per Share is higher than Hanfeng's 90 day VWAP of $1.57 for the period ended December 31, 2012, by 43.3 percent;
3. The illiquidity of the Shares to the Minority Shareholders relative to the liquidity available through the Proposed Transaction;
4. The practical considerations and risks of liquidating assets in China;
5. Our understanding, based on discussions with the Special Committee, of the lack of apparent alternatives to an acquisition of the Shares of the Company by Mr. Yu;
6. The present negative sentiment towards emerging market companies listed on a North American stock exchange and the ability to raise capital in the future; and
7. Mr. Yu is the largest shareholder of Hanfeng, holding approximately 20 percent of the outstanding Shares. According to publicly filed documents, Agrium is the second largest shareholder of Hanfeng, holding approximately 20 percent of the outstanding Shares and, we understand, is supportive of the Proposed Transaction. Collectively, Mr. Yu and Agrium hold approximately 40 percent of Hanfeng's outstanding Shares.

Fairness Opinion conclusion

Based upon and subject to the foregoing, Deloitte is of the opinion that, as of February 7, 2013, the Proposed Transaction for Consideration of $2.25 per Share is fair, from a financial point of view, to the Minority Shareholders.

Yours truly,

Signed "*Deloitte LLP*"

Deloitte LLP

Schedule 1 – Scenario One

($000s)	Net book value	Valuation adjustments		Net asset value	
		Low	High	Low	High
Assets					
Cash	80,817	-	-	80,817	80,817
Short-term investments	263	-	-	263	263
Trade and other receivables	39,413	(13,321)	(12,656)	26,092	26,757
Advances to suppliers	45,874	(12,740)	-	33,134	45,874
Due from joint venture	5,462	-	-	5,462	5,462
Inventories	70,343	(21,232)	(5,232)	49,111	65,111
	242,172	(47,293)	-	194,879	224,285
Property, plant and equipment	84,239	(52,848)	(52,848)	31,391	31,391
Intangible assets	1,330	(1,330)	(1,330)	-	-
Deferred tax assets	1,457	(1,337)	(1,337)	120	120
Total assets	329,198	(102,808)	(73,403)	226,390	255,795
Liabilities					
Current liabilities					
Short-term debt	11,471	-	-	11,471	11,471
Current portion of long-term debt	411	-	-	411	411
Accounts payable and accrued liabilities, Note 1	6,881	2,954	2,954	9,835	9,835
Due to joint venture partners	5,149	-	-	5,149	5,149
Advances from customers	1,310	-	-	1,310	1,310
Income taxes payable	1,910	-	-	1,910	1,910
Total current liabilities	27,132	2,954	2,954	30,086	30,086
Long-term debt	2,090	-	-	2,090	2,090
Total liabilities	29,222	2,954	2,954	32,176	32,176
Total shareholders' equity	299,976	(105,763)	(76,357)	194,213	223,619
Total liabilities and shareholders' equity	329,198	(102,808)	(73,403)	226,390	255,795
Net assets	299,976			194,213	223,619
Liquidation costs					
Environmental costs				(2,000)	-
Severance costs				(22,752)	-
Repayment of tax holiday				(31,946)	-
Withholding tax				(198)	(8,422)
Equity value				137,317	215,197
Discount, Note 2				(20,602)	(33,582)
Discounted equity value				116,715	181,615
Shares outstanding	60,194			60,194	60,194
Value/share	$ 4.98			$ 1.94	$ 3.02
Offer/share				$ 2.25	$ 2.25

Notes:

1. Reflects one year of public company corporate costs prior to liquidating, the change in control payments and executive severance.

2. A 20.0% present discount was applied to the liquidation values of HLJ, JS and corporate operations in order to reflect the risk to realizing the estimated asset proceeds and the timing over which the facilities could be liquidated and/or sold and the funds realized by the shareholders.

Schedule 2 – Scenario Two

($000s)	Net book value	Valuation adjustments		Net asset value	
		Low	High	Low	High
Assets					
Cash	80,817	-	-	80,817	80,817
Short-term investments	263	-	-	263	263
Trade and other receivables	39,413	(13,321)	(12,656)	26,092	26,757
Advances to suppliers	45,874	(12,740)	(7,326)	33,134	38,548
Due from joint venture	5,462	-	-	5,462	5,462
Inventories	70,343	(24,978)	(22,340)	45,365	48,003
	242,172	(51,038)	(42,322)	191,134	199,850
Property, plant and equipment	84,239	(58,588)	(56,618)	25,651	27,621
Intangible assets	1,330	(1,330)	(1,330)	-	-
Deferred tax assets	1,457	(1,337)	(1,337)	120	120
Total assets	329,198	(112,293)	(101,608)	216,905	227,590
Liabilities					
Current liabilities					
Short-term debt	11,471	-	-	11,471	11,471
Current portion of long-term debt	411	-	-	411	411
Accounts payable and accrued liabilities, Note 1	6,881	11,506	11,506	18,387	18,387
Due to joint venture partners	5,149	-	-	5,149	5,149
Advances from customers	1,310	-	-	1,310	1,310
Income taxes payable	1,910	-	-	1,910	1,910
Total current liabilities	27,132	11,506	11,506	38,638	38,638
Long-term debt	2,090	-	-	2,090	2,090
Total liabilities	29,222	11,506	11,506	40,728	40,728
Total shareholders' equity	299,976	(123,800)	(113,114)	176,176	186,862
Total liabilities and shareholders' equity	329,198	(112,293)	(101,608)	216,905	227,590
Net assets	299,976			176,176	186,862
Liquidation costs					
Environmental costs				(1,000)	-
Severance costs				(4,886)	-
Repayment of tax holiday				(9,616)	-
Withholding tax				(1,900)	(4,322)
Equity value				158,773	182,539
Discount, Note 2				(16,279)	(19,912)
Discounted equity value				142,494	162,628
Shares outstanding	60,194			60,194	60,194
Value/share	$ 4.98			$ 2.37	$ 2.70
Offer/share				$ 2.25	$ 2.25

Notes

1. Reflects one year of public company corporate costs prior to liquidating, the change in control payments and executive severance.
2. A 10.0% present discount was applied to the liquidation values of HLJ, JS and corporate operations in order to reflect the risk to realizing the estimated asset proceeds and the timing over which the facilities could be liquidated and/or sold and the funds realized by the shareholders.

Appendix A – General economic conditions

Our review of the general economic conditions is based on a review of the December 2012 Country Forecast pertaining to China and Indonesia, as prepared by the Economist Intelligence Unit ("EIU").

China

The following contains excerpts and summaries of the expectations expressed by the EIU in relation to China:

1. With an average GDP growth rate of 10.5 percent between 2007 and 2011, the EIU expects China's economy to slow. Despite slowing down, GDP growth rates in China are still expected to be strong at 7.5 percent a year from 2013-2017.
2. Consumer price inflation is estimated to have slowed on average in 2012, from 5.5 percent in 2011, in line with the deceleration in economic growth and moderating global commodity prices. However, in the forecast period strong liquidity growth and booming demand will generate upward inflationary pressures. The EIU expects inflation to average 4.2 percent a year in 2013-2017, but there are upside risks to the forecast. Food and transport costs in China are exposed to volatility in global oil prices and local agricultural costs are dependent on the vagaries of the weather.
3. The commercial bank price rate is expected to gradually increase over the forecast period from 6.0 percent in 2012 to 7.8 percent in 2017.
4. Long-term unemployment is expected to eventually decline to 5.2 percent in 2017, but remains high, which will work to support wage growth while rising input costs and the shrinking area of agricultural land will drive up food prices. Against this background, the danger of high inflation will be a cause for concern in 2013-2017.
5. The renminbi is expected to appreciate from an average of RMB6.29:US$1.0 in 2012 to RMB5.98:$US1.0 in 2017. The EIU predicts authorities to interfere less in the currency markets, but see the exchange rate against the US dollar continuing to be heavily managed to smooth volatility. As the government permits the renminbi to become more widely used internationally, the EIU expects it will steadily liberalize the capital account.

The following table summarizes the key economic statistics for China for the period 2012 to 2017:

Table 6 – Key economic indicators for China

	2012a	2013b	2014b	2015b	2016b	2017b
Real GDP growth (%)	7.7	8.5	7.9	7.7	7.3	6.4
Consumer price inflation (av; %)	2.8	4.8	4.2	3.9	4.2	4.0
Commercial bank price rate (% year-end)	6.0	6.8	7.5	7.5	7.8	7.8
Unemployment rate (%)	6.4	6.6	7.0	6.8	6.1	5.2
Exchange rate (av; RMB:US$)	6.29	6.21	6.17	6.10	6.03	5.98

a. Economist Intelligence Unit actual. b. Economist Intelligence Unit forecast.

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Indonesia

The following contains excerpts and summaries of the expectations expressed by the EIU in relation to Indonesia:

1. As exports account for a relatively small proportion of its GDP, Indonesia should fare better than most of its neighbours with the subdued global economy in 2013 when the EIU expects the country's real GDP to grow by 6.4 percent. With the external environment improving, Indonesia should then see more rapid economic expansion at an average of 6.5 percent a year from 2013-2017.
2. At an estimated 4.3 percent average consumer price inflation in 2012 was dampened by weaker economic growth, an ample domestic rice harvest and declines in several international commodity prices. In 2013, the EIU expects inflation to pick up to 5.4 percent and then to an annual average of 6.2 percent between 2014 and 2017 as the economy maintains its strong growth momentum.
3. The money market interest rate is expected to gradually increase over the forecast period, from 4.9 percent in 2013 to 6.6 percent in 2017.
4. Long-term unemployment is expected to decline, but remains high, which will work to contain wage pressures and producer pricing power. Limited employment opportunities in the country will force more Indonesian workers, and particularly skilled workers, to seek jobs overseas.
5. The rupiah is expected to be one of Asia's worst performing currencies in 2012, depreciating by 6.6 percent in nominal terms against the US dollar, owing to Indonesia's weaker balance of payments position, lower real interest rates as inflation accelerates, and increased risk aversion on the part of global investors. The EIU predict the rupiah will weaken by a further 4.1 percent against the dollar in 2013, before appreciating by an average of 1.1 percent a year between 2014 and 2017. Maintaining the stability of the rupiah amid volatile flows of foreign capital will remain a priority for officials, but restrictions on short-term capital flows imposed in 2010 and 2011 are unlikely to be tightened significantly.

The following table summarizes the key economic statistics for Indonesia for the period 2012 to 2017:

Table 7 – Key economic indicators for Indonesia

Key economic indicators	2012a	2013b	2014b	2015b	2016b	2017b
Real GDP growth (%)	6.3	6.4	6.4	6.6	6.7	6.4
Consumer price inflation (av; %)	4.3	5.4	5.8	6.2	6.3	6.5
Money market interest rate (av; %)	4.1	4.9	5.9	6.3	6.5	6.6
Unemployment rate (%)	6.7	6.3	6.1	6.0	5.8	5.5
Exchange rate (av; IDR:US$)	9,390	9,792	9,772	9,603	9,488	9,375

a) Economist Intelligence Unit actual. b. Economist Intelligence Unit forecast.

Appendix B – Industry overview

Industry background

Fertilizers are compounds containing one or more chemical elements, organic or inorganic, natural or synthetic, that are placed on or incorporated into the soil or applied directly onto plants to achieve normal growth. Fertilizers are nutrients that have specific and essential functions in plant metabolism. The use of fertilizers can increase crop yield and lower the carbon footprint from farming. The three main nutrients in fertilizers are nitrogen, phosphorus and potassium. Secondary nutrients commonly used are sulphur, magnesium and calcium. Ammonia is the basis for all nitrogen fertilizers as it contains the highest amount of nitrogen (82.0 percent) and can be applied directly to the soil.

Hanfeng specializes in Slow and Controlled Release ("SCR") fertilizers which are inorganic fertilizers. The use of SCR fertilizers can increase efficiency through fewer applications and lower fertilizer requirements, while increasing crop yield and quality. Environmental damage and gas emissions can be lowered through SCR fertilizers. A primary challenge of SCR fertilizers, particularly in emerging markets, is the generally higher cost on a per unit basis compared to conventional fertilizers.

Key forces

The main barrier to entry for fertilizer producers is the capital required for the processing plant. In general, fertilizers are traded as a commodity making it possible for new competitors to emerge. However, companies such as Hanfeng have developed niche fertilizer products in an attempt to increase market share.

The substitutes to Hanfeng's products are organic fertilizers. This is prevalent in areas with a surplus of land or purchasing power. The cost and physical requirements of organic fertilizers provide an advantage to inorganic fertilizers.

Competition in the global fertilizer market is fragmented as there are significant costs to transport and distribute the product. However, there is little product differentiation among fertilizer suppliers as such, a strong regional presence and close proximity to customers are key success factors. Due to low product differentiation, fertilizer producers have little bargaining power with customers and fertilizers are generally priced as a commodity product.

Industry drivers

The price of fertilizers is primarily driven by global supply and demand for end products. The key drivers of fertilizer demand are:

1. Grain supply and demand: The level of grain consumptions relative to grain production determines the future level of grain production. A high inventory level for grain products would indicate a decrease in the need for fertilizer products, whereas a shortage of grain products would indicate an increase in the demand for fertilizer products
2. Population growth: Global population growth drives the demand for food, which increases the need for fertilizer products. As the population continues to grow, the sustainability issue regarding food increases. Also, the increase in population reduces the land available for food production per capita
3. Calorie consumption growth: The growth of the middle class in emerging markets has increased the average meat content in diets. The higher meat consumption requires more feed grain, increasing global grain demand. Grain consumption has increased by 2.0 percent a year on average over the past five decades while the population has grown by 1.6 percent per year
4. Industrial consumption: Industrial consumption is driven by economic growth, constrained by environmental limits. Economic growth leading to increased fertilizer use is primarily in the emerging markets; and
5. Biofuel: Biofuel as an alternative to conventional energy sources increased the demand for fertilizer products. The growth of biofuel is projected to continue.

The key drivers of the fertilizer supply are:

1. Production efficiency: Increased production efficiency will reduce the energy consumption in the manufacturing process. Improved technology will reduce production costs; and
2. Production capacity: Global capacity is expected grow at a rate lower than historical demand for fertilizer products, increasing the global production utilization as demand increases faster than supply.

Some of the key trends in farming that risking a reduction in the need for fertilizers are:

1. Farmers decreasing the nutrient mining of soil and maintaining soil productivity
2. Better resource management improving agriculture sustainability; and
3. Improved crop efficiency through new crop variants with higher yield potential and improved tolerance to diseases, pests, drought and other stress factors reduce the volume of fertilizer required for production.

China market

Asia is the largest fertilizer market with 62.0 percent of the global fertilization consumption in 2010 (China represents more than one half of that share). Urea, the fastest growing nitrogen product, is the most commonly used fertilizer in China. Ammonium bicarbonate ("ABC") is currently being phased out in China, the only remaining country to use it, but still maintains a 20.0 percent market share.

The Chinese fertilizer production market contains companies who focus on a small group of key customers with assets in located near their production facilities. China is estimated to use approximately 33 million tons of fertilizer a year, of which Hanfeng has 2.0 percent market share.

Outlook

Short-term outlook

S&P Net Advantage ("S&P") has a twelve month neutral fundamental outlook for the fertilizers and agricultural chemicals sub-industry. The U.S. farm economy and crop markets are generally mature, while growth in global nutrient use has come from developing countries in Asia and Latin America. Hot and dry weather, combined with low inventory levels has led to higher corn prices. S&P forecasts an uptrend in grain prices and below-average inventories in the next twelve months. The S&P Fertilizer &

Agricultural Chemicals Index increased 29.3 percent during 2012, versus 13.7 percent increase in the S&P 1500 Composite Index.

China's fertilizer exports for October were up 155.0 percent year-over-year, indicating ample fertilizer supply in China[4]. BMO forecasts the price of SCR fertilizer in China to increase from $527/MT to $552/MT from 2012 to 2013. Indonesian SCR prices are forecasted to decrease from $624/MT to $621/MT.

Medium-term outlook

The medium-term outlook is driven by increases in grain demand and global inventory levels. BMO forecasts the price of SCR in China to decrease from $552/MT 2013 to $549/MT. Indonesian SCR prices are forecasted to decrease from $624/MT to $620/MT[5].

Long-term outlook

Long-term prices are expected to grow at a rate highly correlated with grain consumption and population growth. Long-term growth is driven by Asian and Latin American countries. The growth in fertilizer use in developing nations is driven by rising populations, increased income levels, higher living standards, changing diets, and the adoption of improved agricultural practices. S&P Net Advantage predicts long-term growth of 2.0 percent per year for the global nutrient market.

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[4] TD analyst report on Hanfeng Evergreen Inc. dated November 30, 2012.
[5] BMO analyst report on Hanfeng Evergreen Inc. dated November 16, 2012.

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APPENDIX B

SPECIAL RESOLUTION OF THE SHAREHOLDERS OF HANFENG EVERGREEN INC.

RESOLUTION:

1. The arrangement (the Arrangement) under Section 182 of the Business Corporations Act (Ontario) (the OBCA) involving Hanfeng Evergreen Inc. (the Corporation), pursuant to the arrangement agreement (the Arrangement Agreement) among the Corporation, Xinduo Yu and 8310831 Canada Inc. (the Purchaser), dated February 11, 2013, all as more particularly described and set forth in the management information circular (the Hanfeng Circular) of the Corporation dated February 13, 2013, accompanying the notice of this meeting (as the Arrangement may be or may have been modified or amended in accordance with the Arrangement Agreement) is hereby approved, authorized and adopted.

2. The plan of arrangement (the Plan of Arrangement) involving the Corporation and implementing the Arrangement, the full text of which is set out as Schedule A to the Arrangement Agreement (as the Plan of Arrangement may be or may have been modified or amended in accordance with the Arrangement Agreement and its terms), is hereby approved, authorized and adopted.

3. The Arrangement Agreement and related transactions, all actions of the directors of the Corporation in approving the Arrangement Agreement and Arrangement, and all actions of the directors and officers of the Corporation in executing, delivering and performing the Arrangement Agreement, and any amendments, modifications or supplements thereto, are each hereby ratified and approved.

4. The Corporation be and is hereby authorized to apply for a final order from the Superior Court of Justice (Ontario) the (Court) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended or modified and as described in the Hanfeng Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Corporation or that the Arrangement has been approved by the Court, the directors of the Corporation are hereby authorized and empowered without further notice or approval of the shareholders of the Corporation (i) to amend or modify the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

6. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute, under the seal of the Corporation or otherwise, and to deliver articles of arrangement and such other documents as are necessary or desirable to the Director under the OBCA in accordance with the Arrangement Agreement for filing, such determination to be conclusively evidenced by the execution of the articles of arrangement and such other documents.

7. Any officer or director of the Corporation is authorized to execute and deliver all other documents and do all acts or things as such person determines may be necessary or desirable to give effect to this resolution, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of any such act or thing.

APPENDIX C

ARRANGEMENT AGREEMENT

Dated February 11, 2013

XINDUO YU

and

8310831 CANADA INC.

as the Purchaser

and

HANFENG EVERGREEN INC.

as the Corporation

ARRANGEMENT AGREEMENT

Contents

ARRANGEMENT AGREEMENT

THIS AGREEMENT made the 11th day of February, 2013,

BETWEEN:

XINDUO YU

AND:

8310831 CANADA INC., a corporation incorporated under the laws of Canada

(the **Purchaser**)

AND:

HANFENG EVERGREEN INC., a corporation incorporated under the laws of Ontario

(the **Corporation**).

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

Acquisition Proposal means, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser or any Person acting in concert with the Purchaser or any affiliate of the Purchaser) after the date of this Agreement relating to any (i) direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Corporation and its Subsidiaries or of 20% or more of the voting or equity securities of the Corporation or any of its Subsidiaries (or rights or interests in such voting or equity securities), (ii) take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of the Corporation or any of its Subsidiaries, (iii) plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Corporation or any of its Subsidiaries or (iv) other similar transaction or series of transactions involving the Corporation or any of its Subsidiaries.

affiliate has the meaning specified in National Instrument 45-106 – Prospectus and Registration Exemptions.

Agreement means this arrangement agreement.

Arrangement means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Corporation and the Purchaser, each acting reasonably.

Arrangement Resolution means the special resolution approving the Plan of Arrangement to be considered at the Hanfeng Meeting, substantially in the form set out in Schedule B.

Articles of Arrangement means the articles of arrangement of the Corporation in respect of the Arrangement, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Corporation and the Purchaser, each acting reasonably.

associate has the meaning specified in the Securities Act.

Authorization means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

Board means the board of directors of the Corporation as constituted from time to time.

Board Recommendation has the meaning specified in Section 2.4(b).

Business Day means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

Certificate of Arrangement means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

Change in Recommendation has the meaning specified in Section 7.2(a)(iv)(B).

Common Shares means the common shares in the capital of the Corporation.

Corporation means Hanfeng Evergreen Inc., a corporation incorporated under the laws of Ontario.

Consideration means $2.25 in cash for each Common Share.

Constating Documents means articles of incorporation, amalgamation, or continuation, as applicable, by-laws and all amendments to such articles or by-laws.

Contract means any agreement, commitment, engagement, contract, franchise, licence, lease, joint venture, obligation or undertaking (written or oral) to which the Corporation or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

Court means the Superior Court of Justice (Ontario).

D&O Insurance has the meaning specified in Section 4.5(b).

Debt Financing has the meaning specified in Section 3.2(a)(v).

Depositary means any trust company, bank or financial institution agreed to in writing by the Corporation and the Purchaser for the purpose, among other things, receiving Letters of Transmittal as defined in the Plan of Arrangement and distributing the Consideration to Shareholders in accordance with the Plan of Arrangement.

Dissent Rights means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

Effective Date means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

Effective Time has the meaning ascribed thereto in the Plan of Arrangement.

Employee Plans means all plans or arrangements providing for the benefit of employees generally which are currently maintained or participated in by the Corporation or any of its Subsidiaries and under which the Corporation or any of its Subsidiaries has any material obligations or liabilities.

Exchange means the Toronto Stock Exchange.

Fairness Opinion means the opinion of Deloitte LLP to the effect that, as of the dates of such opinion, the Consideration to be received by the Shareholders (other than the members of the Insider Group) is fair, from a financial point of view, to such holders.

Final Order means the final order of the Court in a form acceptable to the Corporation and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Corporation and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and the Purchaser, each acting reasonably) on appeal.

Formal Valuation means the formal valuation prepared by Deloitte LLP, the preparation and contents of which comply in all material respects with the requirements of MI 61-101 for a formal valuation in respect of the transactions contemplated herein and in the Plan of Arrangement.

GAAP means generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants Handbook – Accounting for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

Governmental Entity means (i) any international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, governmental, quasi-governmental, administrative body, authority or public department with competent jurisdiction exercising legislative, judicial, regulatory or administrative functions of or pertaining to international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, including any central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor-in-council, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange.

Hanfeng Circular means the notice of the Hanfeng Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Shareholders in connection with the Hanfeng Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

Hanfeng Employees means the officers, directors, employees (whether full time, part time, active or inactive and any employees having recall rights), independent contractors and other service providers of the Corporation and its Subsidiaries.

Hanfeng Filings means all documents publicly filed under the profile of the Corporation on the System for Electronic Document Analysis Retrieval (SEDAR) since June 30, 2011.

Hanfeng Meeting means the special meeting of Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Hanfeng Circular and agreed to in writing by the Purchaser.

Hanfeng Options means the outstanding options to purchase Common Shares issued pursuant to the Stock Option Plan or otherwise.

Interested Persons means (i) Xinduo Yu and the Purchaser, (ii) any related party of the foregoing within the meaning of MI 61-101, (iii) any other interested party to the Arrangement within the meaning of MI 61-101, and (iv) any person that is a joint actor with any of the foregoing for the purposes of MI 61-101.

Insider Group means Xinduo Yu, the Purchaser and their respective affiliates.

Interim Order means the interim order of the Court in a form acceptable to the Corporation and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Hanfeng Meeting, as such order may be amended by the Court with the consent of the Corporation and the Purchaser, each acting reasonably.

Law means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

Lien means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

Matching Period has the meaning specified in Section 5.4(a)(iv).

Material Adverse Effect means any change, event, state of facts, occurrence, effect or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects or circumstances:

(a) is or could reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, financial condition or liabilities (contingent or otherwise) of the Corporation and its Subsidiaries, taken as a whole, except any such change, event, state of facts, occurrence, effect, or circumstance resulting from or arising in connection with:

  (i) any change affecting the industries in which the Corporation and its Subsidiaries operate;

  (ii) any change in general political, business or economic conditions in the People's Republic of China, the Republic of Indonesia or North America;

  (iii) the state of (including any changes in) credit, banking, currency or capital markets generally in the People's Republic of China, the Republic of Indonesia or North America (including the failure of any financial institution, whether or not the Corporation has credit arrangements or other business dealings with such financial institution) by any Governmental Entity on the extension of credit generally by financial institutions);

  (iv) any changes in currency exchange rates, interest rates, monetary policy or inflation;

  (v) any change in the market price for value added fertilizers;

(vi) any action taken or not take by Beidahuang Group;

(vii) any natural disaster;

(viii) any national or international or political conditions (including, the engagement by any country in hostilities, whether commenced before or after the date hereof, and whether or not pursuant to the declaration of a national emergency or war), or the occurrence of any military, militant or terrorist attack (or any escalation or worsening thereof), including any hostilities or attacks on the operations of any member of the Corporation;

(ix) any change in GAAP;

(x) any change or proposed change in Law or in the interpretation, application or non-application of Law by any Governmental Entity, any expropriation or other proceedings alleging illegality or irregularity of any material contract or license undertaken by Governmental Entities or suspension or revocation, or proposed or alleged suspension or revocation or allegation of illegality, of any authorization, consent, approval, license or material contract with any Governmental Entity;

(xi) the execution, announcement or performance of this Agreement or consummation of the Arrangement and the transactions contemplated by this Agreement, including any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of any member of the Corporation or its Subsidiaries with any Governmental Entity;

(xii) any change in the trading price or trading volume of the Common Shares (it being understood that the actual causes underlying such changes in market price or trading volume (other than the causes specified in clauses (i) through (xi) herein and clauses (xiii) through (xviii) herein) may be taken into account in determining whether a Material Adverse Effect has occurred) or any suspension of trading in securities generally or on any securities exchange on which any securities of the Corporation trade;

(xiii) any failure in and of itself of the Corporation to meet any public estimates or expectations, including estimates or expectations of the Corporation's revenue, earnings or other financial performance or results of operations for any period, or any failure in and of itself of the Corporation to meet any internal budgets, plans, projections or forecasts of its revenues, earnings or other financial performance or results of operations (it being understood that the actual causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred);

(xiv) any legal proceedings made or brought by or on behalf of any Governmental Entity in connection with any transactions contemplated by this Agreement;

(xv) any matters disclosed in this Agreement or disclosed in writing prior to signing this Agreement;

(xvi) the failure to obtain any approvals, orders or consents from any Governmental Entity in connection with the Arrangement and the transactions contemplated by this Agreement or receiving such approvals, orders or consents on terms adverse to either of the Parties or their respective assets;

(xvii) any action taken by the Corporation or any of its Subsidiaries which is required to be taken pursuant to this Agreement; or

(xviii) any actions taken (or omitted to be taken) upon the request or with the consent of the Purchaser.

provided, however, that with respect to clauses (i) through (v), (ix) and (x), such matter does not have a materially disproportionate effect on the business, operations, results of operations, assets, properties, financial condition or liabilities (contingent or otherwise) of the Corporation and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industries in which the Corporation and its Subsidiaries operate.

MI 61-101 means Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions.

Misrepresentation has the meaning ascribed thereto under Securities Laws.

OBCA means the *Business Corporations Act* (Ontario).

officer has the meaning specified in the Securities Act.

Ordinary Course means, with respect to an action taken by the Corporation, that such action is taken in the ordinary course of the normal day-to-day operations of the business of the Corporation.

Outside Date means April 30, 2013 or such later date as may be agreed to in writing by the Parties.

Parties means the Corporation, the Purchaser and **Party** means any one of them.

Person includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

Plan of Arrangement means the plan of arrangement, substantially in the form of Schedule A, subject to any amendments or variations to such plan made in accordance with Section 8.1 or made at the direction of the Court in the Final Order with the prior written consent of the Corporation and the Purchaser, each acting reasonably.

Preference Shares means the preference shares in the capital of the Corporation.

Proceeding has the meaning specified in Section 3.2(a)(v).

Purchaser means 8310831 Canada Inc., a corporation incorporated under the laws of Canada and wholly-owned by Xinduo Yu.

Representative has the meaning specified in Section 5.1(a).

Required Approval has the meaning specified in Section 2.2(b).

Securities Act means the *Securities Act* (Ontario).

Securities Authority means the Ontario Securities Commission and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

Securities Laws means the Securities Act and any other applicable provincial securities Laws.

Shareholders means the registered or beneficial holders of the Common Shares, as the context requires.

Special Committee means the committee of independent directors of the Board consisting of Loudon McLean Owen, Edwin Nordholm and David J. Thomson.

Stock Option Plan means the Corporation's stock option plan originally adopted on January 14, 1997, as amended on June 15, 2004, May 17, 2007 and May 6, 2008 and as may be subsequently amended.

Subsidiary has the meaning specified in National Instrument 45-106 – Prospectus and Registration Exemptions as in effect on the date of this Agreement.

Superior Proposal means any unsolicited bona fide written Acquisition Proposal to acquire all of the outstanding Common Shares or all or substantially all of the assets of the Corporation on a consolidated basis that: (a) did not result from a violation of Section 5.1(a) of this Agreement; (b) is reasonably capable of being completed without undue delay, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal; (c) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required funds will be available to effect payment in full for all of the Common Shares or assets, as the case may be; (d) is not subject to any due diligence or access condition; and (e) that the Board determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisor and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Shareholders (other than the Insider Group, any person acting jointly or in concert with the Insider Group, or any of their respective affiliates) than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(b)).

Superior Proposal Notice has the meaning specified in Section 5.4(a)(ii).

Tax Act means the *Income Tax Act* (Canada).

Taxes means any and all domestic and foreign federal, state, provincial, municipal and local taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind imposed by any Governmental Entity, including tax instalment payments, unemployment insurance contributions and employment insurance contributions, Canada Pension Plan and provincial pension contributions (and similar foreign plans), worker's compensation and deductions at source, and including taxes based on or measured by gross receipts, income, profits, sales, capital, use and occupation, and including goods and services, value added, ad valorem, sales, use, capital, transfer, franchise, non-resident withholding, customs, payroll, recapture, employment, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts.

Terminating Party has the meaning specified in Section 4.4(c).

Termination Notice has the meaning specified in Section 4.4(c).

1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

(a) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(b) **Currency**. All references to dollars or to $ are references to Canadian dollars.

(c) **Gender and Number**. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(d) **Certain Phrases and References, etc.** The words **including**, **includes** and **include** mean **including (or includes or include) without limitation**, and the **aggregate of**, **the total of**, **the sum of**, or a phrase of similar meaning means **the aggregate (or total or sum), without duplication, of**. Unless stated otherwise, **Article**, **Section**, and **Schedule** followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term **Agreement** and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it.

(e) **Capitalized Terms**. All capitalized terms used in any Schedule have the meanings ascribed to them in this Agreement.

(f) **Knowledge**. Where any representation or warranty is expressly qualified by reference to the knowledge of the Corporation, it is deemed to refer to the knowledge of each of the officers and directors of the Corporation. The Corporation confirms that it has made due and diligent inquiry of such Persons as it considers necessary as to the matters that are the subject of the representations and warranties.

(g) **Accounting Terms**. All accounting terms are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Corporation required to be made shall be made in a manner consistent with GAAP.

(h) **Statutes**. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(i) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.

(j) **Time References**. References to time are to local time, Toronto, Ontario.

(k) **Subsidiaries**. To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Corporation, each such provision shall be construed as a covenant by the Corporation to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(l) **Consent**. If any provision requires approval or consent of a Party and such approval or consent is not delivered within the specified time limit, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

1.3 Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2 – THE ARRANGEMENT

2.1 Arrangement

The Corporation and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

2.2 Interim Order

As soon as reasonably practicable after the date of this Agreement, the Corporation shall apply pursuant to Section 182 of the OBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

(a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Hanfeng Meeting and for the manner in which such notice is to be provided;

(b) that the required level of approval (the **Required Approval**) for the Arrangement Resolution shall be:

(i) 66 2/3% of the votes cast on the Arrangement Resolution by Shareholders present in person or represented by proxy at the Hanfeng Meeting; and

(ii) a majority of the votes attached to Common Shares held by Shareholders present in person or represented by proxy at the Hanfeng Meeting excluding votes attached to Common Shares held by Interested Persons;

(c) that, in all other respects, the terms, restrictions and conditions of the Corporation's Constating Documents, including quorum requirements and all other matters, shall apply in respect of the Hanfeng Meeting;

(d) for the grant of the Dissent Rights to those Shareholders who are registered Shareholders as contemplated in the Plan of Arrangement;

(e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(f) that the Hanfeng Meeting may be adjourned or postponed from time to time by the Corporation in accordance with the terms of this Agreement without the need for additional approval of the Court; and

(g) for such other matters as the Corporation and the Purchaser may reasonably require.

2.3 The Hanfeng Meeting

The Corporation shall:

(a) convene and conduct the Hanfeng Meeting in accordance with the Interim Order, the Corporation's Constating Documents and Law as soon as reasonably practicable (and the Corporation will use its commercially reasonable efforts to do so on or before February 28, 2013) and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Hanfeng Meeting without the prior written consent of the Purchaser, except:

(i) in the case of an adjournment, as required for quorum purposes; or

(ii) as required or permitted under Section 2.3(j), Section 4.4(c) or Section 5.4(e).

(b) subject to the terms of this Agreement and compliance by the directors and officers of the Corporation with their fiduciary duties, use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Shareholder that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, acting reasonably, and at the sole cost and expense of the Purchaser, using dealer and proxy solicitation services firms and cooperating with any Persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution;

(c) provide the Purchaser with copies of or access to information regarding the Hanfeng Meeting generated by any dealer or proxy solicitation services firm, as requested from time to time by the Purchaser;

(d) consult with the Purchaser in fixing the date of the Hanfeng Meeting, give notice to the Purchaser of the Hanfeng Meeting and allow the Purchaser's representatives and legal counsel to attend the Hanfeng Meeting;

(e) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Hanfeng Meeting, as to the aggregate tally of the proxies received by the Corporation in respect of the Arrangement Resolution;

(f) promptly advise the Purchaser of any communication (written or oral) or claims brought by any Person in opposition to the Arrangement, written notice of dissent, purported exercise or withdrawal of Dissent Rights, and written communications sent by or on behalf of the Corporation to any Shareholder exercising or purporting to exercise Dissent Rights;

(g) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to Dissent Rights without the prior written consent of the Purchaser;

(h) subject to the Interim Order, not without the consent of the Purchaser, change the record date for the Shareholders entitled to vote at the Hanfeng Meeting in connection with any adjournment or postponement of the Hanfeng Meeting;

(i) at the request of the Purchaser from time to time, provided the Purchaser complies with all applicable Laws relating thereto, provide the Purchaser with a list (in both written and electronic form) of (i) the Shareholders, together with their addresses and respective holdings of Common Shares, (ii) the names, addresses and holdings of all Persons having rights issued by the Corporation to acquire Common Shares (including holders of Hanfeng Options), and (iii) participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non-objecting beneficial owners of Common Shares, together with their addresses and respective holdings of Common Shares. Provided the Purchaser complies with all applicable Laws relating thereto, the Corporation shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Shareholders, and lists of securities positions and other assistance as the Purchaser may reasonably request in order to be able to communicate with respect to the Arrangement with the Shareholders and with such other Persons as are entitled to vote on the Arrangement Resolution; and

(j) if the Hanfeng Meeting is to be held during a Matching Period, at the request of the Purchaser, adjourn or postpone the Hanfeng Meeting to a date specified by the Purchaser that is not later than fifteen (15) Business Days after the date on which the Hanfeng Meeting was originally scheduled and in any event to a date that is not later than five (5) Business Days prior to the Outside Date.

2.4 The Hanfeng Circular

(a) The Corporation shall promptly prepare and complete, in consultation with the Purchaser, the Hanfeng Circular together with any other documents required by Law in connection with the Hanfeng Meeting and the Arrangement, and the Corporation shall, promptly after obtaining the Interim Order, cause the Hanfeng Circular and such other documents to be filed and sent to each Shareholder and other Person as required by the Interim Order and Law, in each case so as to permit the Hanfeng Meeting to be held by the date specified in Section 2.3(a).

(b) The Corporation shall ensure that the Hanfeng Circular complies in material respects with Law. Without limiting the generality of the foregoing, the Hanfeng Circular must include: (i) copies of the Fairness Opinion and Formal Valuation, (ii) a statement that the Board has received the Fairness Opinion and Formal Valuation, and has unanimously, after receiving legal and financial advice, determined that the Arrangement Resolution is in the best interests of the Corporation and recommends that the Shareholders vote in favour of the Arrangement Resolution (the **Board Recommendation**), and (iii) a statement that each director and senior officer of the Corporation in his or her capacity as a Shareholder intends to vote all of such individual's Common Shares in favour of the Arrangement Resolution and against any resolution submitted by any shareholder that is inconsistent with the Arrangement.

(c) The Corporation shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Hanfeng Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its counsel, and agrees that all information relating solely to the Purchaser included in the Hanfeng Circular must be in a form and content satisfactory to the Purchaser, acting reasonably.

(d) The Purchaser shall provide all necessary information concerning the Purchaser that is required by Law to be included by the Corporation in the Hanfeng Circular or other related documents to the Corporation in writing, and shall ensure that such information does not contain any Misrepresentation.

(e) Each Party shall promptly notify the other Party if it becomes aware that the Hanfeng Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Corporation shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Shareholders and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

2.5 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Hanfeng Meeting as provided for in the Interim Order, the Corporation shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 182 of the OBCA, as soon as reasonably practicable, but in any event not later than three (3) Business Days after the Arrangement Resolution is passed at the Hanfeng Meeting.

2.6 Court Proceedings

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, or otherwise in connection with this Arrangement or the transactions contemplated by this Agreement, the Corporation shall:

(a) diligently pursue, and cooperate with the Purchaser in diligently pursuing, the Interim Order and the Final Order;

(b) provide legal counsel to the Purchaser with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and give reasonable consideration to all such comments;

(c) provide copies of any notice of appearance, evidence or other documents served on the Corporation and/or any member of the Board or their respective legal counsel, and keep the Purchaser reasonably informed, in respect of the application for the Interim Order or the Final Order or any shareholder or derivative suit, action, litigation or claim related to this Agreement or the transactions contemplated by this Agreement or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;

(d) ensure that all material filed with the Court in connection with the Arrangement is consistent with the terms of this Agreement and the Plan of Arrangement;

(e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent provided the Purchaser is not required to agree or consent to any increase in or variation in the form of the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement;

(f) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in consultation and cooperation with, the Purchaser; and

(g) not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate.

2.7 Articles of Arrangement and Effective Date

(a) The Corporation shall amend the Plan of Arrangement from time to time at the reasonable request of the Purchaser, provided that no such amendment is inconsistent with the Interim Order or the Final Order or is prejudicial to the Shareholders or other Persons to be bound by the Plan of Arrangement, or results in an adverse change in the quantum or form of the consideration payable to Shareholders.

(b) The Corporation shall file the Articles of Arrangement with the Director within two (2) Business Days of the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

(c) The closing of the Arrangement will take place at the offices of Norton Rose Canada LLP, or at such other location as may be agreed upon by the Parties.

2.8 Payment of Consideration

The Purchaser covenants and agrees that at all times the Purchaser shall not take any action which would or could result in the representation and warranty set out in Section 3.2(a)(v) being untrue or incorrect in any material respect and will provide prompt notice to the Corporation of any facts or circumstances which could reasonably be expected to result in the representation and warranty of the Purchaser in Section 3.2(a)(v) being untrue or incorrect in any material respect. The Purchaser shall, prior to the sending by the Corporation of the Articles of Arrangement to the Director, provide the Depositary with sufficient funds to be held in escrow (the terms and conditions of such escrow to be satisfactory to the Corporation and the Purchaser, acting reasonably) to satisfy the aggregate Consideration as provided in the Plan of Arrangement. It is hereby acknowledged and agreed that the obligations of the Purchaser under this Agreement are not contingent on the availability of financing and any breach of the covenant in this Section 2.8 or the inaccuracy or incorrectness of the representation and warranty of the Purchaser in Section 3.2(a)(v), shall entitle, but not require, the Corporation to terminate this Agreement pursuant to Section 7.2(a)(iii)(A) or Section 7.2(a)(iii)(C).

2.9 Withholding Taxes

The Purchaser, the Corporation and the Depositary, as applicable, shall be entitled to deduct and withhold from any amounts payable or otherwise deliverable to any Person pursuant to this Agreement, including under the Plan of Arrangement, such amounts as the Purchaser, the Corporation or the Depositary, as applicable, are required or reasonably believe to be required to deduct and withhold from such consideration under any provision of any Laws in respect of Taxes. To the extent any such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of which such deduction or withholding was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity.

ARTICLE 3 – REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Corporation

(a) Except as set forth in the Hanfeng Filings the Corporation represents and warrants to the Purchaser as follows and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement:

(i) **Organization and Qualification**. The Corporation is a corporation incorporated and existing under the laws of the Province of Ontario, and has all requisite power and authority to own, lease and operate its assets and properties and conduct its business as now owned and conducted. The Corporation is duly qualified, licensed or registered to carry on business and is in good standing in each jurisdiction in Canada in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities make such qualification, licensing or registration necessary, and has all Authorizations required to own, lease and operate its properties and assets and to conduct its business as now owned and conducted except, those licences, registrations and qualifications the absence of which do not have or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(ii) **Corporate Authorization**. The Corporation has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution and delivery and performance by the Corporation of this Agreement and the consummation of the Arrangement and other transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of the Corporation and no other corporate proceedings on the part of the Corporation are necessary to authorize this Agreement or the consummation of the Arrangement other than approval by the Board of the Hanfeng Circular, approval by the Shareholders in the manner required by the Interim Order and Law and approval by the Court.

(iii) **Execution and Binding Obligation**. This Agreement has been duly executed and delivered by the Corporation and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding agreement of the Corporation enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(iv) **Governmental Authorization**. The execution, delivery and performance by the Corporation of this Agreement and the consummation by the Corporation of the Arrangement and the other transactions contemplated hereby do not require any Authorization in Canada or other action by or in respect of, or filing, recording, registering or publication with, or notification to, any Governmental Entity other than (A) the Interim Order and any approvals required by the Interim Order; (B) the Final Order; (C) filings with the Director under the OBCA; and (D) compliance with Securities Law and stock exchange rules and policies.

(v) **No Conflict/Non-Contravention**. The execution, delivery and performance by the Corporation of this Agreement and the consummation of the Arrangement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(A) contravene, conflict with, or result in any violation or breach of the Constating Documents of the Corporation;

(B) assuming compliance with the matters referred to in Section 3.1(a)(iv), contravene, conflict with or result in a violation or breach of Law;

(C) allow any Person to exercise any rights, require any consent or other action by any Person, or constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Corporation is entitled (including by triggering any rights of first refusal or first offer, change in control provision or other restriction or limitation) under any Contract or other instrument, indenture, deed of trust, mortgage, bond or any Authorization to which the Corporation is a party or by which the Corporation is bound; or

(D) result in the creation or imposition of any Lien upon any of the Corporation's assets,

with such exceptions, in the case of each of clauses (B), (C) and (D), as do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(vi) **Capitalization**.

(A) The authorized capital of the Corporation consists of an unlimited number of Preference Shares and an unlimited number of Common Shares. As of the close of business on the date of this Agreement, there were no Preference Shares and 60,193,716 Common Shares issued and outstanding. All outstanding Common Shares have been duly authorized and validly issued, are fully paid and non-assessable. All of the Common Shares issuable upon the exercise of the Hanfeng Options have been duly authorized and, upon issuance in accordance with their respective terms, will be validly issued as fully paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights. No Common Shares have been issued and no Hanfeng Options have been granted in violation of any Law or any pre-emptive or similar rights applicable to them.

(B) The Stock Option Plan and the issuance of Common Shares under such plan (including all outstanding Hanfeng Options) have been duly authorized by the Board in compliance with Law and the terms of the Stock Option Plan.

(C) Except for rights under the Stock Option Plan, including outstanding Hanfeng Options, there are no issued, outstanding or authorized options, warrants, calls, conversion, pre-emptive, redemption, repurchase, stock appreciation or other rights, or any other agreements, arrangements, instruments or commitments of any kind that obligate the Corporation to, directly or indirectly, issue or sell any securities of the Corporation, or give any Person a right to subscribe for or acquire, any securities of the Corporation, or the value of which is based on the value of the securities of the Corporation;

(D) There are no issued, outstanding or authorized:

(I) obligations to repurchase, redeem or otherwise acquire any securities of the Corporation, or qualify securities for public distribution in Canada, or with respect to the voting or disposition of any securities of the Corporation; or

(II) notes, bonds, debentures or other evidences of indebtedness or any other agreements, arrangements, instruments or commitments of any kind that give any Person, directly or indirectly, the right to vote with holders of Common Shares on any matter.

(vii) **Shareholders' and Similar Agreements.** The Corporation has never been subject to any unanimous shareholders agreement and, except for the Subscription Agreement between 2089259 Ontario Ltd., the Corporation, Xinduo Yu and Oakwest Corporation Limited dated April 1, 2007, is not party to any shareholder, pooling, voting, or other similar arrangement or agreement relating to the ownership or voting of any of the securities of the Corporation or pursuant to which any Person may have any right or claim in connection with any existing or past equity interest in the Corporation and the Corporation has not adopted a shareholder rights plan or any other similar plan or agreement.

(viii) **Subsidiaries.** The Corporation is, directly or indirectly, the registered and beneficial owner of all of the outstanding common shares or other equity interests of each of the Subsidiaries in Canada, free and clear of any Liens, all such shares or other equity interests so owned by the Corporation have been validly issued and are fully paid and non-assessable, as the case may be, and no such shares or interests have been issued in violation of any pre-emptive or similar rights.

(ix) **Securities Law Matters**.

(A) The Corporation is a reporting issuer under Securities Laws in each of the provinces and territories of Canada. The Common Shares are listed and posted for trading on the Exchange.

(B) The Corporation has not taken any action to cease to be a reporting issuer in any province or territory nor has the Corporation received notification from any Securities Authority seeking to revoke the reporting issuer status of the Corporation. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Corporation is pending, in effect, or has been threatened.

(C) Since June 30, 2012, the Corporation has timely filed or furnished all Hanfeng Filings required to be filed or furnished by the Corporation with any Governmental Entity in Canada, except where the failure to timely file would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect.

(D) The Corporation has not filed any confidential material change report (which at the date of this Agreement remains confidential).

(x) **Financial Statements**.

(A) The audited consolidated financial statements and the consolidated interim financial statements of the Corporation (including, in each case, any notes or schedules to and the auditor's report on such financial statements) included in the Hanfeng Filings fairly present, in accordance with GAAP, the consolidated financial position, results of operations or financial performance and cash flows of the Corporation and its Subsidiaries as of their respective dates and the consolidated financial position, results of operations or financial performance and cash flows of the Corporation and its Subsidiaries for the respective periods covered by such financial statements (except as may be expressly indicated in the notes to such financial statements).

(xi) **No Undisclosed Liabilities**. There are no liabilities or obligations of the Corporation of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than liabilities or obligations: (A) disclosed in the Corporation's consolidated statement of financial position as of June 30, 2012 (or in the notes thereto) and contained in the Hanfeng Filings; (B) incurred in the Ordinary Course; (C) incurred in connection with this Agreement or (D) that would not have, or reasonably be expected to have, a Material Adverse Effect.

(xii) **Compliance with Laws**. The Corporation and each of its Subsidiaries has conducted and conducts its respective business in compliance with Law, except for failures to comply or violations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. To the Corporation's knowledge, in Canada and except Xinduo Yu, no director or officer of the Corporation is under any investigation with respect to, has been charged or threatened to be charged with, or has received notice of, any violation or potential violation of any Law or disqualification by a Governmental Entity.

(xiii) **Authorizations and Licenses**. The Corporation lawfully holds, owns or uses, and has complied with, in all material respects, all Authorizations that are required by Law in connection with the operation of the business of the Corporation in Canada as presently or previously conducted, or in connection with the ownership, operation or use of the assets of the Corporation in Canada.

(xiv) **Opinion of Financial Advisors**. The Board and the Special Committee have received the Fairness Opinion.

(xv) **Formal Valuation**. The Board and the Special Committee have received the Formal Valuation.

(xvi) **Finders' Fees**. Except for the engagement letters between the Corporation and Deloitte LLP and the fees payable under or in connection with such engagements, no investment banker, broker, finder, financial adviser or other intermediary has been retained by or is authorized to act on behalf of the Corporation or any of its Subsidiaries, or is entitled to any fee, commission or other payment from the Corporation or any of its Subsidiaries, in connection with the Agreement or any other transaction contemplated by this Agreement.

(xvii) **Board and Special Committee Approval**.

(A) The Special Committee, after consultation with its financial and legal advisors, has unanimously recommended that the Board approve the Arrangement and that the Shareholders vote in favour of the Arrangement Resolution.

(B) The Board, acting on the unanimous recommendation in favour of the Arrangement by the Special Committee, has unanimously: (I) determined the Arrangement is in the best interests of the Corporation and its shareholders; (II) resolved to unanimously recommend that the Shareholders vote in favour of the Arrangement Resolution; and (III) authorized the entering into of this Agreement and the performance by the Corporation of its obligations under this Agreement and no action has been taken to amend or supersede such determinations, resolutions or authorizations.

(C) Each of the directors and officers of the Corporation has advised the Corporation and the Corporation believes that they intend to vote or cause to be voted all Common Shares beneficially held by them in favour of the Arrangement Resolution and the Corporation shall make a statement to that effect in the Hanfeng Circular.

(b) The representations and warranties of the Corporation contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

3.2 **Representations and Warranties of the Purchaser**

(a) The Purchaser represents and warrants to the Corporation as follows and acknowledges and agrees that the Corporation is relying upon the representations and warranties in connection with the entering into of this Agreement:

(i) **Corporate Existence and Power**. The Purchaser is a corporation incorporated and existing under the laws of its jurisdiction of incorporation has the all requisite power and authority to own and operate its assets, conduct its business as now owned and conducted and perform its obligations under this Agreement. Xinduo Yu is the sole shareholder of the Purchaser.

(ii) **Corporate Authorization**. The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. The execution and delivery and performance by the Purchaser of this Agreement and the consummation of the Arrangement have been duly authorized by all necessary corporate action on the part of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement or the consummation of the Arrangement.

(iii) **Execution and Binding Obligation**. This Agreement has been duly executed and delivered by the Purchaser, and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Law affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(iv) **Non-Contravention**. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the Arrangement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition):

(A) contravene, conflict with, or result in any violation or breach of the Constating Documents of the Purchaser; or

(B) contravene, conflict with or result in a violation or breach of Law, except as would not be reasonably expected to adversely impair or materially delay the consummation of the Arrangement.

(v) **Financing**. The Purchaser has delivered to the Corporation a copy of the commitment letter dated November 9, 2012, and a supplemental loan contract dated February 1, 2013 (together, the **Commitment Letter**), dated as of the date hereof, among the Purchaser and Nongken Longgong Agriculture Investment Co., Limited, pursuant to which the lender party thereto has committed, subject to the terms thereof, to lend the amounts set forth therein (the **Debt Financing**). The Commitment Letter is in full force and effect and is a legal, valid and binding obligation of the Purchaser, and to the knowledge of the Purchaser, the other parties thereto. Except as provided for herein, there are no conditions precedent to funding pursuant to the Debt Financing. The Purchaser will have, at and after the Effective Time, sufficient cash on hand and/or debt financing available under credit facilities and loans (including the Debt Financing) to satisfy the aggregate Consideration payable as provided in the Plan of Arrangement.

(b) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 – COVENANTS

4.1 Conduct of Business of the Corporation.

(a) Until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the express prior written consent of Purchaser or as required or permitted by this Agreement, the Corporation shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course.

(b) Without limiting the generality of Section 4.1(a), subject to Law, except as required or permitted by this Agreement, the Corporation shall use its reasonable efforts to preserve intact the current business organization of the Corporation and its Subsidiaries, keep available the services of the present employees and agents of the Corporation and its Subsidiaries and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Corporation and its Subsidiaries and, except with the prior written consent of the Purchaser, the Corporation shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

(i) amend its Constating Documents or, in the case of any Subsidiary which is not a corporation, its similar organizational documents;

(ii) split, combine or reclassify any shares of its capital stock or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) or amend any term of any outstanding debt security;

(iii) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of its capital stock;

(iv) issue, grant, deliver, sell, pledge or otherwise encumber, or authorize the issuance, grant, delivery, sale, pledge or other encumbrance of any shares of its capital stock, securities or other equity or voting interests, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock or other equity or voting interests, or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of Common Shares, except for the issuance of Common Shares issuable upon the exercise of the currently outstanding Hanfeng Options in accordance with the terms of the Hanfeng Options;

(v) reorganize, amalgamate or merge;

(vi) reduce the stated capital of any of its shares of capital stock;

(vii) adopt a plan of liquidation or resolutions providing for its liquidation or dissolution;

(viii) make any bonus or profit sharing distribution or similar payment of any kind;

(ix) make any change in the Corporation's methods of accounting, except as required by concurrent changes in GAAP; or

(x) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

4.2 **Regarding the Arrangement.**

(a) The Corporation shall use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under Law to consummate the Arrangement as soon as practicable, including:

(i) using its commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it;

(ii) using its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Corporation relating to the Arrangement;

(iii) using its commercially reasonable efforts to, on prior written approval of and in consultation with the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(iv) assisting in obtaining the resignations (in a form satisfactory to the Purchaser, acting reasonably) of each member of the Board and each member of the board of directors of the Corporation's Subsidiaries, and causing them to be replaced by Persons nominated by the Purchaser effective as of the Effective Time as may be requested by the Purchaser; and

(v) not taking any action, or refraining from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.

(b) The Corporation shall promptly notify the Purchaser of:

(i) any Material Adverse Effect or any change, effect, event, development, occurrence, circumstance or state of facts which could, to the Corporation's knowledge, reasonably be expected to have a Material Adverse Effect;

(ii) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;

(iii) any notice or other communication from any Governmental Entity in connection with this Agreement (and the Corporation shall contemporaneously provide a copy of any such written notice or communication to the Purchaser); or

(iv) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Corporation, its Subsidiaries or assets.

4.3 Public Communications

The Parties shall co-operate in the preparation of presentations, if any, to Shareholders regarding the Arrangement. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed), and the Corporation must not make any filing with any Governmental Entity with respect to this Agreement or the Arrangement without the consent of the Purchaser (which consent shall not be unreasonably withheld or delayed); provided that the foregoing shall be subject to the Party's overriding obligation to make any disclosure or filing required by Law, provided that any Party that is required to make disclosure by Law shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

4.4 Notice and Cure Provisions

(a) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(i) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any respect at any time from the date of this Agreement to the Effective Time; or

(ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

(b) Notification provided under this Section 4.4 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(c) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(a)(iv)(A) and the Corporation may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(a)(iii)(A), unless the Party seeking to terminate the Agreement (the **Terminating Party**) has delivered a written notice (**Termination Notice**) to the other Party (the **Breaching Party**) specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier of (i) the Outside Date, and (ii) if such matter has not been cured by the date that is ten (10) Business Days following receipt of such Termination Notice by the Breaching Party, such date. If the Terminating Party delivers a Termination Notice prior to the date of the Hanfeng Meeting, unless the Parties agree otherwise, the Corporation shall postpone or adjourn the Hanfeng Meeting to the earlier of (i) five (5) Business Days prior to the Outside Date and (ii) the date that is ten (10) Business Days following receipt of such Termination Notice by the Breaching Party.

4.5 Insurance and Indemnification

(a) From and after the Effective Time, the Purchaser shall, and shall cause the Corporation to, indemnify and hold harmless, to the fullest extent permitted under applicable Law (and to also advance expenses as incurred to the fullest extent permitted under applicable Law), each present and former director and officer of the Corporation and its Subsidiaries (each, an **Indemnified Person**) against any costs or expenses (including reasonable legal fees and expenses), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, inquiry, action, suit or proceeding, investigation or assessment, whether civil, criminal or administrative (a **Proceeding**), arising out of or related to such Indemnified Person's service as a director or officer of the Corporation and/or any of its Subsidiaries or services performed by such Persons at the request of the Corporation and/or any of its Subsidiaries at or prior to or following the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, including the approval or completion of this Agreement and the Arrangement or any of the other transactions contemplated by this Agreement or arising out of or related to this Agreement and the transactions contemplated hereby. Neither the Purchaser nor the Corporation shall settle, compromise or consent to the entry of any judgment in any Proceeding involving or naming an Indemnified Person or arising out of or related to an Indemnified Person's service as a director or officer of the Corporation and/or any of its Subsidiaries or services performed by such Persons at the request of the Corporation and/or any of its Subsidiaries at or prior to or following the Effective Time without the prior written consent of that Indemnified Person unless such settlement, compromise or consent includes an unconditional release of such Indemnified Person from all liability arising out of such Proceeding.

(b) Prior to the Effective Time, the Corporation and its Subsidiaries shall, and from and after the Effective Time if the Corporation and its Subsidiaries are unable to, the Purchaser shall cause the Corporation and its Subsidiaries to, obtain and fully pay the premium for the non-cancellable extension of the directors' and officers' liability coverage of the Corporation's and its Subsidiaries' existing directors' and officers' insurance policies for a claims reporting or run-off and extended reporting period and claims reporting period of at least six (6) years from and after the Effective Time with respect to any claim related to any period of time at or prior to the Effective Time from an insurance carrier with the same or better credit rating as the Corporation's current insurance carriers with respect to directors' and officers' liability insurance (**D&O Insurance**), and with terms, conditions, retentions and limits of liability that are no less advantageous to the Indemnified Persons than the coverage provided under the existing policies of the Corporation and its Subsidiaries in respect of claims arising from facts or events which existed or occurred at or prior to the Effective Time (including in connection with the approval or completion of this Agreement, the Arrangement or the transactions or actions contemplated hereby). If the Corporation and its Subsidiaries for any reason fail to obtain such "run-off" directors' and officers' insurance policies as of the Effective Time, the Corporation and its Subsidiaries shall continue to maintain in effect for a period of at least six (6) years from and after the Effective Time the D&O Insurance in place as of the date hereof with terms, conditions, retentions and limits of liability that are no less advantageous to the Indemnified Parties than the coverage provided under the Corporation's and its Subsidiaries' existing policies as of the date hereof, or the Corporation shall purchase comparable D&O Insurance for such six (6) year period with terms, conditions, retentions and limits of liability that are at least as favourable as provided in, and no less advantageous to the Indemnified Persons than, the Corporation's existing policies as of the date hereof.

(c) If any Indemnified Person makes any claim for indemnification or advancement of expenses under this Section 4.5 that is denied by the Corporation or the Purchaser, and a court of competent jurisdiction determines that the Indemnified Person is entitled to such indemnification, then the Corporation and the Purchaser shall pay such Indemnified Person's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against the Corporation or the Purchaser.

(d) The rights of the Indemnified Persons under this Section 4.5 shall be in addition to any rights such Indemnified Persons may have under the Constating Documents of the Corporation or any of its Subsidiaries, or under any applicable Law or agreement of any

Indemnified Person with the Corporation or any of its Subsidiaries. All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto in favour of any Indemnified Person as provided in the Constating Documents of the Corporation or any Subsidiary of the Corporation or any agreement between such Indemnified Person and the Corporation or any of its Subsidiaries shall survive the Effective Time for a period of not less than six (6) years from the Effective Time and shall not be amended, repealed or otherwise modified in any manner.

(e) If the Corporation or the Purchaser or any of their successors or assigns shall (i) amalgamate, consolidate with or merge or wind-up into any other Person and shall not be the continuing or surviving corporation or entity; or (ii) transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns and transferees of the Corporation or the Purchaser, as the case may be, shall assume all of the obligations set forth in this Section 4.5.

(f) The provisions of this Section 4.5 shall survive the consummation of the transactions contemplated by this Agreement and are intended for the benefit of, and shall be enforceable by, the Indemnified Persons, and their respective heirs, executors, administrators and personal representatives and shall be binding on the Corporation and its successors and assigns, and, for such purpose only, the Corporation hereby confirms that it is acting as trustee on their behalf.

4.6 **Financing**

(a) The Purchaser shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to arrange the Debt Financing on the terms and conditions described in the commitments (the **Debt Financing Commitment**) under the Commitment Letter (provided that the Purchaser may replace or amend the Debt Financing Commitment to replace and/or add lenders which had not executed the Debt Financing Commitment as of the date hereof, or otherwise, so long as the terms would not adversely impact the ability of the Purchaser to timely consummate the transactions contemplated hereby or the likelihood of consummation of the transactions contemplated hereby), including (i) entering into definitive agreements (if required to be entered into) with respect thereto on the terms and conditions contemplated by the Debt Financing Commitment or on other terms acceptable to the Purchaser, in its sole discretion, that would not adversely impact the ability or likelihood of the Purchaser to consummate the transactions contemplated hereby, and (ii) subject to the satisfaction or waiver of the conditions set forth herein, consummating the Debt Financing at or prior to the Effective Date.

(b) Xinduo Yu hereby unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, and covenants and agrees to be jointly and severally liable with (i) the Purchaser, for the due and punctual performance of each and every obligation of the Purchaser under or relating to the Arrangement and the other transactions contemplated by this Agreement, including the payment of the aggregate consideration payable under the Arrangement, and (ii) any affiliate of Xinduo Yu, including the Purchaser, for the due and punctual performance of each and every obligation by any affiliate of Xinduo Yu or the Purchaser, as applicable, under the Commitment Letter. Xinduo Yu shall take all action that may be necessary to cause (i) the Purchaser to comply with each of its obligations under this Agreement and (ii) Xinduo Yu's affiliates, including the Purchaser, as applicable, to comply with each of its obligations under the Commitment Letter.

ARTICLE 5 – ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

5.1 **Non-Solicitation**

(a) Except as expressly provided in this Article 5, the Corporation shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or agent of the Corporation or of any of its Subsidiaries (collectively **Representatives**), and shall not permit any such Person to:

(i) solicit, assist, initiate, knowingly encourage or otherwise facilitate, (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Corporation or any Subsidiary) an Acquisition Proposal;

(ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Purchaser and its affiliates) regarding an Acquisition Proposal;

(iii) make a Change in Recommendation;

(iv) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five (5) Business Days following the formal announcement of such Acquisition Proposal will not be considered to be in violation of this Section 5.1; or

(v) enter into or publicly propose to enter into any agreement, arrangement or understanding in respect of an Acquisition Proposal.

(b) The Corporation shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities commenced prior to the date of this Agreement with any Person (other than the Purchaser) with respect to an Acquisition Proposal, and in connection with such termination shall:

(i) immediately discontinue access to and disclosure of all information, including any data room and any confidential information, properties, facilities, books and records of the Corporation or any Subsidiary (other than access and disclosure that is generally available to the public or which the Corporation or any Subsidiary is required to provide pursuant to Law); and

(ii) within two (2) Business Days, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Corporation or any Subsidiary provided to any Person other than the Purchaser, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Corporation or any Subsidiary.

(c) The Corporation represents and warrants that the Corporation has not waived any confidentiality, standstill or similar agreement or restriction to which the Corporation or any Subsidiary is a Party, and further covenants and agrees that (i) the Corporation shall take all necessary action to enforce each confidentiality, standstill or similar agreement or restriction to which the Corporation or any Subsidiary is a party, and (ii) neither the Corporation, nor any Subsidiary nor any of their respective Representatives have released or will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Corporation, or any of its Subsidiaries, under any confidentiality, standstill or similar agreement, restriction or covenant to which the Corporation or any Subsidiary is a party (it being acknowledged that the automatic release from any currently existing standstill restrictions of any such currently existing agreement in accordance with the terms of such agreement as a result of entering into and announcing this Agreement shall not be a violation of this Section 5.1(c)). Notwithstanding the foregoing, provided that the Corporation is not in material breach of Section 5.1(a) of this Agreement, the Board may release a Person who is subject to confidentiality, standstill or other restrictions or obligations in favour of the Corporation from such agreements, restrictions or obligations if, prior to the approval of the Arrangement Resolution by the Shareholders, the Corporation receives a request from such Person to waive or release such Person from such obligations in order to make a confidential unsolicited bona fide Acquisition Proposal to the Board, but only to the extent required to allow such Person to make such a confidential bona fide Acquisition Proposal for consideration by the Board and to take all steps necessary to consummate such Acquisition Proposal (if it is a Superior Proposal) in accordance with (and subject to compliance with) this Article 5.

5.2 **Notification of Acquisition Proposals**

(a) If the Corporation or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Corporation or any Subsidiary, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Corporation or any Subsidiary, the Corporation shall immediately notify the Purchaser, at first orally, and then promptly and in any event within 48 hours in writing, of:

(i) such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions; and

(ii) the material details of the status of developments and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request.

5.3 **Responding to an Acquisition Proposal**

(a) Notwithstanding Section 5.1, or any other provision of this Agreement, if at any time, prior to obtaining the approval by the Shareholders of the Arrangement Resolution, the Corporation receives an Acquisition Proposal, the Corporation may:

(i) contact the Person making such Acquisition Proposal and its Representatives for the purpose of clarifying such Acquisition Proposal so as to determine whether such Acquisition Proposal constitutes, or could reasonably be expected to constitute or lead to, a Superior Proposal; and

(ii) engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Corporation or its Subsidiaries, if and only if:

(A) the Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal is or could reasonably be expected to lead to a Superior Proposal and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;

(B) the Corporation has been, and continues to be, in compliance with its obligations under this Article 5; and

(C) prior to providing any such copies, access, or disclosure, the Corporation enters into a customary confidentiality agreement with such Person and any such copies, access or disclosure provided to such Person shall have already (or simultaneously be) provided to the Purchaser.

(b) Nothing in this Agreement shall prevent the Board from responding through a directors' circular or otherwise as required by applicable Securities Laws to an Acquisition Proposal that it determines is not a Superior Proposal. Further, nothing in this Agreement shall prevent the Board from making any disclosure to the Shareholders if the Board, acting in good faith and following consultation with its outside legal counsel, shall have first determined that the failure to make such disclosure would be inconsistent with the fiduciary duties of the Board or such disclosure is otherwise required under applicable Law.

5.4 **Right to Match**

(a) If the Corporation receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Shareholders, the Board may, subject to compliance with Section 8.2, enter into a definitive agreement with respect to such Acquisition Proposal, if and only if:

(i) the Corporation has been, and continues to be, in compliance with its obligations under this Article 5;

(ii) the Corporation has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Superior Proposal (the **Superior Proposal Notice**);

(iii) the Corporation has provided the Purchaser a copy of the proposed definitive agreement for the Superior Proposal including the identity of the Person making the Superior Proposal;

(iv) at least three (3) Business Days (the **Matching Period**) have elapsed from the date that the Purchaser received the Superior Proposal Notice;

(v) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(b), to offer to amend in writing this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(vi) if the Purchaser has offered to amend this Agreement and the Arrangement under Section 5.4(b), the Board (A) has determined in good faith, after consultation with the Corporation's outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 5.4(b) and (B) has determined in good faith, after consultation with its outside legal counsel, that failure to enter into a definitive agreement with respect to such Superior Proposal could reasonably be expected to be inconsistent with its fiduciary duties; and

(vii) prior to entering into such definitive agreement the Corporation terminates this Agreement pursuant to Section 7.2(a)(iii)(B).

(b) During the Matching Period, or such longer period as the Corporation may approve in writing for such purpose: (i) the Board shall review any offer made by the Purchaser under Section 5.4(a)(v) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such written offer would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (ii) the Corporation shall negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Corporation shall promptly so advise the Purchaser and the Corporation and the Purchaser shall amend this Agreement to reflect such written offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

(c) Each successive amendment or modification to any Acquisition Proposal shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded a new three (3) Business Day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Corporation received all of the material set forth in Section 5.4(a)(iii).

(d) The Board shall promptly reaffirm the Board Recommendation by press release after the Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(b) would result in an Acquisition Proposal no longer being a Superior Proposal. The Corporation shall provide the Purchaser and its outside legal with a reasonable opportunity to review the form and content of any such press release.

(e) If the Corporation provides a Superior Proposal Notice to the Purchaser after a date that is less than five (5) Business Days before the Hanfeng Meeting, the Corporation shall either proceed with or shall postpone the Hanfeng Meeting, as directed by the Purchaser, to a date that is not more than ten (10) Business Days after the scheduled date of the Hanfeng Meeting.

5.5 Breach by Subsidiaries and Representatives

Without limiting the generality of the foregoing, the Corporation shall advise its Subsidiaries and the Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Article 5 by the Corporation, its Subsidiaries or Representatives is deemed to be a breach of this Article 5 by the Corporation.

ARTICLE 6 – CONDITIONS

6.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(a) **Arrangement Resolution**. The Arrangement Resolution has been approved and adopted by the Shareholders at the Hanfeng Meeting in accordance with the Interim Order.

(b) **Interim and Final Order**. The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Corporation or the Purchaser, each acting reasonably, on appeal or otherwise.

(c) **Illegality**. No Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Corporation or the Purchaser from consummating the Arrangement.

6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(a) **Representations and Warranties**. The representations and warranties of the Corporation set forth in this Agreement shall be true and correct in all respects, without regard to any materiality or Material Adverse Effect qualifications contained in them, as of the Effective Time, as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not reasonably be expected to have a Material Adverse Effect, and the Corporation has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Corporation (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(b) **Performance of Covenants**. The Corporation has fulfilled or complied in all material respects with each of the covenants of the Corporation contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Corporation (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(c) **No Legal Action.** There is no action or proceeding pending or threatened by any Person (other than the Purchaser) in any jurisdiction to:

(i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Common Shares, including the right to vote the Common Shares;

(ii) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser of the business or assets of the Purchaser, the Corporation or any of its Subsidiaries; or

(iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect.

6.3 Additional Conditions Precedent to the Obligations of the Corporation

The Corporation is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Corporation and may only be waived, in whole or in part, by the Corporation in its sole discretion:

(a) **Representations and Warranties**. The representations and warranties of the Purchaser set forth in this Agreement shall be true and correct in all respects, without regard to any materiality qualifications contained in them, as of the Effective Time as though made at and as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not prevent, enjoin or materially hinder or delay the consummation of the Arrangement, and the Purchaser has delivered a certificate confirming same to the Corporation, executed by two (2) senior officers of the Purchaser (in each case without personal liability) addressed to the Corporation and dated the Effective Date.

(b) **Performance of Covenants**. The Purchaser has fulfilled or complied in all material respects with each of the covenants of the Purchaser contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Corporation, executed by two (2) senior officers of the Purchaser (in each case without personal liability) addressed to the Corporation and dated the Effective Date.

(c) **No Legal Action.** There is no action or proceeding pending or threatened by any Person in any jurisdiction to:

(i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Common Shares, including the right to vote the Common Shares;

(ii) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser of the business or assets of the Purchaser, the Corporation or any of its Subsidiaries; or

(iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect.

6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

ARTICLE 7 – TERM AND TERMINATION

7.1 Term.

This Agreement shall be effective from the date hereof until the earlier of the Effective Date and the termination of this Agreement in accordance with its terms.

7.2 **Termination**

(a) This Agreement may be terminated prior to the Effective Time by:

(i) the mutual written agreement of the Parties; or

(ii) either the Corporation or the Purchaser if:

(A) the Required Approval is not obtained at the Hanfeng Meeting in accordance with the Interim Order provided that a Party may not terminate this Agreement pursuant to this Section 7.2(a)(ii)(A) if the failure to obtain the Required Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(B) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Corporation or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable; or

(C) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(a)(ii)(C) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement.

(iii) the Corporation if:

(A) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(a) or Section 6.3(b) not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date in accordance with the terms of Section 4.4(c); provided that the Corporation is not then in breach of this Agreement so as to cause any condition in Section 6.2(a) or Section 6.2(b) not to be satisfied;

(B) prior to the approval by the Shareholders of the Arrangement Resolution, the Board authorizes the Corporation to enter into a written agreement (other than a confidentiality agreement permitted by and in accordance with Section 5.3) with respect to a Superior Proposal, provided the Corporation is then in compliance with Article 5; or

(C) the Purchaser does not provide, or cause to be provided, the Depositary with sufficient funds to complete the transactions contemplated by this Agreement as required by Section 2.8;

(iv) the Purchaser if:

(A) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Corporation under this Agreement occurs that would cause any condition in Section 6.2(a) or Section 6.2(b) not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the terms of Section 4.4(c); provided that the Purchaser is not then in breach of this Agreement so as to cause any condition in Section 6.3(a) or Section 6.3(b) not to be satisfied; or

(B) provided the Purchaser is not in material breach of this Agreement, the Board or any committee of the Board fails to unanimously recommend or withdraws, amends, modifies or qualifies, publicly proposes or states its intention to do so, or fails to publicly reaffirm the Board Recommendation within three (3) Business Days after having been requested in writing by the Purchaser to do so or takes no position or a neutral position with respect to an Acquisition Proposal for more than three (3) Business Days following the public announcement of an Acquisition Proposal (a **Change in Recommendation**).

(b) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(a)(i)) shall give notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

7.3 Effect of Termination/Survival

(a) If this Agreement is terminated pursuant to Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party or Purchaser Related Party) to any other Party to this Agreement, except that: (a) following the Effective Time, Section 4.5 shall survive such termination; and (b) in the event of termination under Section 7.2, this Section 7.3, Section 8.2 through to and including Section 8.14 shall survive, and provided further that no Party shall be relieved of any liability for any wilful breach by it of this Agreement.

(b) As used in this Section 7.3, "wilful breach" means a material breach that is a consequence of an act undertaken by the breaching party with the actual knowledge that the taking of such act would, or would be reasonably expected to, cause a material breach of this Agreement, and a breach of Section 2.8 shall be deemed to be a wilful breach for the purposes of this Agreement.

ARTICLE 8 – GENERAL PROVISIONS

8.1 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Hanfeng Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(c) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(d) modify any mutual conditions contained in this Agreement.

8.2 **Termination Fees**

If this Agreement is terminated pursuant to Section 7.2(a)(iii)(C), the Purchaser shall pay to the Corporation, by wire transfer of immediately available funds, $750,000 (the **Break-Up Amount**) within ten (10) calendar days of the occurrence of such termination, provided, however, that payment thereof shall not be in lieu of any damages or any other payment or remedy available in the event of any wilful breach of the Purchaser's obligations under this Agreement.

8.3 **Expenses**

Except as provided in Section 4.2, all out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement, including all costs, expenses and fees incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

8.4 **Injunctive Relief.**

The Parties hereto hereby agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties hereto acknowledge and hereby agree that in the event of any breach or threatened breach by the Corporation, on the one hand, or Purchaser, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, the Corporation, on the one hand, and Purchaser, on the other hand, shall be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement by the other, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. Each of the Parties hereto hereby agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by it, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other Party under this Agreement. The Parties hereto further agree that (a) by seeking the remedies provided for in this Section 8.4, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement in the event that this Agreement has been terminated or in the event that the remedies provided for in this Section 8.4 are not available or otherwise are not granted, and (b) nothing set forth in this Section 8.4 shall require any Party hereto to institute any proceeding for (or limit any Party's right to institute any proceeding for) specific performance prior or as a condition to exercising any termination right under Section 7.2 (and pursuing damages after such termination), nor shall the commencement of any legal proceeding restrict or limit any Party's right to terminate this Agreement in accordance with the terms of Section 7.2 or pursue any other remedies under this Agreement that may be available then or thereafter.

8.5 **Notices.**

Any notice, or other communication given regarding the matters contemplated by this Agreement (must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

(a) to the Purchaser at:

c/o Norton Rose Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Canada M5J 2Z4

Attention: Mr. Xinduo Yu

Telephone: (647) 346-8341
Facsimile: (647) 436-6947

with a copy to:

Norton Rose Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Canada M5J 2Z4

Attention: Ava G. Yaskiel and Pierre Dagenais

Telephone: (416) 216-3902; (416) 216-1857
Facsimile: (416) 216-3930

(b) to the Corporation at:

Hanfeng Evergreen Inc.
100 King Street West
1 First Canadian Place
Suite 2510, P.O. Box 129
Toronto, Ontario, M5X 1A4

Attention: Loudon McLean Owen

Telephone: (416) 368-8588
Facsimile: (416) 849-0075

with a copy to:

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6100, P.O. Box 50
Toronto, Ontario, M5X 1B8

Attention: Emmanuel Pressman

Telephone: (416) 862-4903
Facsimile: (416) 862-6666

with a copy to:

Blake, Cassels & Graydon LLP
199 Bay Street
Suite 4000, Commerce Court West
Toronto, Ontario, M5L 1A9

Attention: Ross F. McKee

Telephone: (416) 863-3277
Facsimile: (416) 863-2653

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by facsimile, on the Business Day following the date of confirmation of transmission by the originating facsimile. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

8.6 **Time of the Essence.**

Time is of the essence in this Agreement.

8.7 **Waiver.**

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

8.8 **Entire Agreement.**

This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement.

8.9 **Successors and Assigns.**

(a) This Agreement becomes effective only when executed by the Corporation and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Corporation, the Purchaser and their respective successors and permitted assigns.

(b) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party, provided that Purchaser may assign all or part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provide that if such assignment and/or assumption takes place, Purchaser shall continue to be bound and liable jointly and severally with such affiliate, as the case may be, for all of its obligations hereunder.

8.10 **Severability.**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

8.11 **Governing Law.**

(a) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

8.12 **Rules of Construction.**

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

8.13 **No Liability.**

No director or officer of the Purchaser shall have any personal liability whatsoever to the Corporation under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser. No director or officer of the Corporation or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Corporation or any of its Subsidiaries.

8.14 **Counterparts.**

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

HANFENG EVERGREEN INC.

Per: *"Loudon McLean Owen"*
Name: Loudon McLean Owen
Title: Chairman

8310831 CANADA INC.

Per: *"Xinduo Yu"*
Name: Xinduo Yu
Title: Director, President

"Qian Yin"	*"Xinduo Yu"*
Witness	Xinduo Yu

APPENDIX D

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires:

affiliate has the meaning ascribed thereto in National Instrument 45-106 of the Canadian Securities Administrators;

Arrangement means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement and this Plan of Arrangement, or made at the direction of the Court in the Final Order with the prior written consent of the Corporation and the Purchaser, each acting reasonably;

Arrangement Agreement means the arrangement agreement entered into between the Purchaser and the Corporation dated February 11, 2013 including the schedules thereto, to which this Plan of Arrangement is attached as Schedule A, as it may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof;

Arrangement Resolution means the special resolution approving the Arrangement to be considered at the Hanfeng Meeting;

Articles of Arrangement means the articles of arrangement of the Corporation in respect of the Arrangement, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Corporation and the Purchaser, each acting reasonably;

Business Day means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario;

Cash Proceeds means the Consideration multiplied by the number of Common Shares outstanding (less the number of Common Shares held by the Insider Group);

Certificate of Arrangement means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement;

Common Shares means the common shares in the capital of the Corporation;

Corporation means Hanfeng Evergreen Inc., a corporation incorporated under the laws of Ontario;

Consideration means $2.25 in cash for each Common Share;

Court means the Superior Court of Justice (Ontario);

Depositary means Equity Financial Trust Company, as depositary, or any other trust company, bank or financial institution as may be agreed to in writing by the Corporation and the Purchaser;

Director means the Director appointed pursuant to section 278 of the OBCA;

Dissent Rights has the meaning ascribed thereto in Section 4.1(1);

Dissent Shares means Common Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has validly exercised Dissent Rights;

Dissenting Shareholder means a registered Shareholder who has properly and validly dissented in respect of the Arrangement Resolution in strict compliance with the Dissent Rights, who has not withdrawn or been deemed to have withdrawn such dissent and who is ultimately determined to be entitled to be paid the fair value of its Common Shares, but only in respect of the Dissent Shares;

Effective Date means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

Effective Time means 12:01 a.m. (Toronto time), or such other time on the Effective Date as may be agreed to in writing by the Corporation and the Purchaser;

Final Order means the final order of the Court in a form acceptable to the Corporation and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Corporation and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Corporation and the Purchaser, each acting reasonably) on appeal;

Final Proscription Date has the meaning ascribed thereto in Section 3.5(1);

Governmental Entity means (i) any international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, governmental, quasi-governmental, administrative body, authority or public department with competent jurisdiction exercising legislative, judicial, regulatory or administrative functions of or pertaining to international, multinational, supranational, national, federal, provincial, state, regional, municipal, local or other government, including any central bank, court, tribunal, arbitral body, commission, board, bureau, commissioner, minister, cabinet, governor-in-council, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange;

Hanfeng Meeting means the special meeting of Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Hanfeng Circular and agreed to in writing by the Purchaser;

Hanfeng Options means the outstanding options to purchase Common Shares issued pursuant to the Stock Option Plan or otherwise;

Insider Group means Xinduo Yu and entities controlled or directed by him, the Purchaser and their respective affiliates, Lei Li, The Yu Foundation, The Yu Family Trust, Tianhua Yu and Tianyu Yu;

Interim Order means the interim order of the Court in a form acceptable to the Corporation and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Hanfeng Meeting, as such order may be amended by the Court with the consent of the Corporation and the Purchaser, each acting reasonably;

Law means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

Letter of Transmittal means a letter of transmittal to be forwarded or made available by the Corporation to Shareholders, in a form acceptable to the Purchaser, acting reasonably, for use by such Shareholders in connection with the Arrangement as contemplated herein;

Lien means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute;

Notice of Dissent means a written notice provided by a registered Shareholder to the Corporation setting forth such Shareholder's objection to the Arrangement Resolution and exercise of Dissent Rights;

OBCA means the *Business Corporations Act* (Ontario), as amended;

Parties means the Corporation and the Purchaser, and **Party** means either one of them;

Person includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status;

Plan of Arrangement means this plan of arrangement, and references to **Article** or **Section** mean the specified Article or Section of this Plan of Arrangement;

Purchaser means 8310831 Canada Inc.;

Shareholders means the registered holders or beneficial owners of the Common Shares;

Stock Option Plan means the Corporation's stock option plan originally adopted on January 14, 1997, as amended on June 15, 2004, May 17, 2007 and May 6, 2008 and as may be subsequently amended;

Tax Act means the *Income Tax Act* (Canada); and

Taxes means any and all domestic and foreign federal, state, provincial, municipal and local taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind imposed by any Governmental Entity, including tax instalment payments, unemployment insurance contributions and employment insurance contributions, Canada Pension Plan and provincial pension contributions (and similar foreign plans), worker's compensation and deductions at source, and including taxes based on or measured by gross receipts, income, profits, sales, capital, use and occupation, and including goods and services, value added, ad valorem, sales, use, transfer, franchise, non-resident withholding, customs, payroll, recapture, employment, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts.

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

(a) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(b) **Currency**. All references to dollars or to $ are references to Canadian dollars.

(c) **Gender and Number**. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(d) **Certain Phrases and References, etc.** The words including, includes and include mean including (or includes or include) without limitation, and the aggregate of, the total of, the sum of, or a phrase of similar meaning means the aggregate (or total or sum), without duplication, of. Unless stated otherwise, Article or Section followed by a number or letter mean and refer to the specified Article or Section of this Plan of Arrangement.

(e) **Capitalized Terms**. All capitalized terms used in this Plan of Arrangement, unless otherwise defined herein, have the meanings ascribed to them in the Arrangement Agreement.

(f) **Statutes**. Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(g) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required to be taken hereunder by a person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

(2) **Time References**. Time shall be of the essence in this Plan of Arrangement. References to time are to local time, Toronto, Ontario.

(3) **Subsidiaries**. To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Corporation, each such provision shall be construed as a covenant by the Corporation to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(4) **Consent**. If any provision requires approval or consent of a Party and such approval or consent is not delivered within the specified time limit, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

ARTICLE 2
THE ARRANGEMENT

2.1 Effectiveness

This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of the Arrangement Agreement, and constitutes an arrangement as referred to in Section 182 of the OBCA. This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at the Effective Time (except as otherwise provided herein) and will be binding from and after the Effective Time on the Corporation, the Purchaser and all other Persons including (i) all Shareholders (including the Insider Group and the Dissenting Shareholders); (ii) holders of the Hanfeng Options; (iii) the registrar and transfer agent in respect of the Common Shares; and (iv) the Depositary without any further act or formality required on the part of any person, except as expressly provided herein.

2.2 The Arrangement

On the Effective Date and commencing at the Effective Time, the following shall occur and be deemed to occur consecutively in the following order (at five (5) minute intervals) without further act or formality:

(1) notwithstanding the terms of the Stock Option Plan or any stock option agreement, as applicable, each Hanfeng Option that is outstanding immediately prior to the Effective Time and that has not been duly exercised prior to the Effective Time, whether or not vested, shall be immediately cancelled for no

consideration and none of the Corporation nor the Purchaser shall have any liabilities or obligations with respect to such Hanfeng Options;

(2) the Stock Option Plan and all agreements relating thereto shall be terminated and none of the Corporation nor any of its affiliates shall have any liabilities or obligations with respect to such plan or agreements.

(3) each Dissent Share shall be transferred from the holder thereof without any further act or formality on its part to the Purchaser in consideration for a debt claim against the Purchaser in an amount determined and payable in accordance with Section 4.1(2), and the name of such holder will be removed from the register of holders of the Common Shares (in respect of the Dissent Shares), and the Purchaser shall be recorded as the registered holder of Dissent Shares so transferred and shall be the sole registered and beneficial owner of such Dissent Shares;

(4) each Common Share issued and outstanding, other than any Common Shares held by the Insider Group and any Dissent Shares, shall be transferred from the holder thereof to the Purchaser in exchange for the Consideration for each Common Share from the Purchaser, subject to (for greater certainty) applicable withholdings in accordance with Section 3.4, and the name of such holder will be removed from the register of holders of the Common Shares and the Purchaser shall be recorded as the registered holder of Common Shares so transferred and shall be the sole registered and beneficial owner of such Common Shares; and

(5) each of Loudon F. Mclean Owen, Edwin Nordholm, David Thomson and Joanne Yan will cease to be directors of the Corporation.

2.3 Transfer Free and Clear

Any transfer or exchange of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens.

ARTICLE 3
DELIVERY OF CONSIDERATION

3.1 Deposit of Cash Consideration

The Purchaser shall, prior to the sending by the Corporation of the Articles of Arrangement to the Director, deposit an amount of cash equal to the Cash Proceeds in accordance with Section 2.2 with the Depositary for the exclusive purpose of making the cash payments to Shareholders in accordance with the provisions of this Article 3. The cash deposited shall not be used for any other purpose except as provided in this Plan of Arrangement. The cash deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

3.2 Delivery of Cash Consideration

(1) Upon surrender to the Depositary for cancellation of a certificate that immediately prior to the Effective Time represented one or more outstanding Common Shares that were transferred (or deemed to have been transferred in accordance with Section 4.1(2)) in consideration for the Consideration per Common Share in accordance with Section 2.2 hereof, together with a duly completed and executed Letter of Transmittal and such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver to such holder following the Effective Time, a cheque (or other form of immediately available funds) representing the Consideration per Common Share which such holder is entitled to receive in accordance with Section 2.2 hereof, less any amounts withheld pursuant to Section 3.4, which amounts shall be paid to the holder pursuant to and in accordance with this Article 3 from the funds deposited with the Depositary under Section 3.1, and any certificate so surrendered shall

forthwith be cancelled and such holder shall have no further right or claim as against the Corporation or the Purchaser except to the extent the cash so deposited is insufficient to satisfy the amounts payable to such former holders.

(2) After the Effective Time and until surrendered for cancellation as contemplated by Section 3.2(1) hereof, each certificate which immediately prior to the Effective Time represented one or more Common Shares shall be deemed at all times to represent only the right to receive in exchange therefor the Consideration which the holder of such certificate is entitled to receive in accordance with Section 3.2(1) hereof.

(3) The delivery of any share certificate shall be effected, and risk of loss and title to such certificate shall pass, only upon and subject to receipt thereof by the Depositary, together with a properly completed and duly executed Letter of Transmittal, duly executed on behalf of each Person effecting the surrender of such certificate.

3.3 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares as the case may be, which were exchanged for the Consideration per Common Share, in accordance with Section 2.2 hereof, respectively, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, the aggregate Consideration which such holder is entitled to receive in accordance with Section 2.2 hereof, deliverable in accordance with such holder's Letter of Transmittal. When authorizing such delivery of the aggregate Consideration which such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom the consideration is to be delivered shall, as a condition precedent to the delivery of such consideration, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such amount as the Purchaser and the Depositary may direct, or otherwise indemnify the Purchaser, the Corporation and the Depositary and/or any of their respective representatives or agents in a manner satisfactory to the Purchaser and the Depositary, against any claim that may be made against the Purchaser, the Corporation or the Depositary and/or any of their respective representatives or agents with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the bylaws of the Corporation.

3.4 Withholding Rights; Tax Consequences

The Purchaser, the Corporation and the Depositary, as applicable, shall be entitled to deduct and withhold from any amounts payable or otherwise deliverable to any Person under this Plan of Arrangement, (including without limitation, any amounts payable pursuant to Section 2.2 and this Article 3) such amounts as the Purchaser, the Corporation or the Depositary, as applicable, are required or reasonably believe to be required to deduct and withhold from such consideration under any provision of any Laws in respect of Taxes. To the extent any such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the Person in respect of which such deduction or withholding was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Entity.

3.5 Limitation and Proscription

(1) To the extent that a Shareholder shall not have complied with the provisions of Section 3.2 hereof, on or before the date that is six (6) years after the Effective Date (the **Final Proscription Date**), then any right or claim to payment hereunder that remains outstanding on the Final Proscription Date shall cease to represent a right or claim of any kind or nature, and the right of such Shareholder to receive any consideration payable pursuant to the Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser, free and clear of all claims or interests of any Person previously entitled thereto, for no consideration.

(2) Any payment made by way of cheque by the Corporation, or by the Depositary on behalf of the Corporation, or the Purchaser pursuant to the Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the Final Proscription Date, and any right or claim to payment hereunder that remains outstanding on the Final Proscription Date shall cease to represent a right or claim of any kind or nature and the right of any former Shareholder to receive the Consideration pursuant to the Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Corporation, as applicable, for no consideration.

(3) No holder of Common Shares or Hanfeng Options shall be entitled to receive any consideration other than the Consideration to which such holder is entitled to receive in accordance with Article 2 and Article 3 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date. No dividend or other distribution declared or made after the Effective Time with respect to the Common Shares with a record date on or after the Effective Date shall be delivered to the holder of any unsurrendered certificate which, immediately prior to the Effective Date, represented outstanding Common Shares.

3.6 Letter of Transmittal

At the time of mailing of the Hanfeng Circular or as soon as practicable after the Effective Date, the Corporation shall forward to each holder of Common Shares at the address of such holder as it appears on the register maintained by or on behalf of the Corporation in respect of the holders of Common Shares a Letter of Transmittal.

ARTICLE 4
RIGHTS OF DISSENT

4.1 Dissent Rights

(1) Each registered Shareholder may exercise rights of dissent with respect to its Common Shares pursuant to and in the manner set forth in section 185 of the OBCA as modified by the Interim Order and this Section 4.1 (the **Dissent Rights**), provided that, notwithstanding section 185(6) of the OBCA, such Shareholder's Notice of Dissent is received by the Corporation by no later than 5:00 p.m. (Eastern Time) on the Business Day immediately preceding the date of the Hanfeng Meeting, or, if the Hanfeng Meeting is adjourned or postponed, 5:00 p.m. (Eastern Time) on the Business Day that is immediately preceding the date of such adjourned or postponed Hanfeng Meeting.

(2) Registered Shareholders who duly and validly exercise their Dissent Rights shall be deemed to have transferred their Common Shares, without any further act or formality on their part, free and clear of all Liens, to the Purchaser as provided in Section 2.2(3) hereof, and such registered Shareholders who: (i) are ultimately determined to be entitled to be paid fair value for their Common Shares shall be entitled to a payment of cash from the Purchaser equal to such fair value, subject to (for greater certainty) applicable withholdings in accordance with Section 3.4, and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement in respect of such Common Shares had such registered Shareholders not exercised their Dissent Rights; or (ii) are ultimately determined not to be entitled, for any reason, to be paid fair value for their Common Shares shall have participated and shall be deemed to have participated in the Arrangement, as at the Effective Time, pursuant to Section 2.2(4) on the same basis as a registered Shareholder who is not a Dissenting Shareholder and shall receive the Consideration in respect of their Common Shares on the basis set forth in Article 3, and subject to, for greater certainty, applicable withholdings in accordance with Section 3.4.

(3) In addition to any other restrictions under section 185 of the OBCA, registered Shareholders who vote in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.

(4) In no case shall the Corporation, the Purchaser, the Depositary, the registrar and transfer agent in respect of the Common Shares or any other Person be required to recognize a Dissenting Shareholder as a registered or beneficial holder of Common Shares or any interest therein after the completion of the transfer contemplated in Section 2.2(3) (other than the rights to cash set out in Section 4.1(2)) and the name of each Dissenting Shareholder shall be deleted from the registers of holders of the Common Shares as at that time.

ARTICLE 5
GENERAL

5.1 Paramountcy

From and after the Effective Time (i) this Plan of Arrangement shall take precedence and priority over any and all Common Shares and Hanfeng Options issued prior to the Effective Time, and (ii) the rights and obligations of the holders of Common Shares and Hanfeng Options, the Corporation, the Purchaser, the Depositary and any trustee or transfer agent therefor in relation thereto, and any other Person having any right, title or interest in or to Common Shares, shall be solely as provided for in this Plan of Arrangement.

5.2 Amendment

(1) Subject to the provisions of the Interim Order and any Final Order, any amendment, modification or supplement to this Plan of Arrangement (an **Amendment**) may be made by mutual written agreement of the Parties at any time before or after the Hanfeng Meeting but prior to the Effective Time provided that such Amendment is: (i) filed with the Court and, if made following the Hanfeng Meeting , approved by the Court; and (ii) communicated to Shareholders and others as may be required by the Interim Order if and as required by the Court. If such Amendment proposed at any time prior to the Hanfeng Meeting , if disclosed, would reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution at the Hanfeng Meeting, notice of such Amendment shall be given to the Shareholders by press release, newspaper, advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Purchaser and Corporation may agree, each acting reasonably. Any Amendment so made shall become part of this Plan of Arrangement for all purposes and the Plan of Arrangement, as amended, shall be the subject of the Arrangement Resolution.

(2) Notwithstanding Section 5.2(1), if the Amendment being proposed following the Hanfeng Meeting:

(a) concerns a matter that either:

(i) is of an administrative nature required to better give effect to the implementation of the Plan of Arrangement; or

(ii) relates to how the Corporation will be capitalized, financed or structured after the Effective Time; and

(b) is not prejudicial to the Shareholders or other Persons bound by this Plan of Arrangement, and does not result in an adverse change in the quantum or form of consideration payable to Shareholders,

then no Court approval or communication to the Shareholders shall be required.

(3) If, prior to the Effective Date, any term or provision of this Plan of Arrangement, or the application thereof, is held by the Court to be invalid, void or unenforceable, the Court, at the request of either of the Corporation or the Purchaser, shall have the power to alter and interpret such term or provision to make it

valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretations.

5.3 Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and be deemed to have occurred in the order set out herein, without any further act or formality, each of the Purchaser and the Corporation shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to implement this Plan of Arrangement and to further document or evidence any of the transactions or events set out herein.

APPENDIX E

INTERIM ORDER

Court File No. CV-13-10002-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 13TH
	)	
JUSTICE MORAWETZ	)	DAY OF FEBRUARY, 2013

IN THE MATTER OF *BUSINESS CORPORATIONS ACT (ONTARIO)*, R.S.O. 1990, CHAP. B.16, SECTION 182, AS AMENDED

AND IN THE MATTER OF AN APPLICATION BY HANFENG EVERGREEN INC. RELATING TO A PROPOSED ARRANGEMENT INVOLVING HANFENG EVERGREEN INC., XINDUO YU AND 8310831 CANADA INC.

INTERIM ORDER

THIS MOTION, made by the Applicant, Hanfeng Evergreen Inc. ("Hanfeng"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act (Ontario)*, R.S.O. 1990, c. B.16, as amended (the "OBCA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on February 11, 2013, and the affidavit of Loudon Owen sworn February 12, 2013 (the "Owen Affidavit"), including the Plan of Arrangement, which is attached as Appendix "D" to the draft Hanfeng Management Information Circular (the "Circular"), which is attached as Exhibit "A" to the Owen Affidavit, and on hearing the submissions of the lawyers for Hanfeng, Mr. Xinduo Yu ("Yu") and 8310831 Canada Inc. ("831"),

Definitions

1. THIS COURT ORDERS that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Circular or otherwise as specifically defined herein.

The Meeting

2. THIS COURT ORDERS that Hanfeng is permitted to call, hold and conduct an annual and special meeting (the "Meeting") of the holders (the "Shareholders") of common shares in the capital of Hanfeng (the "Shares"), to be held at the Toronto Board of Trade-Downtown Centre, 1 First Canadian Place, Suite 350, Toronto, Ontario, on March 15, 2013 at 8:30 a.m. (Toronto time) in order for the Shareholders, in addition to routine annual business, to consider and, if determined advisable, pass a special resolution authorizing, adopting, approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "Arrangement Resolution").

3. THIS COURT ORDERS that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Circular (the "Notice of Meeting") and the articles and by-laws of Hanfeng, subject to what may be provided hereafter and subject to further order of this Court.

4. THIS COURT ORDERS that the record date (the "Record Date") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be 5:00 p.m. (Toronto time), Tuesday, January 15, 2013.

5. THIS COURT ORDERS that the only persons entitled to attend or speak at the Meeting shall be:

(a) the Shareholders or their respective proxyholders;

(b) the officers, directors, auditors and advisors of Hanfeng;

(c) representatives and advisors of Yu and 831; and

(d) other persons who may receive the permission of the Chair of the Meeting.

6. THIS COURT ORDERS that Hanfeng may transact such other business at the Meeting as is contemplated in the Circular, or as may otherwise properly be before the Meeting.

Quorum

7. THIS COURT ORDERS that the Chair of the Meeting shall be determined by Hanfeng and that the quorum at the Meeting shall be at least two persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a Shareholder so entitled, irrespective of the number of Shares held by such persons, together holding or representing by proxy not less than 20% of the outstanding Shares.

Amendments to the Arrangement and Plan of Arrangement

8. THIS COURT ORDERS that Hanfeng is authorized to make, subject to the terms of the Arrangement Agreement, the Plan of Arrangement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval or the Arrangement.

9. THIS COURT ORDERS that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Hanfeng and 831 may agree, each acting reasonably.

Amendments to the Information Circular

10. THIS COURT ORDERS that Hanfeng is authorized to make such amendments, revisions and/or supplements to the draft Circular as it may determine and the Circular, as so

amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. THIS COURT ORDERS that Hanfeng, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Hanfeng may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. THIS COURT ORDERS that, in order to effect the notice of the Meeting, Hanfeng shall send the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Hanfeng may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "Meeting Materials"), to the following:

(a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of the Meeting, by one or more of the following methods:

(i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Hanfeng, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Hanfeng;

(ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i), above; or

(iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Hanfeng, who requests such transmission in writing and, if required by Hanfeng, who is prepared to pay the charges for such transmission;

(b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

(c) the respective directors and auditors of Hanfeng by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. THIS COURT ORDERS that, in the event that Hanfeng elects to distribute the Meeting Materials, Hanfeng is hereby directed to distribute the Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by Hanfeng to be necessary or desirable (collectively, the "Court Materials") to the holders of Options by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 in this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of Hanfeng or its registrar and transfer agent at the close of business on the Record Date.

14. THIS COURT ORDERS that accidental failure or omission by Hanfeng to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by the Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Hanfeng, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim

Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Hanfeng, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. THIS COURT ORDERS that Hanfeng is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as Hanfeng may determine in accordance with the terms of the Arrangement Agreement ("Additional Information"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Hanfeng may determine.

16. THIS COURT ORDERS that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials of the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. THIS COURT ORDERS that Hanfeng is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as Hanfeng may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Hanfeng is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as Hanfeng may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine including, if so requested, by 831 acting reasonably and at the sole costs and expense of 831. Hanfeng may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies by Shareholders, if Hanfeng deems it advisable to do so.

18. THIS COURT ORDERS that any proxy to be used at the Meeting must be received by Equity Financial Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 by not later than 8:30 a.m. (Toronto time) on March 13, 2013, or in the event the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed meeting.

19. THIS COURT ORDERS that Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s. 110(4)(a) of the OBCA: (a) must be deposited at the registered office of Hanfeng as set out in the Circular; and (b) any such instruments must be received by Hanfeng at any time up to and including 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting (or any adjournment or postponement thereof), or with the Chairman of the Meeting on the date of the Meeting or any adjournment or postponement thereof.

Voting

20. THIS COURT ORDERS that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Registered Shareholders who hold common shares of Hanfeng as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

21. THIS COURT ORDERS that votes shall be taken at the Meeting on the basis of one vote per common share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

(a) an affirmative vote of at least two-thirds ($66\frac{2}{3}\%$) of the votes cast in respect of the Arrangement Resolution by Shareholders present in person or by proxy at the Meeting and entitled to vote; and

(b) a simple majority of the votes cast in respect of the Arrangement Resolution by Shareholders present in person or by proxy and entitled to vote at the Meeting, excluding votes cast by Shareholders that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Such votes shall be sufficient to authorize Hanfeng to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

22. THIS COURT ORDERS that in respect of matters properly brought before the Meeting pertaining to items of business affecting Hanfeng (other than in respect of the Arrangement Resolution), each Registered Shareholder is entitled to one vote for each common share held.

Dissent Rights

23. THIS COURT ORDERS that each Registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Hanfeng, in the form required by section 185 of the OBCA and the Arrangement Agreement, which written objection must be received by Hanfeng not later than 5:00 p.m. (Toronto time) on the Business Day ~~which is two Business Days~~ immediately preceding the date of the Meeting or any adjournment or postponement thereof, and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the "court" referred to in section 185 of the OBCA means this Honourable Court.

24. THIS COURT ORDERS that, notwithstanding subsection 185(4) of the OBCA, 831, not Hanfeng, shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolution, for Shares held by registered Shareholders who duly exercise Dissent Rights, and to pay the amount to which such registered Shareholders may be entitled pursuant to the terms of the Arrangement Agreement. In accordance with the Plan of Arrangement and the Circular, all references to the "corporation" in subsections 185(4) and 185(14) to (30), inclusive, of the OBCA (except for the second reference to "corporation" in subsection 185(15)) shall be deemed to refer to "8310831 Canada Inc." in place of the "corporation", and 831 shall have all of the rights, duties and obligations of the "corporation" under subsections 185(14) to 185(30), inclusive, of the OBCA.

25. THIS COURT ORDERS that any Shareholder who duly exercises such Dissent Rights set out in paragraph 23 above and who:

(a) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its common shares, shall be deemed to have transferred those common shares as of five minutes after the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to 831 for cancellation pursuant to the Plan of Arrangement in consideration of a cash payment from 831 equal to such fair value; or

(b) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Hanfeng, 831, or any other person be required to recognize such Shareholders as holders of common shares of Hanfeng at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from Hanfeng's register of holders of common shares at that time.

26. THIS COURT ORDERS that, in addition to any other restrictions under section 185 of the OBCA and for greater certainty, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Options; and (ii) Shareholders who vote, or who have instructed proxyholders to vote, in favour of the Arrangement Resolution.

Hearing of Application for Approval of the Arrangement

27. THIS COURT ORDERS that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Hanfeng may apply to this Honourable Court for final approval of the Arrangement.

28. THIS COURT ORDERS that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 29.

29. THIS COURT ORDERS that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Hanfeng, with a copy to counsel for 831, as soon as reasonably practicable, and, in any event, no less than five (5) days before the hearing of this Application at the following addresses:

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Attn: Ryan A. Morris
Lawyers for Hanfeng Evergreen Inc.

NORTON ROSE CANADA LLP
Suite 2300
TD Waterhouse Tower
79 Wellington St. W., P. O. Box 128
Toronto, ON M5K 1H1

Attn: Marc Kestenberg
Lawyers for 8310831 Canada Inc.

30. THIS COURT ORDERS that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

(a) Hanfeng;

(b) Yu and 831;

(c) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

31. THIS COURT ORDERS that any materials to be filed by Hanfeng in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

32. THIS COURT ORDERS that in the even the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 29 shall be entitled to be given notice of the adjourned date.

Precedence

33. THIS COURT ORDERS that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Shares, Options, or the articles or by-laws of Hanfeng, this Interim Order shall govern.

Extra-Territorial Assistance

34. THIS COURT seeks and requests the aid and recognition of any court or any judicial, regulatory, or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of

the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

35. THIS COURT ORDERS that Hanfeng shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

FEB 13 2013

Court File No: CV-13-10002-00CL

IN THE MATTER OF *BUSINESS CORPORATIONS ACT (ONTARIO)*, R.S.O. 1990, CHAP. B.16, SECTION 182, AS AMENDED

AND IN THE MATTER OF AN APPLICATION BY HANFENG EVERGREEN INC. RELATING TO A PROPOSED ARRANGEMENT INVOLVING HANFENG EVERGREEN INC., XINDUO YU AND 8310831 CANADA INC.

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

INTERIM ORDER

BLAKE, CASSELS & GRAYDON LLP
Barristers & Solicitors
199 Bay Street, Ste. 4000
Commerce Court West
Toronto, Ontario M5L 1A9

Ryan A. Morris LSUC#: 50831C
Tel: (416) 863-2176
Fax: (416) 863-2653

Lawyers for the Applicant,
Hanfeng Evergreen Inc.

APPENDIX F

NOTICE OF APPLICATION FOR FINAL ORDER

CV-13-10002-00CL

Court File No:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF *BUSINESS CORPORATIONS ACT (ONTARIO)*, R.S.O. 1990, CHAP. B.16, SECTION 182, AS AMENDED

AND IN THE MATTER OF AN APPLICATION BY HANFENG EVERGREEN INC. RELATING TO A PROPOSED ARRANGEMENT INVOLVING HANFENG EVERGREEN INC., XINDUO YU AND 8310831 CANADA INC.

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on March 18, 2013 at 10:00 a.m., at Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer, or where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

DATE: February 11, 2013

Issued by: ______________________
(Registry Officer)

A. Anissimova
Registrar

Address of local office:

330 University Avenue
7th Floor
Toronto, Ontario
M5G 1R7

TO: All Holders of Common Shares in the capital of Hanfeng Evergreen Inc.

AND TO: All Holders of Options to Purchase Shares in the capital of Hanfeng Evergreen Inc.

AND TO: All Directors of Hanfeng Evergreen Inc.

AND TO: The Auditor for Hanfeng Evergreen Inc.

AND TO: NORTON ROSE CANADA LLP
Suite 2300
TD Waterhouse Tower
79 Wellington St. W., P. O. Box 128
Toronto, ON M5K 1H1

Marc Kestenberg LSUC#: 48932A
Tel: (416) 216-3977
Fax: (416) 216-3930

Lawyers for Xinduo Yu and 8310831 Canada Inc.

APPLICATION

1. The Applicant Hanfeng Evergreen Inc. ("Hanfeng") makes application for:

(a) an order pursuant to section 182 of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "OBCA") approving a Plan of Arrangement (the "Arrangement") proposed by the Applicant and described in the Hanfeng Management Information Circular (the "Circular") which Circular will be attached as an exhibit to the affidavit to be filed in support of this Application, and which will result in, among other things, the acquisition of all of the outstanding shares in the capital of Hanfeng (the "Shares") by 8310831 Canada Inc. ("831");

(b) an interim order for the advice and directions of this Court pursuant to subsection 182(5) of the OBCA with respect to the Arrangement and this Application (the "Interim Order");

(c) an order abridging the time for the service and filing or dispensing with service of the Notice of Application and Application Record, if necessary; and

(d) such further and other relief as this Court may deem just.

2. The grounds for the Application are:

(a) Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets, incorporated pursuant to the provisions of the OBCA. The Shares are listed and traded on the Toronto Stock Exchange under the symbol "HF";

(b) 831 is a company wholly-owned by Hanfeng's Chief Executive Officer, Mr. Xinduo Yu, and incorporated under the laws of Canada for the purposes of completing the Arrangement and related transactions;

(c) the Arrangement is an "arrangement" within the meaning of subsection 182(1) of the OBCA;

(d) all statutory requirements for an arrangement under the OBCA either have been fulfilled or will be fulfilled by the date of the return of this Application;

(e) the directions set out and the approvals required pursuant to any Interim Order this court may grant have been followed and obtained, or will be followed and obtained by the return date of this Application;

(f) the Arrangement is put forward in good faith;

(g) the Arrangement is fair and reasonable and it is appropriate for this Court to approve the Arrangement;

(h) section 182 of the OBCA;

(i) rules 3.02(1), 14.05(2), 17.02, 37 and 38 of the *Rules of Civil Procedure*; and

(j) such further and other grounds as counsel may advise and this Court may permit.

3. The following documentary evidence will be used at the hearing of the Application:

(a) such Interim Order as may be granted by this Court;

(b) the affidavit of a representative of Hanfeng, to be sworn, and the exhibits thereto;

(c) such further affidavit(s) on behalf of the Applicant, Hanfeng, reporting as to the compliance with any Interim Order of this Court and as to the result of any meetings ordered by any Interim Order of this Court; and

(d) such further and other material as counsel may advise and this Court may permit.

4. The Notice of Application will be sent to all registered holders of the Shares, as well as to such holders of options to purchase Shares in the capital of Hanfeng who otherwise will not receive a copy of the Notice of Application as a registered holder of Shares, at the address of each holder as shown on the books and records

of Hanfeng as at the close of business on January 15, 2013, or as this Court may direct in the Interim Order, pursuant to rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* in the case of those holders whose addresses, as they appear on the books and records of Hanfeng, are outside Ontario.

DATE: February 11, 2013

BLAKE, CASSELS & GRAYDON LLP
Barristers & Solicitors
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Ryan A. Morris LSUC#: 50831C
Tel: 416-863-2176
Fax: 416-863-2653

Lawyers for the Applicant,
Hanfeng Evergreen Inc.

CV13-10002-00CL

Court File No:

IN THE MATTER OF *BUSINESS CORPORATIONS ACT (ONTARIO)*, R.S.O. 1990, CHAP. B.16, SECTION 182, AS AMENDED

AND IN THE MATTER OF AN APPLICATION BY HANFENG EVERGREEN INC. RELATING TO A PROPOSED ARRANGEMENT INVOLVING HANFENG EVERGREEN INC., XINDUO YU AND 8310831 CANADA INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

NOTICE OF APPLICATION

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Box 25, Commerce Court West
Toronto, Ontario
M5L 1A9

Ryan A. Morris LSUC#: 50831C
Tel: 416-863-2176
Fax: 416-863-2653

Lawyers for the Applicant,
Hanfeng Evergreen Inc.

APPENDIX G

SECTION 185 OF THE *BUSINESS CORPORATIONS ACT* (ONTARIO)

DISSENT RIGHTS

Rights of dissenting shareholders

(1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181; or

(e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent. R.S.O. 1990, c. B.16, s. 185 (1).

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170 (5) or (6). R.S.O. 1990, c. B.16, s. 185 (2).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares. 2006, c. 34, Sched. B, s. 53.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986. R.S.O. 1990, c. B.16, s. 185 (3).

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted. R.S.O. 1990, c. B.16, s. 185 (4).

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (5).

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent. R.S.O. 1990, c. B.16, s. 185 (6).

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6). R.S.O. 1990, c. B.16, s. 185 (7).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection. R.S.O. 1990, c. B.16, s. 185 (8).

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights. R.S.O. 1990, c. B.16, s. 185 (9).

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares. R.S.O. 1990, c. B.16, s. 185 (10).

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent. R.S.O. 1990, c. B.16, s. 185 (11).

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section. R.S.O. 1990, c. B.16, s. 185 (12).

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (13).

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee. R.S.O. 1990, c. B.16, s. 185 (14).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (15).

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms. R.S.O. 1990, c. B.16, s. 185 (16).

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made. R.S.O. 1990, c. B.16, s. 185 (17).

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder. R.S.O. 1990, c. B.16, s. 185 (18).

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow. R.S.O. 1990, c. B.16, s. 185 (19).

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19). R.S.O. 1990, c. B.16, s. 185 (20).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders. R.S.O. 1990, c. B.16, s.185 (21).

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions. R.S.O. 1990, c. B.16, s. 185 (22).

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by

the decision rendered by the court in the proceedings commenced by the application. R.S.O. 1990, c. B.16, s. 185 (23).

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (24).

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders. R.S.O. 1990, c. B.16, s. 185 (25).

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b). R.S.O. 1990, c. B.16, s.185 (26).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment. R.S.O. 1990, c. B.16, s. 185 (27).

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares. R.S.O. 1990, c. B.16, s. 185 (28).

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders. R.S.O. 1990, c. B.16, s. 185 (29).

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities. R.S.O. 1990, c. B.16, s. 185 (30).

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection(1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission. 1994, c. 27, s. 71 (24).

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation. 1994, c. 27, s. 71 (24).

Any questions and requests for assistance may be directed to the
Proxy Solicitation Agent:

KINGSDALE
Shareholder Services Inc.

The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2
www.kingsdaleshareholder.com

North American Toll Free Phone:

1-888-518-6796

Email: contactus@kingsdaleshareholder.com

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

Tab E

This is Exhibit "E"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Court File No. CV-13-10002-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	WEDNESDAY, THE 13TH
	)	
JUSTICE MORAWETZ	)	DAY OF FEBRUARY, 2013

IN THE MATTER OF *BUSINESS CORPORATIONS ACT (ONTARIO)*, R.S.O. 1990, CHAP. B.16, SECTION 182, AS AMENDED

AND IN THE MATTER OF AN APPLICATION BY HANFENG EVERGREEN INC. RELATING TO A PROPOSED ARRANGEMENT INVOLVING HANFENG EVERGREEN INC., XINDUO YU AND 8310831 CANADA INC.

INTERIM ORDER

THIS MOTION, made by the Applicant, Hanfeng Evergreen Inc. ("Hanfeng"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act (Ontario)*, R.S.O. 1990, c. B.16, as amended (the "OBCA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on February 11, 2013, and the affidavit of Loudon Owen sworn February 12, 2013 (the "Owen Affidavit"), including the Plan of Arrangement, which is attached as Appendix "D" to the draft Hanfeng Management Information Circular (the "Circular"), which is attached as Exhibit "A" to the Owen Affidavit, and on hearing the submissions of the lawyers for Hanfeng, Mr. Xinduo Yu ("Yu") and 8310831 Canada Inc. ("831"),

Definitions

1. THIS COURT ORDERS that all definitions used in this Interim Order shall have the meaning ascribed thereto in the Circular or otherwise as specifically defined herein.

The Meeting

2. THIS COURT ORDERS that Hanfeng is permitted to call, hold and conduct an annual and special meeting (the "Meeting") of the holders (the "Shareholders") of common shares in the capital of Hanfeng (the "Shares"), to be held at the Toronto Board of Trade-Downtown Centre, 1 First Canadian Place, Suite 350, Toronto, Ontario, on March 15, 2013 at 8:30 a.m. (Toronto time) in order for the Shareholders, in addition to routine annual business, to consider and, if determined advisable, pass a special resolution authorizing, adopting, approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "Arrangement Resolution").

3. THIS COURT ORDERS that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Circular (the "Notice of Meeting") and the articles and by-laws of Hanfeng, subject to what may be provided hereafter and subject to further order of this Court.

4. THIS COURT ORDERS that the record date (the "Record Date") for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be 5:00 p.m. (Toronto time), Tuesday, January 15, 2013.

5. THIS COURT ORDERS that the only persons entitled to attend or speak at the Meeting shall be:

(a) the Shareholders or their respective proxyholders;

(b) the officers, directors, auditors and advisors of Hanfeng;

(c) representatives and advisors of Yu and 831; and

(d) other persons who may receive the permission of the Chair of the Meeting.

6. THIS COURT ORDERS that Hanfeng may transact such other business at the Meeting as is contemplated in the Circular, or as may otherwise properly be before the Meeting.

Quorum

7. THIS COURT ORDERS that the Chair of the Meeting shall be determined by Hanfeng and that the quorum at the Meeting shall be at least two persons present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a Shareholder so entitled, irrespective of the number of Shares held by such persons, together holding or representing by proxy not less than 20% of the outstanding Shares.

Amendments to the Arrangement and Plan of Arrangement

8. THIS COURT ORDERS that Hanfeng is authorized to make, subject to the terms of the Arrangement Agreement, the Plan of Arrangement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval or the Arrangement.

9. THIS COURT ORDERS that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as Hanfeng and 831 may agree, each acting reasonably.

Amendments to the Information Circular

10. THIS COURT ORDERS that Hanfeng is authorized to make such amendments, revisions and/or supploments to the draft Circular as it may determinc and the Circular, as so

amended, revised and/or supplemented, shall be the Circular to be distributed in accordance with paragraphs 12 and 13.

Adjournments and Postponements

11. THIS COURT ORDERS that Hanfeng, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and notice of any such adjournment or postponement shall be given by such method as Hanfeng may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. THIS COURT ORDERS that, in order to effect the notice of the Meeting, Hanfeng shall send the Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy and the letter of transmittal, along with such amendments or additional documents as Hanfeng may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the "Meeting Materials"), to the following:

(a) the registered Shareholders at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of the Meeting, by one or more of the following methods:

(i) by pre-paid ordinary or first class mail at the addresses of the Shareholders as they appear on the books and records of Hanfeng, or its registrar and transfer agent, at the close of business on the Record Date and if no address is shown therein, then the last address of the person known to the Corporate Secretary of Hanfeng;

(ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i), above; or

(iii) by facsimile or electronic transmission to any Shareholder, who is identified to the satisfaction of Hanfeng, who requests such transmission in writing and, if required by Hanfeng, who is prepared to pay the charges for such transmission;

(b) non-registered Shareholders by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and

(c) the respective directors and auditors of Hanfeng by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. THIS COURT ORDERS that, in the event that Hanfeng elects to distribute the Meeting Materials, Hanfeng is hereby directed to distribute the Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by Hanfeng to be necessary or desirable (collectively, the "Court Materials") to the holders of Options by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, concurrently with the distribution described in paragraph 12 in this Interim Order. Distribution to such persons shall be to their addresses as they appear on the books and records of Hanfeng or its registrar and transfer agent at the close of business on the Record Date.

14. THIS COURT ORDERS that accidental failure or omission by Hanfeng to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by the Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Hanfeng, or the non-receipt of such notice shall, subject to further order of this Honourable Court, not constitute a breach of this Interim

Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of Hanfeng, it shall use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. THIS COURT ORDERS that Hanfeng is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials, as Hanfeng may determine in accordance with the terms of the Arrangement Agreement ("Additional Information"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as Hanfeng may determine.

16. THIS COURT ORDERS that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials of the Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9 above.

Solicitation and Revocation of Proxies

17. THIS COURT ORDERS that Hanfeng is authorized to use the letter of transmittal and proxies substantially in the form of the drafts accompanying the Circular, with such amendments and additional information as Hanfeng may determine are necessary or desirable, subject to the terms of the Arrangement Agreement. Hanfeng is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as Hanfeng may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine including, if so requested, by 831 acting reasonably and at the sole costs and expense of 831. Hanfeng may waive generally, in its discretion, the time limits set out in the Circular for the deposit or revocation of proxies by Shareholders, if Hanfeng deems it advisable to do so.

18. THIS COURT ORDERS that any proxy to be used at the Meeting must be received by Equity Financial Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1 by not later than 8:30 a.m. (Toronto time) on March 13, 2013, or in the event the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned or postponed meeting.

19. THIS COURT ORDERS that Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s. 110(4)(a) of the OBCA: (a) must be deposited at the registered office of Hanfeng as set out in the Circular; and (b) any such instruments must be received by Hanfeng at any time up to and including 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting (or any adjournment or postponement thereof), or with the Chairman of the Meeting on the date of the Meeting or any adjournment or postponement thereof.

Voting

20. THIS COURT ORDERS that the only persons entitled to vote in person or by proxy on the Arrangement Resolution, or such other business as may be properly brought before the Meeting, shall be those Registered Shareholders who hold common shares of Hanfeng as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

21. THIS COURT ORDERS that votes shall be taken at the Meeting on the basis of one vote per common share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by:

(a) an affirmative vote of at least two-thirds ($66\frac{2}{3}$%) of the votes cast in respect of the Arrangement Resolution by Shareholders present in person or by proxy at the Meeting and entitled to vote; and

(b) a simple majority of the votes cast in respect of the Arrangement Resolution by Shareholders present in person or by proxy and entitled to vote at the Meeting, excluding votes cast by Shareholders that are required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions.*

Such votes shall be sufficient to authorize Hanfeng to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in the Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

22. THIS COURT ORDERS that in respect of matters properly brought before the Meeting pertaining to items of business affecting Hanfeng (other than in respect of the Arrangement Resolution), each Registered Shareholder is entitled to one vote for each common share held.

Dissent Rights

23. THIS COURT ORDERS that each Registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to Hanfeng, in the form required by section 185 of the OBCA and the Arrangement Agreement, which written objection must be received by Hanfeng not later than 5:00 p.m. (Toronto time) on the Business Day ~~which is two Business Days~~ immediately preceding the date of the Meeting or any adjournment or postponement thereof, and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the "court" referred to in section 185 of the OBCA means this Honourable Court.

24. THIS COURT ORDERS that, notwithstanding subsection 185(4) of the OBCA, 831, not Hanfeng, shall be required to offer to pay fair value, as of the day prior to approval of the Arrangement Resolution, for Shares held by registered Shareholders who duly exercise Dissent Rights, and to pay the amount to which such registered Shareholders may be entitled pursuant to the terms of the Arrangement Agreement. In accordance with the Plan of Arrangement and the Circular, all references to the "corporation" in subsections 185(4) and 185(14) to (30), inclusive, of the OBCA (except for the second reference to "corporation" in subsection 185(15)) shall be deemed to refer to "8310831 Canada Inc." in place of the "corporation", and 831 shall have all of the rights, duties and obligations of the "corporation" under subsections 185(14) to 185(30), inclusive, of the OBCA. .

25. THIS COURT ORDERS that any Shareholder who duly exercises such Dissent Rights set out in paragraph 23 above and who:

(a) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its common shares, shall be deemed to have transferred those common shares as of five minutes after the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to 831 for cancellation pursuant to the Plan of Arrangement in consideration of a cash payment from 831 equal to such fair value; or

(b) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its common shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall Hanfeng, 831, or any other person be required to recognize such Shareholders as holders of common shares of Hanfeng at or after the date upon which the Arrangement becomes effective and the names of such Shareholders shall be deleted from Hanfeng's register of holders of common shares at that time.

26. THIS COURT ORDERS that, in addition to any other restrictions under section 185 of the OBCA and for greater certainty, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Options; and (ii) Shareholders who vote, or who have instructed proxyholders to vote, in favour of the Arrangement Resolution.

Hearing of Application for Approval of the Arrangement

27. THIS COURT ORDERS that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, Hanfeng may apply to this Honourable Court for final approval of the Arrangement.

28. THIS COURT ORDERS that distribution of the Notice of Application and the Interim Order in the Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 29.

29. THIS COURT ORDERS that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for Hanfeng, with a copy to counsel for 831, as soon as reasonably practicable, and, in any event, no less than five (5) days before the hearing of this Application at the following addresses:

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street, Suite 4000
Commerce Court West
Toronto, ON M5L 1A9

Attn: Ryan A. Morris
Lawyers for Hanfeng Evergreen Inc.

NORTON ROSE CANADA LLP
Suite 2300
TD Waterhouse Tower
79 Wellington St. W., P. O. Box 128
Toronto, ON M5K 1H1

Attn: Marc Kestenberg
Lawyers for 8310831 Canada Inc.

30. THIS COURT ORDERS that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

(a) Hanfeng;

(b) Yu and 831;

(c) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

31. THIS COURT ORDERS that any materials to be filed by Hanfeng in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

32. THIS COURT ORDERS that in the even the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 29 shall be entitled to be given notice of the adjourned date.

Precedence

33. THIS COURT ORDERS that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral to the Shares, Options, or the articles or by-laws of Hanfeng, this Interim Order shall govern.

Extra-Territorial Assistance

34. THIS COURT seeks and requests the aid and recognition of any court or any judicial, regulatory, or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of

the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

35. THIS COURT ORDERS that Hanfeng shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.

FEB 13 2013

Court File No: CV-13-10002-00CL

IN THE MATTER OF *BUSINESS CORPORATIONS ACT (ONTARIO)*, R.S.O. 1990, CHAP. B.16, SECTION 182, AS AMENDED

AND IN THE MATTER OF AN APPLICATION BY HANFENG EVERGREEN INC. RELATING TO A PROPOSED ARRANGEMENT INVOLVING HANFENG EVERGREEN INC., XINDUO YU AND 8310831 CANADA INC.

ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST

Proceeding commenced at Toronto

INTERIM ORDER

BLAKE, CASSELS & GRAYDON LLP
Barristers & Solicitors
199 Bay Street, Ste. 4000
Commerce Court West
Toronto, Ontario M5L 1A9

Ryan A. Morris LSUC#: 50831C
Tel: (416) 863-2176
Fax: (416) 863-2653

Lawyers for the Applicant,
Hanfeng Evergreen Inc.

APPENDIX F

NOTICE OF APPLICATION FOR FINAL ORDER

CV13-10002-00CL

Court File No:

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF *BUSINESS CORPORATIONS ACT (ONTARIO)*, R.S.O. 1990, CHAP. B.16, SECTION 182, AS AMENDED

AND IN THE MATTER OF AN APPLICATION BY HANFENG EVERGREEN INC. RELATING TO A PROPOSED ARRANGEMENT INVOLVING HANFENG EVERGREEN INC., XINDUO YU AND 8310831 CANADA INC.

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on March 18, 2013 at 10:00 a.m., at Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer, or where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

DATE:	February 11, 2013	Issued by:	(Registry Officer) A. Anissimova Registrar
		Address of local office:	
		330 University Avenue 7^{th} Floor Toronto, Ontario M5G 1R7	

TO: All Holders of Common Shares in the capital of Hanfeng Evergreen Inc.

AND TO: All Holders of Options to Purchase Shares in the capital of Hanfeng Evergreen Inc.

AND TO: All Directors of Hanfeng Evergreen Inc.

AND TO: The Auditor for Hanfeng Evergreen Inc.

AND TO: NORTON ROSE CANADA LLP
Suite 2300
TD Waterhouse Tower
79 Wellington St. W., P. O. Box 128
Toronto, ON M5K 1H1

Marc Kestenberg LSUC#: 48932A
Tel: (416) 216-3977
Fax: (416) 216-3930

Lawyers for Xinduo Yu and 8310831 Canada Inc.

APPLICATION

1. The Applicant Hanfeng Evergreen Inc. ("Hanfeng") makes application for:

(a) an order pursuant to section 182 of the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "OBCA") approving a Plan of Arrangement (the "Arrangement") proposed by the Applicant and described in the Hanfeng Management Information Circular (the "Circular") which Circular will be attached as an exhibit to the affidavit to be filed in support of this Application, and which will result in, among other things, the acquisition of all of the outstanding shares in the capital of Hanfeng (the "Shares") by 8310831 Canada Inc. ("831");

(b) an interim order for the advice and directions of this Court pursuant to subsection 182(5) of the OBCA with respect to the Arrangement and this Application (the "Interim Order");

(c) an order abridging the time for the service and filing or dispensing with service of the Notice of Application and Application Record, if necessary; and

(d) such further and other relief as this Court may deem just.

2. The grounds for the Application are:

(a) Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets, incorporated pursuant to the provisions of the OBCA. The Shares are listed and traded on the Toronto Stock Exchange under the symbol "HF";

(b) 831 is a company wholly-owned by Hanfeng's Chief Executive Officer, Mr. Xinduo Yu, and incorporated under the laws of Canada for the purposes of completing the Arrangement and related transactions;

(c). the Arrangement is an "arrangement" within the meaning of subsection 182(1) of the OBCA;

(d) all statutory requirements for an arrangement under the OBCA either have been fulfilled or will be fulfilled by the date of the return of this Application;

(e) the directions set out and the approvals required pursuant to any Interim Order this court may grant have been followed and obtained, or will be followed and obtained by the return date of this Application;

(f) the Arrangement is put forward in good faith;

(g) the Arrangement is fair and reasonable and it is appropriate for this Court to approve the Arrangement;

(h) section 182 of the OBCA;

(i) rules 3.02(1), 14.05(2), 17.02, 37 and 38 of the *Rules of Civil Procedure*; and

(j) such further and other grounds as counsel may advise and this Court may permit.

3. The following documentary evidence will be used at the hearing of the Application:

(a) such Interim Order as may be granted by this Court;

(b) the affidavit of a representative of Hanfeng, to be sworn, and the exhibits thereto;

(c) such further affidavit(s) on behalf of the Applicant, Hanfeng, reporting as to the compliance with any Interim Order of this Court and as to the result of any meetings ordered by any Interim Order of this Court; and

(d) such further and other material as counsel may advise and this Court may permit.

4. The Notice of Application will be sent to all registered holders of the Shares, as well as to such holders of options to purchase Shares in the capital of Hanfeng who otherwise will not receive a copy of the Notice of Application as a registered holder of Shares, at the address of each holder as shown on the books and records

of Hanfeng as at the close of business on January 15, 2013, or as this Court may direct in the Interim Order, pursuant to rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure* in the case of those holders whose addresses, as they appear on the books and records of Hanfeng, are outside Ontario.

DATE: February 11, 2013

BLAKE, CASSELS & GRAYDON LLP
Barristers & Solicitors
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Ryan A. Morris LSUC#: 50831C
Tel: 416-863-2176
Fax: 416-863-2653

Lawyers for the Applicant,
Hanfeng Evergreen Inc.

Tab F

This is Exhibit "F"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Hanfeng Evergreen Adopts
Shareholder Rights Plan and Advance Notice By-law

TORONTO, Canada, January 13, 2014 – Hanfeng Evergreen Inc. (TSX: HF) ("Hanfeng" or the "Corporation") announced today that the board of directors of the Corporation has adopted a Shareholder Rights Plan (the "Rights Plan") and an Advance Notice By-law, each effective January 10, 2014.

In light of Xinduo Yu's current share ownership and previously announced intention to nominate a new slate of independent directors, the fundamental objective of the Rights Plan and the Advance Notice By-law is to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any initiative to acquire control of the Corporation – whether by way of a dissident proxy solicitation, take-over bid, or otherwise.

The Corporation also announced it has changed the record date for the previously announced annual meeting to January 27, 2014.

Hanfeng previously announced on January 7, 2014, that Xinduo Yu is no longer the President and Chief Executive Officer of the Corporation or the legal representative of the Corporation's wholly-owned subsidiaries, Hanfeng Slow-Release Fertilizer (Heilongjiang) Co., Ltd. and Hanfeng Slow-Release Fertilizer (Jiangsu) Co., Ltd., and that as part of the Corporation's ongoing value-maximization efforts, the Corporation is taking steps to preserve, and where appropriate monetize, its working capital, while continuing to explore potential partners and customers and strategic alternatives. The Corporation confirms that Xinduo Yu was dismissed by the board of directors of the Corporation from all his offices with the Corporation and its subsidiaries. Any public notices or press releases to the contrary that have been or may be made by Xinduo Yu or persons other than the Corporation are false and should not be relied upon. The Corporation currently does not have an interim Chief Executive Officer. Niral Merchant will continue to serve in his role as Chief Financial Officer of the Corporation and will report directly to the board of directors.

As a result of misleading statements published by Xinduo Yu to the effect that he and his current management team intended to continue to lead Hanfeng, despite his dismissal, the Corporation has dismissed and replaced all the other existing directors of the Corporation's subsidiaries, including Hanfeng Slow-Release Fertilizer (Heilongjiang) Co., Ltd., Hanfeng Slow-Release Fertilizer (Jiangsu) Co., Ltd., Hanfeng Slow-Release Fertilizer Pte Ltd. (a Singapore subsidiary), and Hanfeng Slow-Release Fertilizer (Canada) Co. Ltd. (a Canadian subsidiary).

Summary of Rights Plan

The Rights Plan does not prevent a takeover of Hanfeng but ensures that any change of control transaction is conducted in a manner that is fair and in the best interests of the Corporation and all of its shareholders. The objectives of the Rights Plan are: (i) to prevent a creeping takeover of Hanfeng or a transfer of control in which only certain shareholders are paid a premium for their common shares; (ii) to encourage a potential bidder to make a "Permitted Bid", having terms and conditions designed to meet the objectives of the Rights Plan, or to negotiate the terms of an offer with the board of directors of the Corporation; and (iii) to preserve the Corporation's ability to obtain the best value reasonably available for all shareholders by allowing other strategic alternatives to be fully explored by the Board of Directors before any one acquiror has substantial control or a blocking position in the common shares of the Corporation.

In summary, the rights issued under the Rights Plan become exercisable only if a person acquires 20% or more of Hanfeng's common shares without complying with the permitted bid provisions of the Rights Plan and where application of the Rights Plan is not waived by the board of directors in accordance with its terms. Any bid that meets certain criteria intended to protect the interests of all shareholders is deemed to be a "Permitted Bid".

The Permitted Bid provisions prevent the dilutive effects of the Rights Plan from operating if a take-over bid is made to all holders of common shares of the Corporation (other than the bidder) by way of a take-over bid circular in compliance with applicable securities laws and that remains open for acceptance for a minimum of 75 days and that satisfies certain other conditions. If a take-over bid does not comply with the requirements of the Rights Plan or where the application of the Rights Plan is not waived in accordance with its terms, the rights holders (other than the acquiring person and its affiliates, associates and joint actors) will be entitled to purchase additional common shares of the Corporation at a significant discount to the market price. If a shareholder's beneficial ownership of Hanfeng's common shares as of January 10, 2014 is at or above the 20% threshold, that shareholder's existing ownership would be "grandfathered" under the Rights Plan, but the rights issued would become exercisable if such grandfathered person (and its joint actors) increases its ownership by more than 0.01%. Certain derivative positions are also included in the calculation of beneficial ownership under the Rights Plan.

To the knowledge of Hanfeng, as of January 10, 2014: (i) Xinduo Yu beneficially owns, directly or indirectly, or exercises control or direction over, in the aggregate, 12,296,700 common shares of Hanfeng, representing approximately 20.4% of the issued and outstanding common shares; (ii) an additional 354,974 common shares of Hanfeng are beneficially owned or controlled by Lei Li, Tianhua Yu and Tianyu Yu, who are associates of Xinduo Yu, representing approximately 0.5% of the issued and outstanding common shares of Hanfeng; and (iii) Beidahuang Agriculture Development Limited ("Beidahuang") beneficially owns, or exercises control or direction over, 4,226,408 common shares of Hanfeng, representing approximately 7.0% of the outstanding common shares of Hanfeng.

As previously disclosed in the Corporation's Management Information Circular dated February 13, 2013, the Beidahuang Group of companies ("Beidahuang Group") has advised that if Hanfeng is not taken private, Beidahuang Group will not purchase fertilizer from the Corporation; may return previous fertilizer purchases; and the then current balance of outstanding accounts receivable may be uncollectible. On December 20, 2013, the Corporation announced that it has received a notice from Beidahuang Agricultural Company announcing its decision to cease purchasing products from the Company and to terminate all cooperation and business with Hanfeng. The Corporation further understands and previously disclosed that both Xinduo Yu and representatives of Beidahuang Group have indicated that Beidahuang Group may be interested, subsequent to Hanfeng becoming a private company, in acquiring an up to 30% equity interest in Hanfeng. Accordingly, Beidahuang Group may have an agreement, commitment or understanding with Xinduo Yu in these respects with the result that the Corporation has determined that Beidahuang Group may be a joint actor with Xinduo Yu. The Corporation believes that Beidahuang is affiliated or associated with Beidahuang Group.

Xinduo Yu is grandfathered under the Rights Plan as of January 10, 2014. However, if subsequent to January 10, 2014, Xinduo Yu and/or his joint actors acquire more than 0.01% of the common shares outstanding in addition to those common shares that they already hold, then the rights will become exercisable unless otherwise waived by the Board.

The Rights Plan is in effect for a period of six months, unless earlier terminated. The listing of the rights is subject to regulatory approval and acceptance by the Toronto Stock Exchange.

Summary of Advance Notice By-law

The Advance Notice By-law introduces a requirement that shareholders intending to nominate directors provide advance notice to Hanfeng in certain circumstances.

The purpose of the Advance Notice By-law is to provide a fair and transparent procedure for nominating directors. The Advance Notice By-law ensures that Hanfeng and its shareholders will receive adequate prior notice of director nominations, as well as sufficient information on all the nominees, by requiring shareholders to submit a notice of director nominations within a prescribed period in advance of a shareholder meeting for the election of directors. The Board of Directors will be able to evaluate the proposed nominees' qualifications and suitability as directors and respond as appropriate in the best interests of the Corporation. This will facilitate an orderly and efficient meeting process.

In particular, the Advance Notice By-law sets forth a procedure requiring advance notice to the Corporation by any shareholder who intends to nominate any person for election as director of the Corporation other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "Act"), or (ii) a shareholder proposal made pursuant to the provisions of the Act. Among other things, the Advance Notice Bylaw sets a deadline by which such shareholders must notify the Corporation in writing of an intention to nominate directors prior to any meeting of shareholders at which directors are to be elected and set forth the information that the shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10^{th} day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15^{th} day following the day on which the first public announcement of the date of the special meeting was made.

The Advance Notice By-law is in effect.

A complete copy of the Rights Plan and Advance Notice By-law will be filed on SEDAR at www.sedar.com.

As a result of delays in approval of the date of the Corporation's previously announced annual meeting scheduled for February 28, 2014, the record date for that meeting has been changed to be the close of business on January 27, 2014. This is unrelated to the Advance Notice By-law.

Forward-Looking Statements

This press release contains forward-looking statements based on current expectations, including but not limited to the Corporation's plans, objectives and expectations and the exploration by the Corporation of strategic alternatives. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risks and uncertainties about the Corporation's business are more fully discussed in the Corporation's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada. Forward-looking statements are not guarantees of future performance. In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Corporation that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are provided for the purpose of providing information about the Corporation's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. The Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in two of world's most significant agricultural markets: the People's Republic of China and the Republic of Indonesia. Hanfeng is headquartered in Toronto, Ontario and its shares are traded on the Toronto Stock Exchange under the symbol HF.

For more information, please contact:

Loudon Owen
Chairman of the Board of Directors
Hanfeng Evergreen Inc.
(416) 368-8588
lowen@mcleanwatson.com

Kevin O'Connor
Investor Relations
Spinnaker Capital Markets Inc.
(416) 962-3300
ko@spinnakercmi.com

Tab G

This is Exhibit "G"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

News & Events

Exchange Bulletin

TSX Trading Suspended - Hanfeng Evergreen Inc. (HF)

January 15, 2014

TRADING SUSPENDED **Hanfeng Evergreen Inc.** (the "Company") – TSX has suspended trading of the common shares (Symbol: HF) of the Company effective immediately pending clarification of Company affairs.

About TMX Group (TSX-X)

TMX Group's key subsidiaries operate cash and derivative markets and clearinghouses for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, TMX Select, Alpha Group, The Canadian Depository for Securities, Montreal Exchange, Canadian Derivatives Clearing Corporation, Natural Gas Exchange, BOX Options Exchange, Shorcan, Shorcan Energy Brokers, Equicom and other TMX Group companies provide listing markets, trading markets, clearing facilities, depository services, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montreal, Calgary and Vancouver), in key U.S. markets (New York, Houston, Boston and Chicago) as well as in London, Beijing and Sydney. For more information about TMX Group, visit our website at www.tmx.com Follow TMX Group on Twitter at http://twitter.com/tmxgroup.

Corporate Communications, TMX Group Inc., Toll Free 1-888-873-8392, info@tsx.com.

Page Last Updated. January 15, 2014

Hanfeng Evergreen Reports on Current Situation

TORONTO, Canada, January 16, 2014 – Hanfeng Evergreen Inc. (TSX: HF) ("Hanfeng" or the "Corporation") reported today on its current situation during its management transition.

Governance, Management and Operations

As previously disclosed, the former CEO, Xinduo Yu, was removed on January 7, 2014, by the Board of Directors of the Corporation as an officer of the Corporation, and as an officer, director or legal representative of any subsidiary of the Corporation. All other directors of the Corporation's subsidiaries were removed on January 10, 2014. Despite these board authorized changes, subsequent to his dismissal, the former CEO has made public representations that he does not intend to respect the decision of the Board of Directors, and said in part that, "he and his current management team will continue to lead the Hanfeng effort" and that it is "business as usual at Hanfeng".

The Corporation is now taking all necessary steps to notify the applicable regulatory authorities and third parties in China, and elsewhere, of these changes and to make the applicable registrations and regulatory filings in connection with these changes. The government filings that are required in China to change the legal representative and to replace directors are in process. The Corporation has retained Chinese legal counsel to assist in these steps and generally to provide legal advice concerning compliance with Chinese laws, and as previously announced, has retained FTI Consulting as interim manager in China. The Corporation has been advised that the process of fully transitioning governance and management, particularly in China, can require as long as six weeks, or possibly longer, particularly in circumstances such as these where the former CEO continues to represent to personnel and third parties, directly or indirectly, that he is still an officer of the parent Corporation or an officer, director or legal representative of the subsidiaries.

As the Corporation's news release stated on January 8, 2014, this management transition is a complex process occurring within a global enterprise operating under multiple corporate legal systems. Accordingly, such changes are not fully accomplished instantly.

Since the removal of the CEO, and the removal of all other directors of the subsidiaries, the management of the subsidiaries has been advised of these changes and, at this point in time, it is uncertain whether or not the management in China or in the other subsidiaries will accept or respect these changes on a timely basis without further action being taken. Neither the Corporation nor FTI Consulting is in a position to confirm whether the new legal representatives and directors appointed to each of the Corporation's two subsidiaries in China, or the new directors of the other subsidiaries, are able to perform their roles and responsibilities in cooperation with its staff. The Corporation's appointed legal representatives are not in possession of the official company seals, referred to as "chops" for the two subsidiaries in China.

Electronic Communications

Subsequent to the termination of the CEO, the electronic communications for the Corporation's e-mail (@hanfengevergreen.com) and web site (www.hanfengevergreen.com) were transferred to a new service provider in China without the approval of the Board of Directors or the management team in Canada. Electronic communications for certain Chinese subsidiaries at www.hanfeng-group.com are directly or indirectly under the control of the former CEO and control has not yet been transitioned to the Corporation. Accordingly, the Corporation is in the process of attempting to regain complete control of these communication platforms and in the meantime advises all parties sending or receiving e-mails or communicating by way of any e-mail associated with the domains hanfengevergreen.com or hanfeng-group.com, or any representation concerning the Corporation or its subsidiaries on those web sites and e-mail servers, that until further notice, those communication platforms are not fully under the control or direction of the Corporation and may not be relied upon.

Financial Situation

In order to provide funding for Corporation's operations in Canada, the Board of Directors has previously authorized the direction and payment of funds from two Chinese subsidiaries to the Canadian parent corporation. As previously disclosed, the repatriation of funds from China to Canada is not without risk and uncertainty. In this regard, the Corporation's Annual Information Form dated September 30, 2013 previously filed on www.sedar.com states in part,

"Repatriation of Profit and Currency Conversion ... any foreign exchange transaction on the capital account is subject to prior approval from the State Administration of Industry and Commerce ("SAIC"), and the State Administration for Foreign Exchange ("SAFE") of the PRC. ... The Corporation's wholly-owned subsidiaries in China may pay dividends to the Corporation or pay outstanding current account obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. There can be no assurance that the availability of foreign currency will be sufficient for the Corporation's subsidiaries to pay dividends to the Corporation or to satisfy their other foreign currency obligations, or that the SAFE or SAIC will approve said transfer. .... Furthermore, the time it takes to repatriate funds is unpredictable, and the exact process for repatriation is unclear."

In the current circumstances, it has come to the Corporation's attention that in connection with prior directed transfers of funds on capital account from China to Canada during 2013 by one of the Corporation's Chinese subsidiaries, Hanfeng Slow-Release Fertilizer (Jiangsu) Co., Ltd ("Jiangsu Subsidiary"), one or more representatives of the Jiangsu Subsidiary is alleged to have made one or more false declarations to SAFE, which, if it occurred, would have been directly contrary to the explicit, written funding instructions that any such wire transfer was only approved subject to all relevant law and customs of the People's Republic of China. As a result, the Corporation has been informed by the management of both of its subsidiaries in China that any further fund transfer by these subsidiaries from China is held up pending the outcome of an investigation by SAFE. The Corporation, in conjunction with its legal counsel in China, is in the process of undertaking an investigation of the situation and intends to cooperate with the SAFE authorities.

These restrictions on inter-company transfers have impacted the ability of the Corporation to secure the necessary funds for the sustained operations of the Canadian public company, and have had an adverse impact on liquidity. In the absence of being able to promptly return capital from China to Canada, the Corporation is exploring various financing and related alternatives, which may include seeking to source private lending, debt and/or equity capital.

Given the overall situation with management reporting and operations, and internal controls and procedures, particularly in its Chinese operations, the Corporation believes there is significant risk that its financial reporting, in particular the financial statements for the quarter ended December 31, 2013, may be delayed.

Trading on TSX

On January 15, 2014, the Toronto Stock Exchange suspended trading in the Corporation's common shares pending clarification of the Corporation's affairs. As at the date of this release, the Corporation's common shares remain halted.

Forward-Looking Statements

This news release contains forward-looking statements based on current expectations, including but not limited to the Corporation's plans, objectives and expectations and the exploration by the Corporation of strategic alternatives. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risks and uncertainties about the Corporation's business are more fully discussed in the Corporation's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada. Additional important factors that could cause actual results to differ materially include, but are not limited to: the ability of the Corporation to preserve or monetize its working capital; the effective ability of the

Corporation to appoint directors and representatives of its subsidiaries in China and elsewhere; delays in financial reporting; and the implementation of any alternative or financing transaction on acceptable terms. Forward-looking statements are not guarantees of future performance. In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Corporation that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are provided for the purpose of providing information about the Corporation's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. The Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in two of world's most significant agricultural markets: the People's Republic of China and the Republic of Indonesia. Hanfeng is headquartered in Toronto, Ontario and its shares are listed on the Toronto Stock Exchange under the symbol HF.

For more information, please contact:

Loudon Owen
Chairman of the Board of Directors
Hanfeng Evergreen Inc.
(416) 363-2000
lowen@mcleanwatson.com

Kevin O'Connor
Investor Relations
Spinnaker Capital Markets Inc.
(416) 962-3300
ko@spinnakercmi.com

Tab H

This is Exhibit "H"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

DISSIDENT PROXY CIRCULAR

TO BE USED IN CONNECTION WITH THE ANNUAL GENERAL AND SPECIAL MEETING OF HOLDERS OF COMMON SHARES OF

HANFENG EVERGREEN INC.

("HANFENG" OR THE "CORPORATION")

TO BE HELD ON FEBRUARY 28, 2014

FOR THE SOLICITATION OF PROXIES BY AND ON BEHALF OF

MR. XINDUO YU

("MR. YU" OR THE "CONCERNED SHAREHOLDER")

February 1, 2014

This dissident shareholder information circular, including any supplements hereto or amendments and restatements hereof (the "**Circular**"), and the accompanying **GREEN** form of proxy, solicits your **SUPPORT** for, among other things, each as is more particularly set out in this Circular, the Concerned Shareholder's proposed change in the board of directors of Hanfeng.

This solicitation of proxies is made by the Concerned Shareholder. This solicitation of proxies is NOT made by or on behalf of management of Hanfeng (the "Management").

The Concerned Shareholder has prepared and filed this Circular so that he may have discussions with certain shareholders regarding, among other things, the Concerned Shareholder's nominees (the "Concerned Shareholder Nominees") for election to the board of directors of Hanfeng in compliance with the solicitation requirements under applicable Canadian corporate and securities laws. You may support the Concerned Shareholder Nominees by voting the GREEN proxy that is included with this Circular, no later than 5:00 p.m. (Toronto time) on February 25, 2014.

On December 12, 2013, the Corporation's board of directors announced that it had set the date of the annual general and special meeting of shareholders as February 28, 2014 (the "**Meeting**"), and had set the record date for notice and voting at the Meeting as January 24, 2014. The record date was subsequently changed to January 27, 2014 (the "**Record Date**").

The Meeting will be held on February 28, 2014 at the time and place set out in the Hanfeng management information circular (the "Management Information Circular") required to be filed on www.sedar.com and mailed to the Corporation's shareholders (the "Shareholders"). If Management does not file and mail the Management Information Circular, the Concerned Shareholder will notify the Shareholders by press release of a time and location at which the Meeting can be held.

The Concerned Shareholder is soliciting your support and, ultimately, your completed GREEN proxy form, in support of, among other matters set out herein, the election of the following Concerned Shareholder Nominees at the Meeting:

- **Anthony W. Chang**
- **Joanne Yan**
- **Jonathan Pollack**
- **Xinduo Yu**
- **Yuanhui Tang**

Further details concerning the Concerned Shareholder Nominees are contained in this Circular.

Your vote is very important to the future of your investment in Hanfeng. If, after reading this Circular, you agree that changes to the current board of directors of Hanfeng are necessary and that the Concerned Shareholder Nominees will better serve your interests as Shareholders of the Corporation, please sign, date and deposit the enclosed GREEN form of proxy, no later than 5:00 p.m. (Toronto time) on February 25, 2014. Please follow the instructions under the heading "General Proxy Information" in this Circular with respect to depositing a proxy.

Unless otherwise noted, the information concerning Hanfeng contained in this Circular has been taken from, or is based upon, publicly available documents or records on file with Canadian securities regulatory authorities and other public sources. Although the Concerned Shareholder has no knowledge that would indicate that any statements contained therein are untrue or incomplete, the Concerned Shareholder does not assume responsibility for the accuracy or completeness of such information or for any failure by Hanfeng to disclose material information which may affect the significance or accuracy of such information. Certain information about Hanfeng, its directors, officers and operations cannot be reasonably ascertained by the Concerned Shareholder as, since being terminated as the President and Chief Executive Officer ("**CEO**") of the Corporation and as legal representative of certain of the Corporation's wholly-owned subsidiaries, the Corporation has limited the information which it makes available to the Concerned Shareholder.

CONTENTS

INTERNATIONAL SHAREHOLDERS
PLEASE CONTACT:

KINGSDALE
Shareholder Services Inc.

Telephone Toll Free: 1-800-749-9052
Outside North America CallCollect: 1-416-867-2272
Toll Free Fax: 1-866-545-5580
Fax: 416-867-2271

REGISTERED SHAREHOLDERS
(YOU HOLD A PHYSICAL SHARE CERTIFICATE REGISTERED IN YOUR NAME)

1. VOTING BY EMAIL	**2. VOTING BY FAX**	**3. VOTING BY MAIL OR DELIVERY**
Complete, date and sign your **GREEN** proxy and return it by email to contactus@kingsdaleshareholder.com.	Complete, date and sign your **GREEN** proxy and return it by fax to 1-866-545-5580 toll-free or 1-416-867-2271.	Complete, date and sign your **GREEN** proxy and return it to: The Exchange Tower 130 King Street West, Suite 2950 P. O. Box 361 Toronto, ON, M5X 1E2

CANADIAN AND INTERNATIONAL BENEFICIAL SHAREHOLDERS
(YOU HOLD SHARES THROUGH A CANADIAN OR INTERNATIONAL INTERMEDIARY OR DEPOSITARY)

1. VOTING BY INTERNET	**2. VOTING BY FAX**	**3. VOTING BY PHONE**	**4. VOTING BY MAIL**
Go to **www.proxyvote.com** specified on your **GREEN** voting information form ("**VIF**")/proxy and then follow the voting instructions on the screen using your 12 digit Control Number (located on the front of your **GREEN** VIF/proxy).	Complete, date and sign your **GREEN** VIF/proxy and return it by fax toll free at 1-866-623-5305 or 905-507-7793.	Call 1-800-474-7493 (English) or 1-800-474-7501 (French) and then follow the voting instructions using your 12 digit Control Number.	Complete, date and sign your **GREEN** VIF/proxy and return it to in the postage prepaid envelope provided to the address set out on the envelope.

UNITED STATES BENEFICIAL SHAREHOLDERS
(YOU HOLD SHARES THROUGH A U.S. INTERMEDIARY OR DEPOSITARY)

1. VOTING BY INTERNET	**2. VOTING BY FAX**	**3. VOTING BY PHONE**	**4. VOTING BY MAIL**
Go to the website specified on your **GREEN** VIF/proxy and then follow the voting instructions on the screen using your Control Number (located on the **GREEN** VIF/proxy).	Complete, date and sign your **GREEN** VIF/proxy and return it by fax to the fax number(s) listed on your **GREEN** VIF/proxy.	Call 1-800-454-8683 and then follow the voting instructions using your Control Number.	Complete, date and sign your **GREEN** VIF/proxy and return it to in the postage prepaid envelope provided to the address set out on the envelope.

If you experience any problems or require assistance voting your GREEN form of proxy or voting instruction form contact the Concerned Shareholder's proxy solicitor, Kingsdale Shareholder Services Inc. at 1-800-749-9052 toll-free in North America, or 1-416-867-2272 (collect) outside of North America, or by email at contactus@kingsdaleshareholder.com.

VOTE ONLY YOUR GREEN PROXY OR VOTING INFORMATION FORM TODAY

FORWARD-LOOKING STATEMENTS

Information included, or incorporated by reference into this Circular, may contain forward-looking statements. All statements, other than statements of historical fact, included or incorporated by reference into this Circular are forward-looking statements, including, without limitation, statements regarding activities, events or developments that the Concerned Shareholder expects or anticipates may occur in the future. These forward-looking statements can be identified by the use of forward-looking words such as "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words or the negative thereof and include statements concerning support for the Concerned Shareholder Nominees and the future board of directors of the Corporation. The forward-looking statements are based on understandings and reasonable assumptions, beliefs, opinions and expectations of the Concerned Shareholder (or, the Concerned Shareholder understands, the person making them, in the case of documents incorporated by reference) at the time they are made. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. The Concerned Shareholder cautions readers of this Circular not to place undue reliance on forward-looking statements contained in this Circular, which are not a guarantee of performance and are subject to a number of uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the timing of the Meeting, actions by the Corporation, its management, members of the current board of directors of Hanfeng or the Chairman of the Meeting, unexpected change of control consequences, the status of the Corporation's assets, financial condition and corporate books and records, general economic and market conditions, changes in law, regulatory processes, actions of competitors, and the ability to implement business strategies and pursue business opportunities and financing alternatives after a state of uncertainty. Holders of shares of the Corporation are cautioned that all forward-looking statements involve risks and uncertainties, including those risks and uncertainties detailed in Hanfeng's filings with applicable Canadian securities commissions, copies of which are available at www.sedar.com. The Concerned Shareholder urges you to carefully consider those factors.

The forward-looking statements contained in this Circular are expressly qualified in their entirety by this cautionary statement and the cautionary statements in any document incorporated by reference. The forward-looking statements included in this Circular are made as of the date of this Circular and the Concerned Shareholder undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

NOTICE TO HANFENG SHAREHOLDERS IN THE UNITED STATES

The Corporation is governed by the laws of Canada. The solicitation of proxies contemplated in this Circular involves securities of a Canadian issuer and are being effected in accordance with Canadian securities laws and the *Business Corporations Act (Ontario)* (the "**OBCA**"). The proxy rules under the *United States Securities Exchange Act of 1934*, as amended (the "**U.S. Exchange Act**"), are not applicable to the Corporation or this solicitation, and therefore this solicitation is not being effected in accordance with such United States securities laws. The Corporation's shareholders in the United States should be aware that the Canadian proxy solicitation and disclosure requirements are different from the requirements applicable to proxy statements under the U.S. Exchange Act.

CURRENCY

Unless otherwise indicated, all amounts in this Circular are stated in Canadian dollars.

CONCERNED SHAREHOLDER PROXY CIRCULAR

This Circular and accompanying **GREEN** form of proxy, and all other documents furnished herewith or subsequently furnished in connection with the solicitation contemplated hereby are, or will be, provided to you in connection with the solicitation by and on behalf of the Concerned Shareholder of proxies to be used by the Concerned Shareholder at the annual general and special meeting of holders of common shares (the "**Shares**") of

Hanfeng scheduled to be held on February 28, 2014 and at any and all adjournments or postponements thereof. The information contained in this Circular is given as of the date of this Circular, except where otherwise noted.

In order to be deposited with the proxy tabulation agent for the Corporation in time to be used at the Meeting, the Concerned Shareholder urges you to promptly return your completed Concerned Shareholder's form of proxy or voting instruction form, so that your vote is received by our proxy solicitation agent, Kingsdale Shareholder Services Inc., ("**Kingsdale**") by the deadline no later than 5:00 p.m. (Toronto time) on February 25, 2014. The proxy cut-off time may be waived or extended without notice. Shareholders can contact Kingsdale either by mail at Kingsdale Shareholder Services Inc., The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-800-749-9052 or by collect call outside North America at 416-867-2272 or by email at contactus@kingsdaleshareholder.com.

Shareholders are urged to monitor our press releases and other filings to ensure that they have all the information they require to take the necessary action within the prescribed time periods in order to show their support for the Concerned Shareholder's proposed changes to the board of directors of Hanfeng. These proposed changes are outlined below.

The Concerned Shareholder is soliciting your **SUPPORT**, and ultimately your completed **GREEN** form of proxy or voting instruction form, **FOR** the following proposals, which appear on the **GREEN** form of proxy or voting instruction form that accompanies this Circular:

1. The resolution setting the number of directors of the Hanfeng board of directors at five (5);

2. The election of the following five (5) Concerned Shareholder Nominees to the Hanfeng board of directors:

   - **Anthony W. Chang**
   - **Joanne Yan**
   - **Jonathan Pollack**
   - **Xinduo Yu**
   - **Yuanhui Tang**

3. The re-appointment of KPMG LLP as the Corporation's auditor, and authorization for the board of directors to fix its remuneration; and

4. The resolution approving the ratification and confirmation of the Corporation's Advance Notice By-law (defined below).

Biographies for the Concerned Shareholder Nominees are included under the heading "Matters to be Acted on at the Meeting - Election of Directors" in this Circular. Mr. Yu believes that each of these individuals is highly qualified and that together they have the industry, capital markets, financial and corporate governance expertise and experience needed to serve on the board of directors of Hanfeng.

ABOUT THE CONCERNED SHAREHOLDER

Mr. Yu is the founder and owns or controls greater than 20% of the Shares of Hanfeng Evergreen Inc., making him its largest Shareholder. Mr. Yu served as Hanfeng's President and CEO from its inception in June 2003 to January 8, 2014, as its Chairman from November 2004 to March 2006, and has served as a director of the Corporation since June 2003, a position which he continues to hold.

On January 8, 2014, Mr. Yu was informed by way of public announcement that he had been terminated, without notice, as the President and CEO of the Corporation and as legal representative of certain of the Corporation's wholly-owned subsidiaries. On January 15, 2014, the Toronto Stock Exchange (the "TSX") suspended trading in

Hanfeng's Shares pending clarification of the Corporation's affairs. Mr. Yu has serious concerns regarding the governance practices currently being employed at Hanfeng, which he would like to have a role in rectifying. To this end, Mr. Yu has put forward a slate of qualified independent nominees to be elected as directors at the Meeting (Mr. Yu is not independent under applicable securities laws as he has been an executive officer of Hanfeng within the last three years, see "Matters to be Acted on at the Meeting – Election of Directors).

The Concerned Shareholder, together with his associates and affiliates, owns beneficially, directly or indirectly, or exercises control or direction over 12,433,174 Shares, representing approximately 20.7% of the Corporation's outstanding Shares (based on the number of outstanding Shares as of January 15, 2014, see "Voting Securities and Principal Holders - Shareholders Entitled to Vote"). Xinduo Yu directly owns 10,876,400 shares and his associates own beneficially, directly or indirectly, or exercise control or direction over 1,556,774 Shares as follows: Lei Li holds 136,474 Share, the Xinduo Yu Family Trust holds 1,060,800 Shares and the Yu Foundation holds 359,500 Shares. Mr. Yu and each such associates' address is 306 Russell Hill Road, Toronto, Ontario, M4V 2T6.

Within the previous two years as of the date hereof, the Concerned Shareholder and his associates and affiliates have not made any purchases or sales of the Shares of the Corporation.

The Concerned Shareholder does not own beneficially, directly or indirectly, and does not exercise control or direction over, any securities of an affiliate of Hanfeng.

Except as is disclosed under "Voting Securities and Principal Holders" and "Interest in Material Transactions and Matters to be Acted Upon at the Meeting" of this Circular, neither the Concerned Shareholder nor his affiliates or associates has, within the preceding year, been a party to a contract, arrangement or understanding with any person in respect of securities of the Corporation. To the best of the Concerned Shareholder's knowledge, there has not been a change in effective control of the Corporation since the beginning of the Corporation's last financial year.

Mr. Yu has not previously acted as a dissident shareholder with respect to the Corporation or any other company.

For additional information concerning Mr. Yu and his activities concerning the Meeting, see "Background and reasons for Solicitation", "Matters to be Acted on at the Meeting - Election of Directors" and "Voting Securities and Principal Holders – Principal Holders".

INFORMATION REGARDING HANFENG

Unless otherwise noted, the information concerning Hanfeng contained in this Circular has been taken from or is based upon publicly available documents or records on file with Canadian securities regulatory authorities and other public sources. Although the Concerned Shareholder has no knowledge that would indicate that any statements contained herein taken from or based upon such documents, records and sources is untrue or incomplete, the Concerned Shareholder does not assume any responsibility for the accuracy or completeness of such information or for any failure by Hanfeng to disclose material information which may affect the significance or accuracy of such information. Information concerning Hanfeng is available for review on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. Hanfeng's head and registered office is located at 1 First Canadian Place, 100 King Street West, Suite 5600, Toronto, Ontario, M5X IC9.

BACKGROUND AND REASONS FOR THIS SOLICITATION

On January 15, 2014, the TSX suspended trading in Hanfeng's Shares pending clarification of the Corporation's affairs. This order remains in effect. In light of these circumstances, Mr. Yu has serious concerns regarding the governance practices at Hanfeng, and accordingly has put forward a proposed slate of qualified independent nominees to be elected at the Meeting (Mr. Yu is not independent under applicable securities laws as he has been an executive officer of Hanfeng within the last three years, see "Matters to be Acted on at the Meeting – Election of Directors).

SOLICITATION OF PROXIES

This solicitation is made by or on behalf of the Concerned Shareholder, and not by or on behalf of management of the Corporation.

Proxies for the Meeting may be solicited from persons receiving a copy of this Circular by mail, telephone, fax, email or other electronic means, and in person by the Concerned Shareholder. In addition, the Concerned Shareholder may solicit proxies by public broadcast, including through speeches in public forms, press releases, opinions, statements, or advertisements in prescribed form, and by any other manner permitted under applicable Canadian laws.

The Concerned Shareholder may engage the services of one or more agents and authorize other persons, including the Concerned Shareholder Nominees, to assist him in soliciting proxies on his behalf. All costs incurred in the preparation of this Circular or any supplement thereto, and the solicitation will be borne by the Concerned Shareholder.

The Concerned Shareholder has entered into an agreement with Kingsdale pursuant to which Kingsdale has agreed to assist the Concerned Shareholder in the solicitation of proxies. Pursuant to such agreement, Kingsdale will receive a fee of $75,000 for its proxy solicitation services plus disbursements. Kingsdale's responsibilities will principally include advising the Concerned Shareholder and developing and implementing shareholder communication and engagement strategies, advising with respect to the Meeting and proxy protocol, liaising with proxy advisory firms, and advising on governance practices. Shareholders can contact Kingsdale either by mail at Kingsdale Shareholder Services Inc., The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-800-749-9052 or collect call outside North America at 416-867-2272 or by email at contactus@kingsdaleshareholder.com.

The Concerned Shareholder intends to seek reimbursement from the Corporation for Meeting related costs (including proxy solicitation expenses and legal and other professional costs, expenses, fees and disbursements).

No person is authorized to give information or to make any representations other than those contained in this Circular or any supplement, amendment or restatement hereof, and if given or made, such information or representations must not be relied upon as having been authorized by the Concerned Shareholder to be given or made.

MATTERS TO BE ACTED ON AT THE MEETING

Fixing the Number of Directors

On March 15, 2013, the Shareholders elected six (6) individuals to the Hanfeng board of directors, two (2) of whom (Joanne Yan and Jonathan Pollack), have since resigned. To the best of the Concerned Shareholder's knowledge, the current board of directors is thus comprised of the following four (4) individuals: Xinduo Yu, Loudon F. McLean Owen, Edwin Nordholm and David Thomson. Each such director currently holds office until the next annual meeting of Shareholders or until a successor is elected or appointed. Mr. Yu does not know how many directors and which, if any, of these individuals will be nominated by Management of the Corporation for election to the board of directors at the Meeting. It is expected that the number and details of Management's nominees will be provided in a Management Information Circular of the Corporation which is required to be issued prior to the Meeting.

The Concerned Shareholder asks that Shareholders pass an ordinary resolution fixing the number of directors to be elected at five (5).

RECOMMENDATION TO SHAREHOLDERS:

The Concerned Shareholder recommends that you vote FOR the fixing of the number of directors to be elected at five (5). The persons named in the enclosed GREEN form of proxy intend to cast the votes represented by such proxy FOR the fixing of the number of directors to be elected at five (5), unless otherwise directed.

Election of Directors

As the Concerned Shareholder does not know who Management's proposed director nominees will be, the following information regarding each such persons is not within the Concerned Shareholder's knowledge: their residence, term of office, board committee membership(s), present principal occupation, business or employment, positions held with Hanfeng or any of its subsidiaries, and securities of Hanfeng or its subsidiaries beneficially held. For this information, please refer to the Corporation's 2013 Circular (as defined below); the Management Information Circular to be issued by the Corporation in respect of the Meeting (once filed); and other continuous disclosure filed by Hanfeng on SEDAR at www.sedar.com. Upon request, Management of Hanfeng is required to promptly provide a Shareholder of the Corporation with a copy of any such document free of charge.

Concerned Shareholder Nominees

The Concerned Shareholder is proposing the following five (5) highly qualified and experienced individuals as his nominees for election to the Hanfeng board of directors at the Meeting. These Concerned Shareholder Nominees have prior experience with Canadian listed companies, doing business in China and with Hanfeng. As a result, the Concerned Shareholder believes that the Concerned Shareholder Nominees are exceptionally well-suited to lead Hanfeng and maximize shareholder value.

If elected, the Concerned Shareholder Nominees would hold office until the next annual meeting of shareholders or until a successor is elected or appointed, unless his or her office is vacated early. The following table sets out, in respect of each Concerned Shareholder Nominee, the individual's name, province or state, and country of residence, the individual's present occupation and principal occupation, business or employment within the five preceding years, and the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by such individual as at the date hereof. Additional information with respect to the Concerned Shareholder Nominees is provided below.

Name, Province or State and Country of Residence of Shareholder Nominee	Present Principal Occupation, and Principal Occupation, Business or Employment within the Previous Five Years	Director of or Positions held with Hanfeng or its affiliates	Number of Shares Beneficially Owned or Controlled or Directed(2)
Anthony W. Chang Hong Kong, China	Managing Director of Inter-Asia Venture Management Group (January 2000 – present)	-	None

Name, Province or State and Country of Residence of Shareholder Nominee	Present Principal Occupation, and Principal Occupation, Business or Employment within the Previous Five Years	Director of or Positions held with Hanfeng or its affiliates	Number of Shares Beneficially Owned or Controlled or Directed(2)
Joanne Yan British Columbia, Canada	President of Joyco Consulting Services Inc. (September 1994 – present) President of Brazilian Gold Corp. (formerly Red Dragon Resources Corp.) (June 2006 – November 2013) President JYW Capital Corp. (June 2006 – May 2010)	Director (June 2004 – August 2013)	125,000
Jonathan Pollack Ontario, Canada	President of The JMP Group (March 2000 – present) Executive Vice-President of API Technologies Corp. (August 2009 – January 2011) Chief Financial Officer and Corporate Secretary of Kaboose Inc. (March 2005 – June 2009)	Director (November 2010 – February 2013)	4,160(4)
Xinduo Yu Ontario, Canada	President & CEO of Hanfeng Evergreen Inc. (June 2003 – January 8, 2014)	Director (June 2003 – present) President and CEO (June 2003 – January 8, 2014)	12,296,700(3)
Yuanhui Tang Beijing, China	Exchanged Senior Officer from the Shanghai Stock Exchange at the China Securities Regulatory Commission (January 2011 – present) Senior Officer of the Shanghai Stock Exchange (June 2006 – January 2011)	-	None

Notes:

1) The information in this table is, in each instance, based upon information furnished by the Concerned Shareholder Nominee.
2) As at February 1, 2014, except as otherwise noted.
3) The Shares are held by the Concerned Shareholder, the Yu Foundation (359,500), and the Xinduo Yu Family Trust (1,060,800).
4) Mr. Pollack personally controls 1,080 Shares, and Mr. Pollack's wife, Sacha Hayward, controls 3,080 Shares.

Mr. Yu is the only Concerned Shareholder Nominee who, in combination with his associates and affiliates, beneficially owns, controls or directs 10% or more of the voting rights of the Corporation's Shares. Details about Mr. Yu and his associates' shareholdings can be found in the table under "About the Concerned Shareholder" in this Circular.

Concerned Shareholder Nominee Biographies

Anthony W. Chang is the Managing Director of Inter-Asia Venture Management Group, a leading direct investment and advisory firm based in Hong Kong with a 40 year history of building successful companies in Asia with a principal focus in China. For over 15 years, Mr. Chang has had a successful track record in investing and managing high growth companies with cross border structuring and executing business strategies for their operations in China, Japan, US and Canada. Previously, he was the Asia Pacific Regional President and Chief Executive Officer of Sunbeam Corporation (a NYSE listed company at that time), Commercial Director of Peninsula Hotel Group (a HKSE listed company), International Director and US President of Swank International Manufacturing Co. Ltd. (a HKSE listed company at that time). He has also held senior executive and Chief Financial Officer positions in Canada with the subsidiaries of Imasco Limited (now Imperial Tobacco Canada Limited, a TSX listed company), Labatt Brewing Company Ltd. and Tim Horton's Inc. (prior to its initial public offering). Mr. Chang received his graduate degree from the University of Waterloo and is a C.P.A.

Joanne Yan has more than 15 years of experience in advising and managing public companies and has played a significant role in the financing and business development strategies of several North American and China-based companies. Ms. Yan is currently the President of Joyco Consulting Services Inc., a consulting firm, a position which she has held since September 1994. From June 2006 to November 2013, she served as the President and a director of Brazilian Gold Corporation (formerly Red Dragon Resources Corp.), a TSX Venture Exchange listed company that was involved in gold exploration and development in Brazil. From June 2006 until May 2010, Ms. Yan was the President of JYW Capital Corp., a capital pool company. Ms. Yan was formerly a director of Hanfeng, from June 2004 to August 2013, where she was a member of and then chaired the Compensation Committee (from June 2004 to end of 2012). She is currently the lead director and a member of Audit Committee and Compensation Committee for Hanwei Energy Services Corp., a TSX listed company in the business of engineering and manufacturing fibreglass reinforced plastic pipe for the oil & gas industry; a director and member of the Audit Committee and Compensation Committee of Grande West Transportation Group Inc., a TSX Venture Exchange listed company in the business of design, manufacture and service of high quality affordable fuel efficient mini buses; and a director of Archer Petroleum Corp., a TSX Venture Exchange listed company in the oil sands business.

Jonathan Pollack is the President of The JMP Group, a strategic advisory and consulting company, a position which he has held since 2000. From August 2009 until January 2011, he served as the Executive Vice-President of API Technologies Corp. (a NASDAQ listed company), a company which designs, develops and manufactures electronics systems and communication products, and also served as the company's director from June 2007 until January 2011. From March 2005 until its sale in June 2009, he was the Chief Financial Officer and Corporate Secretary of Kaboose Inc. (a TSX listed company at that time), a media company focused on developing content and applications to help parents plan for family life. Prior thereto, he worked in investment banking in New York. Mr. Pollack was a director of Hanfeng from November 2010 through February 2013, where he served on the Audit Committee and the Compensation Committee. He was also formerly a director of Lifebank Corp. from 2003 to 2012, where he served on the Audit Committee and Compensation Committee and is currently a director of CECO Environmental Corp. (a NASDAQ listed company), a leading global environmental technology company focused on critical solutions in the product recovery, air pollution control, fluid handling and filtration segments. Mr. Pollack received a M.Sc. in Finance from the London School of Economics and a B.Com. from McGill University. He sits on the boards of several philanthropic organizations including the Mt. Sinai Hospital Foundation, the Crescent School Foundation, and the Sterling Hall School.

Xinduo Yu is the founder and owns or controls greater than 20% of the Shares of Hanfeng Evergreen Inc., making him its largest Shareholder. Mr. Yu served as Hanfeng's President and CEO from its inception in June 2003 to January 8, 2014, as a member of the Compensation Committee from June 2003 to August 2006, as its Chairman from November 2004 to March 2006, and has served as a director of the Corporation since June 2003, a position which he continues to hold. Mr. Yu has experience in building early stage businesses. From 1989 to 1992, he served as director of Dalian Office, Shangzhi City Government, Helongjiang Province where he assisted government and private entities in promoting business in the city of Dalian. Prior to that, Mr. Yu served as the Head of Shangzhi Transportation Bureau where he governed urban traffic control, road construction and maintenance and supervised senior management and fulfilled central government policies and regulations. He served as Chairman of the board of

Yalian Steel Corporation until May 2009, and has been a director of Yalian Steel Corporation since December 2008. Mr. Yu served as an independent director of Hanwei Energy Services Corp. from November 2005 to May 2008.

Yuanhui Tang has over ten years of experience with public market compliance and disclosure, listing products, and services experience in both Chinese and overseas capital markets through international joint works and cooperation. Ms. Tang currently serves as an exchanged cadre from the Shanghai Stock Exchange at the china securities regulatory commission, where she has spent three years drafting regulations and rules on Chinese capital market and monitoring, managing and mitigating public market risk. Prior to that, Ms. Tang spent five years with China's major stock exchange, where she was responsible for the supervision of innovative financial products, rules drafting and implementation on the public market and listed companies' supervision. Prior to that, Ms. Tang spent four years with the investment banking division at The Industrial and Commercial Bank of China where she led a wide range of fund raising projects in various sectors totalling US$ 6 billion. Ms. Tang holds an M.Sc. in International Securities Investment and Banking from the University of Reading of the United Kingdom. She obtained her PhD in Finance from the Northeast University of Finance and Economics of China.

Each of the Concerned Shareholder Nominees has consented to being named as a director nominee in this Circular. It is not contemplated that any of the Concerned Shareholder Nominees will be unable to stand for election to the Hanfeng board of directors or to serve as a director, if elected.

To the knowledge of the Concerned Shareholder, none of the Concerned Shareholder Nominees, or any of their respective associates: (i) is or has been at any time since the beginning of the Corporation's most recently completed financial year indebted to the Corporation or any of its subsidiaries; or (ii) has or had at any time since the beginning of the Corporation's most recently completed financial year indebtedness to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding by the Corporation or any of its subsidiaries.

Independence

Except for Mr. Yu who was previously the Corporation's President and CEO, and is a director of Hanfeng, each of the Concerned Shareholder Nominees is considered "independent" of Hanfeng under the rules of the Canadian Securities Administrators relating to governance practices and audit committees, including National Policy 58-201 – *Corporate Governance Guidelines*, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Instrument 52-110 – *Audit Committees*.

Cease Trade Orders and Bankruptcies

Except as set forth herein, to the knowledge of the Concerned Shareholder, no Concerned Shareholder Nominee is, at the date hereof, or has been within 10 years before the date hereof: (a) a director, chief executive officer or chief financial officer of any corporation (including Hanfeng) that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days (each, an "**order**"), and that was issued while the Concerned Shareholder Nominee was acting in the capacity as director, chief executive officer or chief financial officer; or, was subject to an order that was issued after the Concerned Shareholder Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was director or effective officer of any corporation (including Hanfeng) that, while such Concerned Shareholder Nominee was acting in that capacity, or within a year of such Concerned Shareholder Nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On January 15, 2014, the TSX suspended trading in Hanfeng's Shares pending clarification of the Corporation's affairs (the "**TSX Order**"). Mr. Yu was no longer CEO of the Corporation when the TSX Order was issued, but continues to serve as a director of the Corporation. Additionally, Ms. Yan was a director of Hanfeng from June 2004 to August 2013, and Mr. Pollack was a director of Hanfeng from November 2010 to February 2013. While Mr. Pollack and Ms. Yan were no longer serving as directors of the Corporation when the TSX Order was made, the TSX Order may have resulted from events that occurred while they were directors. The TSX Order continues to be in effect.

Personal Bankruptcies

To the knowledge of the Concerned Shareholder, no Concerned Shareholder Nominee has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Concerned Shareholder Nominee.

Penalties or Sanctions

To the knowledge of the Concerned Shareholder, no Concerned Shareholder Nominee has, prior to the date hereof, been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

RECOMMENDATION TO SHAREHOLDERS:

The Concerned Shareholder recommends that you vote FOR the election of the Concerned Shareholder Nominees. The persons named in the enclosed GREEN form of proxy intend to cast the votes represented by such proxy FOR the election of the above-noted nominees, unless otherwise directed.

Appointment of Auditor

On March 15, 2013, the Shareholders voted to re-appoint KPMG LLP as the Corporation's auditor, and authorized the board of directors to fix its remuneration. To the best of the Concerned Shareholder's knowledge, KPMG LLP continues to serve as the Corporation's auditor. The Concerned Shareholder supports re-appointing KPMG LLP as auditor of the Corporation for the ensuing year until the close of the next annual general meeting or until their successors are appointed, and to authorize the board of directors to fix the remuneration of such auditor. To the best of the Concerned Shareholder's knowledge, KPMG LLP was first appointed as auditor of the Corporation more than five years ago.

RECOMMENDATION TO SHAREHOLDERS:

The Concerned Shareholder recommends that you vote FOR the appointment of KPMG LLP as the auditors of Hanfeng and authorize the board of directors to fix their remuneration. The persons named in the enclosed GREEN form of proxy intend to cast the votes represented by such proxy FOR the appointment of KPMG LLP as the auditors of Hanfeng for the ensuing year and to authorize the board of directors to fix their remuneration, unless otherwise directed.

Ratification and Confirmation of Advance Notice By-law

On January 13, 2014, the board of directors of Hanfeng announced that it had adopted an Advance Notice By-law (By-law No. 4) (the "**Advance Notice By-law**"), which took effect on January 10, 2014. A copy of the Advanced Notice By-law has been filed on SEDAR at www.sedar.com. The Concerned Shareholder expects that the Advance Notice By-law will be presented for ratification and confirmation by Shareholders at the Meeting. The Advance Notice By-law requires advance notice to Hanfeng in circumstances where nominations of persons for election to the board of directors are made by shareholders, other than pursuant to: (a) a requisition of a meeting made in accordance with the provisions of the OBCA; or (b) a shareholder proposal made in accordance with the provisions of the OBCA.

The Advance Notice By-law establishes a framework for the advance notice of nominations of directors by Shareholders. Among other things, the Advance Notice By-law fixes a deadline by which shareholders must submit a notice of director nominations to Hanfeng prior to any annual or special meeting of Shareholders where directors are to be elected, and sets forth the information that a Shareholder must include in the notice for it to be valid.

Effect of the Advance Notice By-law

Subject only to the OBCA, applicable securities laws and the articles of the Corporation, only persons who are nominated in accordance with the procedures set out in the Advance Notice By-law would be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders, if the election of directors is a matter specified in the notice of such meeting: (a) by or at the direction of the board of directors or an authorized officer, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the OBCA, or a requisition of a shareholders' meeting by one or more Shareholders made in accordance with the provisions of the OBCA; or (c) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for in the Advance Notice By-law and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice By-law.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have been given timely notice thereof in proper written form to the secretary of the Corporation in accordance with the Advance Notice By-law. To be timely, a Nominating Shareholder's notice must be given: (a) in the case of an annual meeting (including an annual and special meeting) of Shareholders, not less than 30 days nor more than 65 days prior to the date of the meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder shall be made not later than the close of business on the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the meeting was made. In no event shall any adjournment or postponement of a meeting, or the announcement thereof, commence a new time period for the giving of a Nominating Shareholder's notice as described above.

To be valid, a Nominating Shareholder's notice must be in proper written form and set forth, as applicable, the information required by the Advance Notice By-law. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or as a member of any committee of the board of directors, with respect to independence or any other relevant criteria for eligibility, or that could be material to a shareholder's understanding of the independence or eligibility, or lack thereof, of such proposed nominee.

In accordance with the provisions of the OBCA, the Advance Notice By-law is effective from the date that it was approved by the board of directors until confirmed by Shareholders at the next meeting of Shareholders. It is therefore expected that Shareholders will be asked to ratify and confirm the Advance Notice By-law at the Meeting. If this is the case, the resolution to approve the ratification and confirmation of the Advance Notice By-law (the "**By-law Resolution**") must be passed, with or without amendment, by not less than a majority of votes cast by Shareholders who vote in person or by proxy in respect of the By-law Resolution at the Meeting. No Shareholders are excluded from voting in respect of the By-law Resolution.

The form of the resolution to pass the By-law Resolution should be included in the Management Information Circular. The Concerned Shareholder recommends that Shareholders approve the ratification and confirmation of the Advance Notice By-law by voting for the By-law Resolution if presented to the Meeting. Unless instructed otherwise, the persons named in our form of proxy will vote FOR the By-law Resolution to ratify and confirm the Advance Notice By-law.

RECOMMENDATION TO SHAREHOLDERS:

The Concerned Shareholder recommends that Shareholders approve the ratification and confirmation of the Advance Notice By-law by voting for the By-law Resolution. The persons named in the enclosed <u>GREEN</u> form of proxy intend to cast the votes represented by such proxy FOR the By-law Resolution to ratify and confirm the Advance Notice By-law, unless otherwise directed.

Other Business

As at the date hereof, the Concerned Shareholder knows of no amendments, variations or other matters to be presented for action at the Meeting. If, however, any amendments, variations or other matters are properly brought before the Meeting or at any postponement(s) or adjournment(s) thereof, the persons named as proxyholder in the enclosed **<u>GREEN</u>** form of proxy will vote on such matters in accordance with his or her best judgment on the matter, whether or not the amendment, variation or other matter that comes before the Meeting is or is not routine and whether or not the amendment, variation or other matter that comes before the Meeting is contested (see "General Proxy Information").

HOW THE CONCERNED SHAREHOLDER WILL VOTE

At the Meeting, the Concerned Shareholder's representatives named on the Concerned Shareholder's form of proxy currently intend, unless otherwise instructed by a Shareholder on the <u>GREEN</u> proxy form, to cast the votes represented by each <u>GREEN</u> proxy deposited by Shareholders with the Concerned Shareholder:

- **FOR** the resolution setting the number of directors of the Hanfeng board of directors at five (5);
- **FOR** the election of the five (5) Concerned Shareholder Nominees to the Hanfeng board of directors;
- **FOR** the re-appointment of KPMG LLP as the Corporation's auditor, and authorization for the board of directors to fix its remuneration; and
- **FOR** the resolution approving the ratification and confirmation of the Corporation's Advance Notice By-law.

GENERAL PROXY INFORMATION

These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Registered Holders of Shares

The information set forth in this section applies only to Shareholders who are the registered holders of their Shares, meaning they hold their Shares directly in their name and not through an intermediary, such as a broker, bank or trust company. Registered holders of Shares should carefully read the instructions contained herein and in the GREEN form of proxy.

Appointment of Proxies

The Concerned Shareholder's GREEN form of proxy, contains instructions on how and when to submit your completed proxy form to vote your Shares.

The Corporation may cause a Management Information Circular together with a management form of proxy to be forwarded to you. For identification purposes, the form of proxy used by the Concerned Shareholder which accompanies this Circular is **GREEN.** If you support the Concerned Shareholder, only use the **GREEN** form of proxy.

A registered Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for or on behalf of the Shareholder at the Meeting, other than the persons or companies designated in any form of proxy, as proxyholder to attend and act for and on behalf of such Shareholder at the Meeting. Such right may be exercised by striking out the names of the persons designated in the form of proxy and inserting the name of the person to be appointed as proxyholder in the blank space provided thereon, or by preparing another proxy in proper form. If you beneficially own your Shares but are not the registered holder, see "Non-Registered (Beneficial) Holders of Shares" below for important information about how to appoint a representative of the Concerned Shareholder as proxyholder for your Shares.

A Shareholder forwarding a form of proxy may indicate the manner in which the appointee proxyholder is to vote, or withhold from voting, with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The **GREEN** form of proxy confers discretionary authority on the person who votes and acts thereunder to vote with respect to the matter that comes before the Meeting as he, she, or it thinks fit. The Shares represented by the **GREEN** form of proxy will be voted or withheld, as the case may be, in accordance with the instructions given on any vote or ballot that may be called and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. Where no choice is specified, the shares represented by the **GREEN** form of proxy will be voted in favour of the matters listed on the **GREEN** form of proxy.

Registered holders of Shares will receive the Concerned Shareholder's **GREEN** form of proxy, and may vote the Concerned Shareholder's **GREEN** form of proxy by fax, email or mail in accordance with the following instructions:

- **To vote by fax**: complete, sign and date your Concerned Shareholder's form of proxy and return it by fax to Kingsdale at 1-866-545-5580 toll-free or 1-416-867-2271;
- **To vote by email**: complete, sign and date your Concerned Shareholder's form of proxy and return it by email to Kingsdale at contactus@kingsdaleshareholder.com; or
- **To vote by mail or delivery**: complete, sign and date your form of proxy and return it to Kingsdale Shareholder Services Inc., The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, ON M5X 1E2.

Revocation of Proxies

A properly completed proxy automatically revokes an earlier proxy submitted by you in respect of the Meeting. If you are a registered holder of Shares you may also revoke a proxy you have already given to Management of Hanfeng or any other form of proxy previously given by you, by attending the Meeting and indicating your wish to vote in person.

If you are the registered holder of your Shares, you may revoke a proxy previously given by you:

1. by completing and signing a valid form of proxy bearing a later date and returning it in accordance with the instructions contained in the Concerned Shareholder's form of proxy;

2. by depositing an instrument in writing executed by you or by your attorney authorized in writing or by electronic signature (or if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized); or, by transmitting, by telephonic or electronic means, a revocation that is signed by you or by your attorney authorized in writing or by electronic signature (or if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized):

    a) at the registered office of Hanfeng located at 1 First Canadian Place, 100 King Street West, Suite 5600, Toronto, Ontario, M5X 1C9 at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof, at which the proxy is to be used, or

    b) with the Chairman of the Meeting on the day of the Meeting or at any adjournment thereof; or

3. in any other manner permitted by law.

If you beneficially own your Shares but are not the registered holder, see "Non-Registered (Beneficial) Holders of Shares" below for important information about how to appoint a representative of the Concerned Shareholder as proxyholder for your Shares.

Manner of Voting and Exercise of Discretion by Proxies

The Concerned Shareholder's representatives designated in the Concerned Shareholder's GREEN form of proxy to be deposited by you, will vote (or withhold from voting) your Shares represented by that proxy in accordance with your instructions on any ballot that may be called at the Meeting. In the absence of such specification, Shares represented by the Concerned Shareholder's GREEN form of proxy will be voted:

- **FOR** the resolution setting the number of directors of the Hanfeng board of directors at five (5);
- **FOR** the election of the five (5) Concerned Shareholder Nominees to the Hanfeng board of directors;
- **FOR** the re-appointment of KPMG LLP as the Corporation's auditor, and authorization for the board of directors to fix its remuneration; and
- **FOR** the resolution approving the ratification and confirmation of the Corporation's Advance Notice By-law.

The Concerned Shareholder's form of proxy confers discretionary authority upon the persons named therein to vote in the judgment of those persons in respect of amendments or variations to those matters specified in the Concerned Shareholder's GREEN form of proxy, this Circular, the notice of meeting (if filed) and with respect to any other matters which may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof, whether or not the amendment, variation or other matter that comes before the Meeting is or is not routine and whether or not the amendment, variation or other matter that comes before the meeting is contested. The Concerned Shareholder is not currently aware of any such amendment, variation or other matter.

Non-Registered (Beneficial) Holders of Shares

The information set forth in this section applies to Shareholders who do not hold their Shares in their own name, but hold their Shares through an intermediary such as a bank, broker or trust company.

Only registered holders of Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Shares are beneficially owned by a holder (a "**Non-Registered Holder**" or "**Beneficial Holder**"), meaning they are registered either:

a) in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans; or

b) in the name of a depository (such as CDS Clearing and Depository Services Inc. / CDS & Co. in Canada, or the Depository Trust Company / CEDE & Co. in the United States).

Beneficial Holders who have not objected to their intermediary disclosing certain ownership information about themselves to Hanfeng are referred to as Non-Objecting Beneficial Owners ("**NOBOs**"). In accordance with Canadian securities law, particularly the requirements of National Instrument 54-101 – *Communication with Beneficial Owners*, it is expected that Hanfeng will distribute copies of the Management Information Circular directly to the NOBOs. The Concerned Shareholder has chosen to distribute via Broadridge Investor Communications Solutions, Canada and its counterpart in the United States (**"Broadridge"**) the Concerned Shareholder's form of proxy and any other related meeting materials directly to all NOBOs unless a NOBO has waived the right to receive them.

The majority of brokers and nominees now delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails voting instruction forms to the Non-Registered Holders and asks Non-Registered Holders to return the forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Non-Registered Holder receiving a voting instruction form from Broadridge cannot use that form to vote Shares directly at the Meeting. The form must be returned to Broadridge well in advance of the Meeting in order to have the Shares voted. If you are a NOBO and wish to vote your voting instruction form please contact Kingsdale at 1-800-749-9052 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com and they will be able to assist you to ensure that your vote is counted at the Meeting.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form that must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form.

b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy and submit it by fax to the number located on the form of proxy.

Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy received from the intermediary and insert the Non-Registered Holder's name or such other person's name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the voting instruction form. **In any case, Non-Registered Holders should carefully follow the instructions of their intermediary and/or its service corporation, including those regarding when and where the form of proxy (or voting instruction form) is to be delivered.**

A Non-Registered Holder may revoke a proxy or voting instruction form which has been given to an intermediary by written notice to the intermediary. In order to ensure that an intermediary acts upon a revocation of a proxy or voting instruction form, the written notice should be received by the intermediary well in advance of the Meeting.

Beneficial Holders should carefully review the voting instructions provided by their broker, agent, or nominee and ensure that they communicate how they would like their Shares to be voted in accordance with those instructions. Intermediaries are required to forward the Meeting materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive such materials.

If you are a Non-Registered Holder and are having trouble voting your Shares or wish to vote your Shares by telephone, you should contact the Concerned Shareholder's proxy solicitor, Kingsdale, at 1-800-749-9052 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com and they will be able to assist you to ensure that your vote is counted at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS

Shareholders Entitled to Vote

Each Shareholder of record at the close of business on the Record Date, which was January 27, 2014, is entitled to one vote for each Share held on the Record Date on each matter to come before the Meeting.

On January 15, 2014, when the TSX issued its order suspending trading of the Corporation's Shares, there were, according to the TMX Group's website (http://www.tmx.com), 60,193,716 Shares issued and outstanding. The Concerned Shareholder does not currently know the number of Shares entitled to be voted on each matter to be acted on at the Meeting.

Principal Holders

Except as set forth below, information regarding the beneficial ownership, control or direction over Shares held by any person or corporation holding more than 10% of the voting rights attached to all issued and outstanding Shares, is not known to the Concerned Shareholder and is not reasonably within his power to obtain as such information is only available to Management of Hanfeng. For this information, please refer to the Management Information Circular expected to be issued by the Corporation in connection with the Meeting (once filed).

To the best of the Concerned Shareholder's knowledge:

- As of the date of this Circular, the Concerned Shareholder and his associates beneficially own, directly or indirectly, or exercise control or direction over 12,433,174 Shares representing approximately 20.7% of the outstanding Shares (based on the number of outstanding Shares as of January 15, 2014). See "How the Concerned Shareholder Will Vote" for information relating to how Mr. Yu intends to vote these Shares;

- As of the date of this Circular, the Concerned Shareholder Nominees and their associates owned an aggregate of 12,562,334 Shares, representing approximately 20.9% of the outstanding Shares (based on the number of outstanding Shares as of January 15, 2014); and

- As of the date of this Circular, Agrium Inc. owns 12,059,000 Shares representing approximately 20.0% of the outstanding Shares (based on the number of outstanding Shares as of January 15, 2014).

Voting and Support Agreements

As of the date of this Circular, the Concerned Shareholder has entered into an agreement with Beidahuang Agriculture Development Limited, Yanqiu Zhang, Hongkong Hanlin Investment Co., Limited, Xiu Lan Shi, Ninghua Chemical Co. Limited, Xia Xu, Gui Zhi Lei, Tianhua Yu and Tianyu Yu, whereby each of these shareholders (collectively, the "**Supporting Shareholders**") has agreed that they will cause all Shares held by them to be voted in support of the Concerned Shareholder's proposals made at the Meeting. The Supporting Shareholders together hold 11,798,450 Shares, or approximately 19.6% of the issued and outstanding Shares. The Concerned Shareholder may enter into support agreements with other Shareholders prior to the Meeting.

EXECUTIVE COMPENSATION, INDEBTEDNESS, MANAGEMENT CONTRACTS AND HANFENG COMPENSATION PLANS

Except as set forth herein, information regarding the compensation of executive officers and directors of the Corporation (including the information prescribed by Form 51-102F6 – *Statement of Executive Compensation*), the indebtedness of the Corporation's directors and executive officers, employees and former executive officers, director and employees, or their respective associates, management contracts that may be in place with the Corporation, securities authorized for issuance under the Corporation's equity compensation plans and interests of the Management's proposed director nominees and officers of Hanfeng in matters to be acted upon at the Meeting is not within the Concerned Shareholder's knowledge upon reasonable enquiry and is not reasonably within his power to obtain since such information is only available to the Management of Hanfeng. For this information, please refer to the Corporation's management information circular dated February 15, 2013 (the "**2013 Circular**") and to the Management Information Circular to be issued by the Corporation in connection with the Meeting (once filed) and other continuous disclosure filed by Hanfeng on SEDAR at www.sedar.com. Upon request, Management of Hanfeng is required to promptly provide a Shareholder of the Corporation with a copy of any such document free of charge.

Pursuant to the terms of the employment agreement between the Corporation and Mr. Yu, which was effective from January 1, 2004 until the time of his termination on January 8, 2014, Mr. Yu was to receive an annual salary of $500,000 in the 2013 fiscal year. He ceased receiving his salary in July 2013. Mr. Yu does not receive any compensation for his services as director of the Corporation.

INTEREST IN MATERIAL TRANSACTIONS

Except as set forth herein, to the best of the knowledge of the Concerned Shareholder and the Concerned Shareholder Nominees, none of the directors or executive officers of the Corporation, any other "informed person" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), the Concerned Shareholder, the Concerned Shareholder Nominees, or any of the associates or affiliates of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

- Mr. Yu was a party to an arrangement agreement dated February 11, 2013 entered into among the Corporation, Mr. Yu and 8310831 Canada Inc. (the "**Purchaser**"), a corporation wholly-owned by Mr. Yu, pursuant to which the Purchaser sought to acquire all of Hanfeng's issued and outstanding Shares which Mr. Yu and certain other persons connected to Mr. Yu did not already own at the price of $2.25 per Share (the "**Privatization**"). Additional information concerning the Arrangement Agreement is found in the 2013 Circular which is available under Hanfeng' s profile on SEDAR at www.sedar.com. A resolution approving the Privatization was passed by the Corporation's Shareholders at an annual and special shareholders meeting held on March 15, 2013. The Arrangement Agreement was subsequently formally amended on two occasions.

- Agrium Inc., the beneficial owner of 20.0% of the Shares of the Corporation, had agreed with Mr. Yu and the Purchaser to vote its shares in favour of the Arrangement Resolution in respect of Mr. Yu's proposed Privatization, subject to the terms and conditions of a support agreement.

- The Beidahuang Group was engaged in discussions with Mr. Yu to acquire up to a 30% equity interest in the Corporation from Mr. Yu, should Mr. Yu complete the proposed Privatization. While the Beidahuang Group has expressed an interest in acquiring an equity interest in the Corporation, Mr. Yu has had only informal discussions with the Beidahuang Group and there has been no formal agreement between Mr. Yu and the Beidahuang Group. No such discussions are currently ongoing.

To the best of the knowledge of the Concerned Shareholder and the Concerned Shareholder Nominees, neither the Concerned Shareholder nor any of the Concerned Shareholder Nominees, or any of their associates or affiliates, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter currently known to be acted upon at the Meeting (other than in respect of their ownership of securities of Hanfeng described elsewhere in this Circular) other than the election of directors.

To the best of the knowledge of the Concerned Shareholder and the Concerned Shareholder Nominees, neither the Concerned Shareholder nor any of the Concerned Shareholder Nominees, or any of their associates or affiliates, has any contract, arrangement or understanding with any person with respect to future employment by Hanfeng or any of its affiliates, or future transactions to which Hanfeng or any of its affiliates will or may be a party.

Except as otherwise set out herein, to the best of the knowledge of the Concerned Shareholder and the Concerned Shareholder Nominees, there is no contract, arrangement or understanding between any Concerned Shareholder Nominee or the Concerned Shareholder and any other person, pursuant to which the Concerned Shareholder Nominee is to be elected. See "Voting Securities and Principal Holders - Voting and Support Agreements".

ADDITIONAL INFORMATION

Additional information concerning Hanfeng, including Hanfeng's comparative financial statements and management's discussion and analysis for its most recently completed financial year, are available on SEDAR at www.sedar.com. Financial information regarding Hanfeng is provided in Hanfeng's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year. Further information regarding Hanfeng, including information regarding Management's proposed director nominees, executive compensation, any management contracts, securities authorized for issuance under equity compensation plans, interests of the Management's proposed director nominees and officers of Hanfeng in matters to be acted upon at the Meeting, and indebtedness of directors and executive officers of Hanfeng should be included in the Management Information Circular to be issued by the Corporation in respect of the Meeting (once filed on SEDAR at www.sedar.com).

This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation.

The Concerned Shareholder understands that copies of Hanfeng's financial statements and management discussion and analysis may be obtained by any Shareholder by writing to the Corporation at 1 First Canadian Place, 100 King Street West, Suite 5600, Toronto, Ontario, M5X 1C9.

A copy of this Circular may be obtained, on request, without charge from the Concerned Shareholder's proxy solicitor, Kingsdale, by contacting Kingsdale at the numbers or address set out on the back page of this Circular or may be obtained under the Corporation's profile on SEDAR at www.sedar.com.

APPROVAL

Information contained in this Circular, unless otherwise indicated, is given as of the date hereof. The contents and the sending of this Circular have been approved by the Concerned Shareholder and, to the best of the Concerned Shareholder's knowledge, a copy of this Circular has been sent to Hanfeng, each director at Hanfeng, each Shareholder entitled to notice of the Meeting, and the auditor of Hanfeng. The Circular complies with Ont. Reg. 62 – *General* under the *Business Corporations Act* (Ontario).

DATED: February 1, 2014

By (signed) *Xinduo Yu*

Name: Xinduo Yu

INTERNATIONAL SHAREHOLDERS
PLEASE CONTACT:

KINGSDALE
Shareholder Services Inc.

Telephone Toll Free: 1-800-749-9052
Outside North America CallCollect: 1-416-867-2272
Toll Free Fax: 1-866-545-5580
Fax: 416-867-2271

REGISTERED SHAREHOLDERS
(YOU HOLD A PHYSICAL SHARE CERTIFICATE REGISTERED IN YOUR NAME)

1. VOTING BY EMAIL	**2. VOTING BY FAX**	**3. VOTING BY MAIL OR DELIVERY**
Complete, date and sign your **GREEN** proxy and return it by email to contactus@kingsdaleshareholder.com.	Complete, date and sign your **GREEN** proxy and return it by fax to 1-866-545-5580 toll-free or 1-416-867-2271.	Complete, date and sign your **GREEN** proxy and return it to: The Exchange Tower 130 King Street West, Suite 2950 P. O. Box 361 Toronto, ON, M5X 1E2

CANADIAN AND INTERNATIONAL BENEFICIAL SHAREHOLDERS
(YOU HOLD SHARES THROUGH A CANADIAN OR INTERNATIONAL INTERMEDIARY OR DEPOSITARY)

1. VOTING BY INTERNET	**2. VOTING BY FAX**	**3. VOTING BY PHONE**	**4. VOTING BY MAIL**
Go to **www.proxyvote.com** specified on your **GREEN** voting information form ("**VIF**")/proxy and then follow the voting instructions on the screen using your 12 digit Control Number (located on the front of your **GREEN** VIF/proxy).	Complete, date and sign your **GREEN** VIF/proxy and return it by fax toll free at 1-866-623-5305 or 905-507-7793.	Call 1-800-474-7493 (English) or 1-800-474-7501 (French) and then follow the voting instructions using your 12 digit Control Number.	Complete, date and sign your **GREEN** VIF/proxy and return it to in the postage prepaid envelope provided to the address set out on the envelope.

UNITED STATES BENEFICIAL SHAREHOLDERS
(YOU HOLD SHARES THROUGH A U.S. INTERMEDIARY OR DEPOSITARY)

1. VOTING BY INTERNET	**2. VOTING BY FAX**	**3. VOTING BY PHONE**	**4. VOTING BY MAIL**
Go to the website specified on your **GREEN** VIF/proxy and then follow the voting instructions on the screen using your Control Number (located on the **GREEN** VIF/proxy).	Complete, date and sign your **GREEN** VIF/proxy and return it by fax to the fax number(s) listed on your **GREEN** VIF/proxy.	Call 1-800-454-8683 and then follow the voting instructions using your Control Number.	Complete, date and sign your **GREEN** VIF/proxy and return it to in the postage prepaid envelope provided to the address set out on the envelope.

If you experience any problems or require assistance voting your GREEN form of proxy or voting instruction form contact the Concerned Shareholder's proxy solicitor, Kingsdale Shareholder Services Inc. at 1-800-749-9052 toll-free in North America, or 1-416-867-2272 (collect) outside of North America, or by email at contactus@kingsdaleshareholder.com.

VOTE ONLY YOUR GREEN PROXY OR VOTING INFORMATION FORM TODAY

For questions or assistance, please contact our proxy solicitor, Kingsdale Shareholder Services Inc., at 1-800-749-9052 toll-free in North America, or 1-416-867-2272 (collect) outside of North America, or by email at contactus@kingsdaleshareholder.com.

YOUR VOTE IS EXTREMELY IMPORTANT – VOTE YOUR GREEN PROXY TODAY

Any questions and requests for assistance may be directed to the

Proxy Solicitation Agent:

KINGSDALE
Shareholder Services Inc.

The Exchange Tower
130 King Street West, Suite 2950, P.O. Box 361
Toronto, Ontario
M5X 1E2
www.kinsgdaleshareholder.com

North American Toll-Free Number:

1-800-749-9052

Email: **contactus@kingsdaleshareholder.com**

Facsimile: 416-867-2271

Toll Free Facsimile: 1-866-545-5580

Outside North America, Banks and Brokers Call Collect: 416-867-2272

Tab I

This is Exhibit "I"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Hanfeng Evergreen Inc. Defers Shareholder Meeting

TORONTO, Canada, February 6, 2014 – Hanfeng Evergreen Inc. (TSX: HF) ("Hanfeng" or the "Corporation") reported today that it has decided to defer its annual meeting of shareholders, originally scheduled to be held February 28, 2014. Subject to regulatory approval, it is anticipated that the meeting will be held on June 13, 2014.

As previously announced, the Corporation has terminated the employment of Xinduo Yu as Chief Executive Officer of the Corporation and has engaged FTI Consulting ("FTI") to provide interim management services in China. Representatives of FTI are now the legal representatives for the China-based subsidiaries, and are therefore responsible for the operations and are in the process of registering their status with the local government authorities.

On January 15, 2014, the Toronto Stock Exchange suspended trading in the Corporation's common shares pending clarification of the Corporation's affairs. Trading in the Corporation's common shares remains halted.

The board of directors and management are actively working to effect a transition of management control over the operations following the termination of Mr. Yu and stabilize the business and re-establish commercial relations with the Corporation's major customers, while recruiting independent directors for nomination at the June 13, 2014 shareholders' meeting. The Corporation is working with the Toronto Stock Exchange to enable trading in the Corporation's common shares to resume

Despite the issuance by Mr. Yu of a dissident proxy circular yesterday, dated February 1, 2014, the Corporation's shareholders' meeting will take place on June 13, 2014 and not February 28, 2014.

Forward-Looking Statements

This news release contains forward-looking statements based on current expectations, including but not limited to the Corporation's plans, objectives and expectations and the exploration by the Corporation of strategic alternatives. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risks and uncertainties about the Corporation's business are more fully discussed in the Corporation's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada. Additional important factors that could cause actual results to differ materially include, but are not limited to: the ability of the Corporation to preserve or monetize its working capital; the effective ability of the Corporation to appoint directors and representatives of its subsidiaries in China and elsewhere;

delays in financial reporting; and the implementation of any alternative or financing transaction on acceptable terms. Forward-looking statements are not guarantees of future performance. In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Corporation that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are provided for the purpose of providing information about the Corporation's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. The Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in two of world's most significant agricultural markets: the People's Republic of China and the Republic of Indonesia. Hanfeng is headquartered in Toronto, Ontario and its shares are listed on the Toronto Stock Exchange under the symbol HF.

For more information, please contact:

Hanfeng Evergreen Inc.
Loudon Owen
Chairman of the Board of Directors
(416) 363-2000
lowen@mcleanwatson.com

Kevin O'Connor
Investor Relations
Spinnaker Capital Markets Inc.
(416) 962-3300
ko@spinnakercmi.com

Tab J

This is Exhibit "J"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Hanfeng Evergreen Provides Update

TORONTO, Canada, February 20, 2014 – Hanfeng Evergreen Inc. (TSX: HF) ("Hanfeng" or the "Corporation") reported today on its current situation during its management transition.

Court Application - Annual General Meeting

As previously disclosed, the Corporation, subject to regulatory approval, has set the date for the Annual General Meeting of shareholders as June 13, 2014, a date permitted by applicable corporate law. The Toronto Stock Exchange has since advised the Corporation that it will not grant its request for an extension to June 13, 2014 and that it requires the meeting to be held at the earliest possible date, not later than March 31, 2014. In addition, the former CEO, Mr. Xinduo Yu, ("Former CEO"), has made an application to the Ontario Superior Court (the "Court") seeking, amongst other things, directions with respect to the holding of a shareholder meeting at the earliest practicable date.

A date has been established for February 24, 2014 for the hearing of the application of the Former CEO. In support of the Corporation's position, the Corporation has now filed affidavits (the "Affidavits") of Edwin Nordholm, one of the independent directors of the Corporation, in response to the Former CEO's application and in support of the Corporation's motion for an order that the Former CEO pay the Corporation the $750,000 reverse break-fee pursuant to the Arrangement Agreement relating to the privatization proposal made by the Former CEO in 2013. The Affidavits provide background for the Court on the circumstances leading to the termination of the Former CEO's employment as president and chief executive officer, the actions of the Former CEO, to disrupt the Corporation's operations and management, and the ability of the Corporation to meet its public company obligations, recruit new independent directors to be considered by shareholders and to convene a shareholder meeting on a timely basis with full information on which to make decisions regarding director elections.

In response to the Former CEO's application for directions, the Corporation will be asking the Court to make directions not only as to the timing of the shareholders meeting, but also as to the manner in which directors will be elected. The Affidavits provides an outline of a number of inter-relationships between the Former CEO and the persons that he has identified as his "supporting shareholders" for the director nominees that he intends to put forward for election at the shareholder meeting. The Corporation believes that some or all of these shareholders acquired their shares acting in jointly and concert with the Former CEO (the "Joint Actors") without making disclosure and in breach of applicable securities laws, and accordingly the Corporation will be asking the Court to provide directions that ensure the Former CEO and his Joint Actors do not obtain control over the Corporation through the exercise of voting rights attached to any shares that have been acquired in breach of applicable securities laws, thus ensuring that the non-insider shareholders (who are a majority of the shareholders of the Corporation) retain truly independent directors on the board.

Contrary to what Mr. Yu has disclosed today by press release, the Company's meeting is not scheduled to occur on February 28, 2014. The Company will provide a further update following the Court proceedings.

Review of Operations

Information has come to the attention of the Corporation regarding unexplained commercial transactions and banking transactions that appear to be detrimental to the interests of the Corporation. The Corporation continues to review the following:

- Transactions arose in the latter part of 2013 that appear to result in diversion of revenue from the Corporation to "new customers" at unfavourable pricing to the Corporation.

- Investment has been made in raw materials for the upcoming growing season that is inconsistent with the repeated assertion that the Corporation's largest customer, Beidahuang, will no longer transact business with the Corporation and the Corporation has no alternative customers.

- The Chairman of the Board and FTI Consultants have discovered other irregularities, including documentation under which the Corporation purported to sell 51% of its Heilongjiang subsidiary to Beidahuang in 2012.

The Corporation is working with local authorities concerning these irregularities. The Corporation has been advised by the provincial police in Heilongjiang Province of the People's Republic of China that they are conducting a formal investigation into the activities of the Former CEO.

Management and Governance

As previously disclosed, the Former CEO was removed on January 7, 2014, by the Board as an officer of the Corporation, and as an officer, director or legal representative of any subsidiary of the Corporation. All other directors of the Corporation's subsidiaries were removed on January 10, 2014.

As part of the effort to notify applicable regulatory authorities and third parties in China, the Corporation has placed a circular in the Heilongjiang Economic Daily announcing the change of the legal representatives, directors and corporate officers in the Corporation's subsidiaries in China. A copy of this circular is available at: http://www.hljjjb.com/File/hljjjb/2014-2-14/20140213052928.htm?id=40574 confirming the appointment of FTI Consulting's Marcus Paciocco as the only authorized legal representative for the Company in China.

As the Corporation's news release stated on January 8, 2014, this management transition is a complex process occurring within a global enterprise operating under multiple corporate legal systems. Accordingly, such changes are not fully accomplished instantly. The Chairman of the Board of Directors of the Corporation ("Chairman") has been in China for more than four weeks working with counsel in China and FTI Consulting to complete the management transition and secure access to the Corporation's operations, banking and records. On February 18, 2014, the Chairman and representatives of FTI Consulting gained access to the Heilongjiang facility in the presence of the provincial police authorities. As a result of this attendance at the facility, Mr. Owen and FTI Consulting are reviewing whether corporate records and other property of the Corporation have been destroyed or removed without authorization from the facility.

Despite the ongoing efforts of the Chairman and FTI Consulting, the Corporation has not yet recovered the business license, chops, tokens and other material required to complete the registration of the new legal representative of the Chinese subsidiaries. Steps have been taken to notify all employees, suppliers and customers of the change in legal representative, but the legal representative will not have full access to the banking records and other business records until such time as this registration is completed. The Chairman and FTI Consulting are now working with appropriate government authorities to complete the registration on the basis that the original business license and chops have been lost or stolen.

Update on Electronic Communications

As previously disclosed, after the termination of the Former CEO, the electronic communications for the Corporation's e-mail (@hanfengevergreen.com) and web site (www.hanfengevergreen.com) were transferred to a new service provider in China without the approval of the Board of Directors in Canada. The domain www.hanfengevergreen.com and the email server from this domain have been repatriated and are now back under the control of the Board of Directors.

However, electronic communications for certain Chinese subsidiaries at www.hanfeng-group.com have not yet been transitioned to the Corporation. The Corporation is attempting to regain complete control of these communication platforms and in the meantime advises all parties sending or receiving e-mails or communicating by way of any e-mail associated with the domain www.hanfeng-group.com, or any representation concerning the Corporation or its subsidiaries on those web sites and e-mail servers, that until further notice, those communication platforms are not fully under the control or direction of the Corporation and may not be relied upon.

Regulatory Actions

The events described in this press release, and in the Corporation's previous disclosure, have led to the suspension of trading in the shares of the Corporation on the Toronto Stock Exchange, and have now resulted in the failure of the Corporation to meet its timely reporting obligations and the imposition of a temporary cease trade order by the Ontario Securities Commission.

Forward-Looking Statements

This news release contains forward-looking statements based on current expectations, including but not limited to the Corporation's plans, objectives and expectations and the exploration by the Corporation of strategic alternatives. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risks and uncertainties about the Corporation's business are more fully discussed in the Corporation's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada. Additional important factors that could cause actual results to differ materially include, but are not limited to: the ability of the Corporation to preserve or monetize its working capital; the effective ability of the Corporation to appoint directors and representatives of its subsidiaries in China and elsewhere; delays in financial reporting; and the implementation of any alternative or financing transaction on acceptable terms. Forward-looking statements are not guarantees of future performance. In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Corporation that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are provided for the purpose of providing information about the Corporation's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. The Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a producer and supplier of value-added fertilizer solutions in emerging markets, with facilities in two of world's most significant agricultural markets: the People's Republic of China and the Republic of Indonesia. Hanfeng is headquartered in Toronto, Ontario and its shares are listed on the Toronto Stock Exchange under the symbol HF.

For more information, please contact:

Loudon Owen
Chairman of the Board of Directors
Hanfeng Evergreen Inc.
(416) 363-2000
lowen@mcleanwatson.com

Kevin O'Connor
Investor Relations
Spinnaker Capital Markets Inc.
(416) 962-3300
ko@spinnakercmi.com

Tab K

This is Exhibit "K"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Hanfeng Evergreen Inc. Provides Update on Shareholder Meeting
Announces Changes in Constitution of Board

TORONTO, Canada, February 24, 2014 – Hanfeng Evergreen Inc. (TSX: HF) ("Hanfeng" or the "Corporation") provided an update today on the shareholder meeting and the litigation described in its February 20, 2014 press release.

The litigation between Xinduo Yu and the Corporation, and the dispute regarding the shareholder meeting, has been resolved. Loudon Owen, Edwin Nordholm and David Thomson have resigned as directors of the Corporation and Anthony W. Chang, Joanne Yan, Jonathan Pollack and Yuanhui Tang, the nominees of Mr. Yu set out in his dissident proxy circular, dated February 1, 2014, have been appointed as directors. Mr. Xinduo Yu has kept his position as a director. In addition, Niral Merchant, the Corporation's chief financial officer, has terminated his services effective immediately upon this change in control.

Upon their appointment, the newly elected board of Hanfeng held a meeting to determine certain transitional matters. In particular, the board made the following appointments:

- Mr. Pollack was appointed as Lead Director,
- Mr. Yu was appointed Chairman and reappointed as the President and Chief Executive Officer and legal representative of the Corporation's wholly-owned subsidiaries, and
- Wendy Xue, the current controller, CA, was appointed interim Chief Financial Officer.

The Corporation also confirms that there is no shareholder meeting on February 28, 2014.

Forward-Looking Statements

This news release contains forward-looking statements based on current expectations, including but not limited to the Corporation's plans, objectives and expectations and the exploration by the Corporation of strategic alternatives. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risks and uncertainties about the Corporation's business are more fully discussed in the Corporation's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada. Additional important factors that could cause actual results to differ materially include, but are not limited to: the ability of the Corporation to preserve or monetize its working capital; the effective ability of the Corporation to appoint directors and representatives of its subsidiaries in China and elsewhere; delays in financial reporting; and the implementation of any alternative or financing transaction on acceptable terms. Forward-looking statements are not guarantees of future performance. In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Corporation that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are provided for the purpose of providing information about the Corporation's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. The Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in two of world's most significant agricultural markets: the People's Republic of China and the Republic of Indonesia. Hanfeng is headquartered in Toronto, Ontario and its shares are listed on the Toronto Stock Exchange under the symbol HF.

For more information, please contact:

Jonathan Pollack
Lead Director
(416) 368-8588

Tab L

This is Exhibit "L"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Hanfeng Evergreen Inc. announces resignation of auditor and provides update on normalization of business

TORONTO, Canada, February 27, 2014 – Hanfeng Evergreen Inc. (TSX: HF) ("H**anfeng**" or the "**Corporation**") announced today that KPMG LLP (the "**Former Auditor**") has notified the Corporation that it has resigned as the auditor of the Corporation effective February 26, 2014, without providing a reason for its resignation. Hanfeng has commenced a search for a replacement auditor. Hanfeng intends to prepare and file a change of auditor notice in accordance with the requirements and timing of National Instrument 51-102 ("**NI-51-102**"). Such notice will provide additional information with respect to the resignation of the Former Auditor and will be available under the Corporation's profile on SEDAR at www.sedar.com in the form of the reporting package required to be filed by the Corporation pursuant to NI -51-102.

Update on normalization and regularization of the business

In light of the events of the past several months, Hanfeng's board of directors has formed a committee of the whole board of directors that is charged with regularizing and normalizing the business, operations and reporting obligations of the Corporation in Canada and China. Over the coming weeks and months the committee will be focused on the process of restoring relations with Hanfeng's key customers and suppliers and addressing the current regulatory issues facing the Corporation.

As part of this process, the Corporation is pleased report that its principal customer, Beidahuang Agricultural Company Limited, has written to the Corporation responding positively to the recent board and management changes and that it looks forward to restoring its past commercial relationship.

The Corporation cautions investors that the process of regularization and normalization will be a long term endeavour and it may take several months before benefits, if any, are realized by the Corporation.

Forward-Looking Statements

This news release contains forward-looking statements based on current expectations, including but not limited to the Corporation's plans, objectives and expectations and the exploration by the Corporation of strategic alternatives. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Risks and uncertainties about the Corporation's business are more fully discussed in the Corporation's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada. Additional important factors that could cause actual results to differ materially include, but are not limited to: the ability of the Corporation to preserve or monetize its working capital; the effective ability of the Corporation to appoint directors and representatives of its subsidiaries in China and elsewhere; delays in financial reporting; and the implementation of any alternative or financing transaction on acceptable terms. Forward-looking statements are not guarantees of future performance. In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Corporation that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are provided for the purpose of providing information about the Corporation's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. The Corporation expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

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For more information, please contact:

Jonathan Pollack
Lead Director
(416) 484 5066

Tab M

This is Exhibit "M"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Hanfeng Evergreen Inc. to be delisted from the TSX; provides update to shareholders

TORONTO, Canada, May 12, 2014 - Further to its press release of April 16, 2014, Hanfeng Evergreen Inc. (TSX:HF) ("Hanfeng" or the "Company") announced today that the Company has received a letter from the Toronto Stock Exchange ("TSX") advising the Company that the Continued Listings Committee of the TSX has determined to delist the Company's securities effective at the close of market on June 9, 2014. The delisting was imposed for failure by the Company to meet the continued listing requirements of TSX. The common shares of the Company remain suspended from trading on the TSX and subject to cease trade orders issued by Canadian securities regulatory authorities.

The Company further provided an update on its previously announced efforts to normalize the business, operations and reporting obligations of the Company in Canada and China.

Operational Update

During the month of April, the Company's Chief Executive Officer, Mr. Xinduo Yu and the lead Director of the Company had a meeting in China with Heilongjiang Beidahuang Hanfeng Agriculture Development Co., Ltd. ("Beidahuang"), the Company's largest customer, to discuss their ongoing business relationship. Although the meeting was positive, Beidahuang had previously secured its fertilizer needs from other suppliers for the current fertilizer season. Mr. Yu, has spent the last several weeks since being reinstated as CEO meeting with management of the Company's Heilongjiang (HLJ) and Jiangsu (JS) subsidiaries. The HLJ plant is currently in a partial shutdown for repairs and replacement of aging and damaged equipment. Production at this facility has been limited since mid-2013. The management team at the HLJ plant is currently taking steps to sell damaged and excess inventory. Mr. Yu was able to confirm that the necessary filings were in place with each of the applicable Chinese regulatory authorities to ensure the proper registration of both of HLJ and JS as wholly-owned subsidiaries of the Company.

The Company remains focused on rebuilding its business in China and restoring its prior relationships with its employees and key customers and suppliers.

Sale of Indonesian Joint Venture

The Company has completed the previously announced sale of its ownership interest in Hanfeng Slow-Release Fertilizer Pte., Ltd. (Singapore) ("Hanfeng Singapore"), the company holding its Indonesian joint venture interest to an independent third party for nominal consideration. The sale of the Company's interest in Hanfeng Singapore has limited the Company's potential exposure to additional costs and liabilities associated with the Indonesian joint venture.

Continuous disclosure and securities filings

The Company is continuing its efforts to retain an auditor but, to date, has not been able to identify an auditor that has the necessary expertise and desire to take the assignment. The Company expects that it will only file its outstanding financial statements and accompanying management discussion and analysis following the engagement of, and review by, a new auditor.

As previously announced, the Board of Directors has engaged a recognized law firm in China to assist the Company in reviewing the previous allegations of wrongdoing by the Company and investigating the status of the Company's operations in China to ensure that the Company can continue to carry on its business. This review remains ongoing.

Annual general meeting of shareholders

In light of the numerous issues facing the Company and its businesses in Canada and China, at this time, the Company is focusing its efforts on the process of normalization of its business activities and is unable to provide an update as to the timing for an annual general meeting of shareholders.

Forward-Looking Statements

This news release contains forward-looking statements. These forward-looking statements relate to future events, performance and results, and reflect management's expectations or beliefs regarding future events, including business and economic conditions and the Company's growth, results of operations, performance and business prospects and opportunities. Forward-looking information is typically identified by words such as "anticipate", "believe", "foresee", "expect", "estimate", "forecast", "goal", "intend", "plan", "seek", "strive", "will", "may", "should", "could" and similar expressions. Specific forward-looking information in this news release includes, but is not limited to, statements with respect to the Company's search for a replacement auditor, its efforts to bring all of its filings up-to-date, its application to have the cease trade orders lifted and the scheduling of its annual general meeting of shareholders.

The forward-looking statements contained herein entail various risks and uncertainties. A number of factors could cause actual events, performance or results to vary from those reflected in these forward-looking statements. Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available under the Company's profile on www.sedar.com. Additional important factors that could cause actual results to differ materially include, but are not limited to, the ability of the Company to preserve or monetize its working capital, the ability of the Company to attract and retain customers, the ability of the Company to appoint directors and representatives of its subsidiaries in China and elsewhere, delays in financial reporting, the ability of the Company to raise capital if and when required, foreign exchange fluctuations and controls, general economic conditions, market and business conditions, regulatory developments, changes in government policy, employee actions (including strikes or work stoppages), environmental factors including weather conditions and the impacts from regional flooding and/or drought conditions, and litigation. In evaluating forward-looking information, readers should specifically consider the factors that may cause actual results to vary. Forward-looking statements are not guarantees of future performance.

In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Company that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are based on, and included for the purpose of providing information about, the Company's current expectations, beliefs and plans relating to the future which are based on the Company's perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances including, but not limited to, assumptions that are stated or inherent in such forward-looking statements, the assumptions referred to above, and assumptions regarding the ability of the Company to restore relations with its former principal customer and appoint a successor auditor and address regulatory concerns, revenue growth and operating efficiencies. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in one of the world's most significant agricultural markets, the People's Republic of China. Hanfeng is headquartered in Toronto, Ontario.

For more information, please contact:

Jonathan Pollack
Lead Director
(416) 368-8588

May 9, 2014 8:30 AM - Financial - Regulatory

TSX Delisting Review - Hanfeng Evergreen Inc. (Symbol: HF)

TORONTO, May 9, 2014 /CNW/ - **DELISTING REVIEW** **Hanfeng Evergreen Inc.** (the "Company") - Further to TSX Bulletin 2014-0393 dated April 16, 2014, TSX has determined to delist the common shares (Symbol: HF) of the Company (the "Common Shares") at the close of business on June 9, 2014 for failure to meet the continued listing requirements of TSX. The Common Shares will remain suspended from trading.

About TMX Group (TSX:X)

TMX Group's key subsidiaries operate cash and derivative markets and clearinghouses for multiple asset classes including equities, fixed income and energy. Toronto Stock Exchange, TSX Venture Exchange, TMX Select, Alpha Group, The Canadian Depository for Securities, Montréal Exchange, Canadian Derivatives Clearing Corporation, NGX, BOX Options Exchange, Shorcan, Shorcan Energy Brokers, Equicom and other TMX Group companies provide listing markets, trading markets, clearing facilities, depository services, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across Canada (Montréal, Calgary and Vancouver), in key U.S. markets (New York, Houston, Boston and Chicago) as well as in London, Beijing and Sydney. For more information about TMX Group, visit our website at www.tmx.com. Follow TMX Group on Twitter at http://twitter.com/tmxgroup.

SOURCE TMX GROUP INC.

For further information:
Corporate Communications, TMX Group Inc., Toll Free 1-888-873-8392, info@tsx.com

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ORGANIZATION PROFILE

TMX Group Inc.

TSX Delisting Review - Niocan Inc. (Symbol: NIO)

TSX Delisting Review - Mediterranean Resources Ltd. (Symbol: MNR)

TSX Delisting Review - Mediterranean Resources Ltd. (Symbol: MNR)

More on this organization

TSX Reviews and Suspensions

Toronto Stock Exchange

Visit website

TSX Corporate Announcements

Tab N

This is Exhibit "N"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017

The Document
of
Heilongjiang Beidahuang Hanfeng Agriculture Development Co., Ltd.

Document No.: HBHNH[2013]2

Notice on Terminating Cooperation

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

We, as a key agricultural materials company of Beidahuang Agriculture Company Limited ("Beidahuang") and counterpart of Hanfeng, are advised by Beidahuang to formally inform you that Beidahuang has decided, after due consideration, to cease to buy fertilizers from Hanfeng Slow-Release Fertilizer Co., Ltd. and terminate all cooperation with Hanfeng from now on.

During 2011 and 2012, the senior management of Beidahuang has initiated multiple visits to the HQ of Hanfeng Evergreen Inc. in Canada and seriously proposed to Board of Hanfeng to acquire 30% shareholding of Hanfeng Evergreen Inc. (the Hanfeng share price is 5 CAD per share when the proposal was put forward for the first time), so that Beidahuang can have a say in securing stable supply of special formulated slow release fertilizer of Hanfeng to the reclamation area. However, the said proposal was always neglected by the Board of Hanfeng.
As such while considering all of the efforts we have made, in the second half of 2012, we finally decided to select other fertilizer suppliers to ensure continuous supply of special formulated slow release fertilizer to farms in the reclamation area and guarantee the food safety and quality of the nation, while no longer purchasing special slow release fertilizer from Hanfeng for application in the reclamation area. On Nov. 28 of the same year, Board Chairman of Hanfeng, Mr. Loudon Owen came to visit Harbin accompanied by Hanfeng CEO, and had a meeting with our senior management, discussing matters in relation to Hanfeng slow release fertilizer. Mr. Loudon undertook to start privatization of Hanfeng led by Mr. Xinduo Yu, the CEO and further agreed that the Bid Co. would sell 30% of Hanfeng shares to Beidahuang after completion of privatization, so that Beidahuang can have a say in securing stable supply of special formulated slow release fertilizer of Hanfeng to the reclamation area. Given the said commitments from Mr. Loudon, the chairman of Hanfeng cum the chairman of Special Committee for Privatization, Beidahuang determined to continue to purchase and promote special formulated slow release fertilizer of Hanfeng for application in reclamation area. Moreover, during the visit to Beidahuang on Jan. 7, 2013 together with Deloitte people, Mr. Loudon restated the said commitment and indicated that Hanfeng go-private process had already been started. Accordingly, Beidahuang formally placed the 2012-2013 order of special slow release fertilizer with Hanfeng. Mr. Loudon has made several subsequent visits to Beidahuang and we were constantly advised by Mr. Loudon that the privatization process was well

on-going without any change.

However, on August 28, 2013, Hanfeng Evergreen Inc. unexpectedly announced in the press release that the funding from Nongken Longgang was expired and Hanfeng was considering other options. The announcement further indicated that a third party potential purchaser has expressed their interest in acquisition and extensive due diligence has been conducted against Hanfeng Slow-Release Fertilizer Co., Ltd. Immediately after being aware of the announcement and the press release, we made inquires with regard thereto through formal red letterhead documents to Hanfeng Slow-Release Fertilizer Co., Ltd. and Mr. Loudon, the Board Chairman of Hanfeng, but failed to receive any feedback from either Mr. Loudon or Hanfeng Special Committee for Privatization to date. We are extremely upset by the inconsistent deeds, deception and ignorance. We also made several phone calls to Hanfeng Slow-Release Fertilizer Co., Ltd. to ask about the updates and progress, but no affirmative reply was provided. Furthermore, no Annual General Meeting of Shareholders of Hanfeng has been called by December 31, 2013 as per applicable laws and regulations.

In consideration of the above as well as the coming fertilizer purchasing season, as the authorized representative of Beidahuang Agriculture Company Limited, we hereby formally inform you that Beidahuang will terminate purchasing special formulated slow release fertilizers from Hanfeng for application in the reclamation area effective immediately. Given that Mr. Loudon, the Board Chairman of Hanfeng and Chairman of Special Committee for Privatization, broke the commitment, Beidahuang has no choice but to change the supplier of special formulated slow release fertilizer for the reclamation area, which brought about enormous economic loss to Beidahuang. In order to compensate the manpower, materials and financial inputs of Beidahuang in the extensive demonstration trials, tests, soil survey based formulization, special agricultural machinery and equipments, and special fertilization model update etc., for the purpose of applying and promoting new-type Hanfeng slow release fertilizers, as of the date hereof, the outstanding payables of Beidahuang for Hanfeng fertilizers will directly serve as compensation to Beidahuang and any deficiency will be borne by Hanfeng Slow-Release Fertilizer Co., Ltd. During the settlement period, you are kindly requested to duly assist in the investigation; otherwise we may take action and seek protection from court.

Thanks for your attention.

Heilongjiang Beidahuang Hanfeng Agriculture Development Co., Ltd.

Dec. 13, 2013

Hanfeng

Hanfeng Evergreen Inc.
www.hanfengevergreen.com

For Immediate release

Hanfeng Announces Receipt of Termination Notice from Beidahuang

TORONTO, December 20, 2013 – Hanfeng Evergreen Inc. (TSX: HF) ("Hanfeng" or the "Company"), a provider of value-add fertilizers in China and South East Asia, announced today that it has received a notice from Beidahuang Agricultural Company ("BAC"), the Company's major customer, announcing BAC's decision to cease purchasing products from the Company and to terminate all cooperation and business with Hanfeng.

The notice indicated that BAC's decision was based upon the inability of the privatization proposal initiated by Mr. Xinduo Yu, the Company's CEO, to be completed. As a result, the purchase of products from Hanfeng was terminated by BAC effective immediately. BAC stated that it intends to claim outstanding payables of BAC to Hanfeng as compensation for any potential losses associated with the purchase termination.

Historically, BAC has represented a significant portion of the Company's sales from its Heilongjiang facility, as well as a supplier of raw materials. In the original privatization proposal, the Company had stated that the prospect of BAC's termination of business with Hanfeng was a significant risk if the privatization was not completed.

The management of Hanfeng is considering the implications of the notice from BAC and considering all of its rights and alternative actions. It is unable to quantify the estimated economic impact at this time.

About Hanfeng Evergreen Inc.
Hanfeng is a producer and supplier of value-added fertilizer solutions in emerging markets. It is one of the largest producers of slow and controlled release fertilizer in two of world's most significant agricultural markets: the People's Republic of China ("China") and the Republic of Indonesia. A Canadian Company, Hanfeng is headquartered in Toronto, Ontario and its shares trade on the Toronto Stock Exchange under the ticker HF.

This press release contains forward-looking statements based on current expectations. Forward looking statements include, without limitation, statements evaluating market and general economic conditions, and statements regarding growth strategy and future-oriented projected revenue, costs and expenditures. Actual results could differ materially from those projected and should not be relied upon as a prediction of future events. A variety of inherent risks, uncertainties and factors, many of which are beyond Hanfeng's control, affect the operations, performance and results of Hanfeng and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. Some of these risks, uncertainties and factors include the impact or unanticipated impact of: current, pending and proposed legislative or regulatory developments in the jurisdictions where Hanfeng operates, in particular in China and the Republic of Indonesia; the outcome of the loss of business from Hanfeng's major customer, BAC, the outcome of the privatization transaction; the outcome of shareholder disputes in the Indonesian joint venture; supply or purchases of non-compliant products; changes in tax laws; political conditions and developments; intensifying competition from established competitors and new entrants in the fertilizer industries; technological change; currency value fluctuation and changes in foreign exchange restrictions; changes in Chinese government support or restrictions on foreign investment; general economic conditions worldwide, as well as in China and South East Asia; Hanfeng's success in developing and introducing new products and services, constructing and operating new manufacturing facilities, expanding existing distribution channels, developing new distribution channels and realizing increased revenue from these channels. This list is not exhaustive of the factors that may affect any of Hanfeng's forward-looking statements. Risks and uncertainties about Hanfeng's business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, and management information circular filed with the securities regulatory authorities in Canada. Hanfeng undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or for any other reason. Readers are cautioned not to put undue reliance on forward-looking statements.

For more information please contact:

Niral V. Merchant
Chief Financial Officer
Email: nmerchant@hanfengevergreen.com
Phone: +1 (416) 368-8588

Kevin O'Connor
Investor Relations
Email: ko@spinnakercmi.com
Phone: +1 (416) 962-3300

Tab O

This is Exhibit "O"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

HANFENG EVERGREEN INC. PROVIDES UPDATE ON PROCESS OF BUSINESS NORMALIZATION

TORONTO, Canada, March 24, 2014 – Hanfeng Evergreen Inc. (TSX: HF) ("**Hanfeng**" or the "**Company**") today provided an update on its previously announced efforts to normalize the business, operations and reporting obligations of the Company in Canada and China.

Management and Governance

As previously announced on February 24, 2014, Mr. Xinduo Yu has been reinstated in the positions of President and Chief Executive Officer of the Company, as well as the legal representative of all of the Company's wholly-owned subsidiaries. Mr. Yu has also been appointed the Chairman of the board of directors of the Company (the "**Board of Directors**"). Since his reinstatement, Mr. Yu has spent significant time in China dealing with actions taken by the former directors and officers of the Company, as well as engaging with Hanfeng's employees, key customers and suppliers, and refuting any prior allegations of wrongdoing by the Company. The Board of Directors is not aware of any police investigations being conducted against Mr. Yu and would like to confirm that Mr. Yu has all the corporate authority necessary to represent its businesses and interests in Canada and in China.

As part of this process, the Board of Directors has engaged a recognized law firm in China to assist the Company in reviewing the previous allegations of wrongdoing by the Company, investigating the status of the Company's operations in China and taking any remedial action, if necessary, to ensure that the Company can continue to carry on its business.

Sale of Indonesian Joint Venture

In light of the significant deterioration of its business in Indonesia since December 2012, the Company has approved the sale of its ownership interest in Hanfeng Slow-Release Fertilizer Pte., Ltd. (Singapore), the company holding its Indonesian joint venture interest. The Company remains focussed on rebuilding its business in China and restoring its prior relationships with its employees and key customers and suppliers.

The Company reminds investors that the process of regularization and normalization will be a long term endeavour and it may take several months before benefits, if any, are realized. The Company is pleased to report, however, that it has made significant progress with its former principal customer, Beidahuang Agricultural Company Limited, who have indicated that they are receptive to restoring their past commercial relationship with the Company.

Continuous disclosure and securities filings

The Company has initiated a process for the appointment of a successor auditor and has interviewed several prospective auditing firms to replace KPMG LLP who resigned as auditors of the Company on February 26, 2014. The process of auditor replacement has been made challenging by the current circumstances of the Company, however, the Board of Directors remains committed to finding a replacement auditor. The Company has filed a change of auditor notice in accordance with the requirements and timing of National Instrument 51-102 ("**NI 51-102**"). The notice is available under the Company's profile on SEDAR at www.sedar.com in the form of the reporting package required to be filed by the Company pursuant to NI 51-102.

The common shares of the Company remain subject to cease trade orders issued by Canadian securities regulatory authorities and to suspension by the Toronto Stock Exchange due to the failure to file interim financial statements for the six-month period ended December 31, 2013 and the related management's discussion and analysis and required certification. A detailed review process is being undertaken by the current Board of Directors and management on the financial and operating condition of the Company. The Company is working diligently to bring all of its filings up-to-date. Once its filings have been made current, the Company will apply to have the cease trade orders lifted.

Annual general meeting of shareholders

In light of the numerous issues facing the Company and its businesses in Canada and China, at this time, the Company is focussing its efforts on the process of normalization and the completion of its required filings. The Company hopes to schedule an annual general meeting of shareholders prior to June 30, 2014, the end of its fiscal year.

Forward-Looking Statements

This news release contains forward-looking statements. These forward-looking statements relate to future events, performance and results, and reflect management's expectations or beliefs regarding future events, including business and economic conditions and the Company's growth, results of operations, performance and business prospects and opportunities. Forward-looking information is typically identified by words such as "anticipate", "believe", "foresee", "expect", "estimate", "forecast", "goal", "intend", "plan", "seek", "strive", "will", "may", "should", "could" and similar expressions. Specific forward-looking information in this news release includes, but is not limited to, statements with respect to the Company's search for a replacement auditor, its efforts to bring all of its filings up-to-date, its application to have the cease trade orders lifted and the scheduling of its annual general meeting of shareholders.

The forward-looking statements contained herein entail various risks and uncertainties. A number of factors could cause actual events, performance or results to vary from those reflected in these forward-looking statements. Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available under the Company's profile on www.sedar.com. Additional important factors that could cause actual results to differ materially include, but are not limited to, the ability of the Company to preserve or monetize its working capital, the ability of the Company to attract and retain customers, the ability of the Company to appoint directors and representatives of its subsidiaries in China and elsewhere, delays in financial reporting, the ability of the Company to raise capital if and when required, foreign exchange fluctuations and controls, general economic conditions, market and business conditions, regulatory developments, changes in government policy, employee actions (including strikes or work stoppages), environmental factors including weather conditions and the impacts from regional flooding and/or drought conditions, and litigation. In evaluating forward-looking information, readers should specifically consider the factors that may cause actual results to vary. Forward-looking statements are not guarantees of future performance.

In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Company that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are based on, and included for the purpose of providing information about, the Company's current expectations, beliefs and plans relating to the future which are based on the Company's perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances including, but not limited to, assumptions that are stated or inherent in such forward-looking statements, the assumptions referred to above, and assumptions regarding the ability of the Company to restore relations with its former principal customer and appoint a successor auditor and address regulatory concerns, revenue growth and operating efficiencies. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in one of the world's most significant agricultural markets, the People's Republic of China. Hanfeng is headquartered in Toronto, Ontario and its shares are listed on the Toronto Stock Exchange under the symbol "HF".

For more information, please contact:

Jonathan Pollack
Lead Director

(416) 368-8588

Tab P

This is Exhibit "P"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Hanfeng Evergreen Inc. announces sale of its Jiangsu Subsidiary

TORONTO, Canada, May 27, 2014 - Hanfeng Evergreen Inc. (TSX:HF) ("Hanfeng" or the "Company") announced today that it has agreed to sell its wholly-owned subsidiary Hanfeng Slow-Release Fertilizer (Jiangsu) Co., Ltd. ("Jiangsu") to Tianjin Bohai Dadi Hi-Tech Co., Ltd. (the "Purchaser"), an arm's length third party, for cash consideration of RMB 30 million (approximately Cdn$5.2 million). In accordance with the terms of the definitive agreement governing the sale, RMB 9 million (approximately Cdn. $1.6 million) will be paid by the Purchaser within 5 days and the balance (RMB 21 million or approximately Cdn. $3.6 million) will be paid upon the transfer of the shares having been properly registered with the applicable regulatory authorities and becoming effective in accordance with Chinese law, or, in any event, within sixty days. The transaction is expected to close by the end of July 2014. All expenses and costs in connection with the transaction, including charges incurred in connection with filings and registrations at relevant authorities, will be borne by the Purchaser.

The Company's Jiangsu facility had been serving as the R&D base and training center for the Company's Indonesia Joint Venture (the "Indonesian Joint Venture") which was sold in April 2014. Given the sale of the Company's interest in the Indonesia Joint Venture, the production level at the Jiangsu facility over the past few years and the liabilities that were associated with the Jiangsu subsidiary, the Company decided that it was in its best interests to sell Jiangsu for cash.

The common shares of the Company remain subject to cease trade orders issued by Canadian securities regulatory authorities and are scheduled to be delisted from the Toronto Stock Exchange effective at the close of market on June 9, 2014.

Forward-Looking Statements

This news release contains forward-looking statements. These forward-looking statements relate to future events, performance and results, and reflect management's expectations or beliefs regarding future events, including business and economic conditions and the Company's growth, results of operations, performance and business prospects and opportunities. Forward-looking information is typically identified by words such as "anticipate", "believe", "foresee", "expect", "estimate", "forecast", "goal", "intend", "plan", "seek", "strive", "will", "may", "should", "could" and similar expressions. Specific forward-looking information in this news release includes, but is not limited to, statements with respect to timing of payment, registrations with the applicable regulatory authorities and delisting from the Toronto Stock Exchange.

The forward-looking statements contained herein entail various risks and uncertainties. A number of factors could cause actual events, performance or results to vary from those reflected in these forward looking statements. Risks and uncertainties about the Company's business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available under the Company's profile on www.sedar.com. Additional important factors that could cause actual results to differ materially include, but are not limited to, the ability of the Company to preserve or monetize its working capital, the ability of the Company to attract and retain customers, the ability of the Company to appoint directors and representatives of its subsidiaries in China and elsewhere, delays in financial reporting, the ability of the Company to raise capital if and when required, foreign exchange fluctuations and controls, general economic conditions, market and business conditions, regulatory developments, changes in government policy, employee actions (including strikes or work stoppages), environmental factors including weather conditions and the impacts from regional flooding and/or drought conditions, and litigation. In evaluating forward-looking information, readers should specifically consider the factors that may cause actual results to vary. Forward-looking statements are not guarantees of future performance.

In light of the significant uncertainties inherent in the forward-looking statements included herein, any such forward-looking statements should not be regarded as representations by the Company that its respective objectives or plans will be achieved. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein. Forward-looking statements are based on, and included for the purpose of providing information about, the Company's current expectations, beliefs and plans relating to the future which are based on the Company's perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances including, but not limited to, assumptions that are stated or inherent in such forward looking statements, the assumptions referred to above, and assumptions regarding revenue growth and operating efficiencies, the ability of the Company to restore relations with its former principal customer and address regulatory concerns, the ability of the Purchaser to make timely payments and completion of all registrations. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.

About Hanfeng Evergreen Inc.

Hanfeng is a leading producer and supplier of value-added fertilizer solutions in emerging markets. It is the largest producer of slow and controlled release fertilizer in one of world's most significant agricultural markets, the People's Republic of China. Hanfeng is headquartered in Toronto, Ontario.

CONTACT INFORMATION

Hanfeng Evergreen Inc.

Jonathan Pollack
Lead Director
416-368-8588

Tab Q

This is Exhibit "Q"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Share Transfer Agreement

股权转让协议书

Seller ('Party A'): Hanfeng Evergreen Inc.

出让方（甲方）：加拿大汉枫常绿有限公司

By its authorized signatory, Xinduo Yu　　Position: CEO

授权签字人：于薪铎　　职务：首席执行官

Address: Toronto, Ontario, Canada

地址:加拿大安多略省多伦多市

Buyer ('Party B'): Heilongjiang Harbin Pengcheng Fertilizer Co., Ltd.

受让方（乙方）：黑龙江哈尔滨鹏程肥业有限公司

By its authorized signatory, Yanjia Ren　　Position: Vice GM

授权签字人：任延嘉　　职务：副总经理

Address: Harbin, Heilongjiang, China

地址:中国黑龙江省哈尔滨市

Whereas:

鉴于：

1. **Hanfeng Slow-Release Fertilizer Co., Ltd.** is a company legally registered and established in China , validly existing as a limited liability company in accordance with the laws of China (hereinafter referred to as the 'Target Company'):

   Registration number: 230223100012253

   Legal address: Shangzhi Economic Development Zone, Heilongjiang

   Business scope: Compound and blend fertilizer manufacture

   黑龙江汉枫缓释肥料有限公司是一家在中国合法注册成立并有效存续的有限责任公司（以下简称“目标公司”）：

   注册号为：230223100012253

   法定地址为：黑龙江省尚志市经济开发区

经营范围为：复混肥料制造

2. **Hanfeng Evergreen Inc.** (hereinafter referred to as 'Party A') is a corporation organized and existing under the laws of Ontario, Canada and a validly existing corporation. On the date of signing this agreement, Party A is the legal shareholder of the Target Company, whose capital contribution is **37250000** USD, accounting for 100% of the total registered capital of the Target Company. Target Company is a wholly-owned subsidiary of Party A.

   汉枫常绿有限公司（以下称"甲方"）系在加拿大合法注册并有效存续的股份有限公司，系目标公司合法股东，出资额为 37250000 美元，占目标公司注册资本总额的 100％，目标公司是甲方的全资子公司。

3. **Heilongjiang Harbin Pengcheng Fertilizer Co., Ltd.** (hereinafter referred to as 'Party B') is a legally registered company in China and a validly existing limited liability company.

   黑龙江哈尔滨鹏程肥业有限公司（以下称"乙方"）系在中国合法注册并有效存续的有限责任公司。

Both Party A and Party B, through friendly negotiation, on the basis of equality, willingness, and mutual benefit, agree that Party A shall transfer its ownership of 100% of the shares in the Target Company to Party B or its designated subsidiary. Both parties have reached the following agreement:

现甲乙双方经友好协商，在平等、自愿、互利互惠的基础上，一致同意甲方将其所拥有的目标公司 100％的股权转让给乙方或其指定子公司，双方为此达成如下一致意见：

Clause 1 Definition

定义

The following interpretation for the definition and meaning of words and terms in this agreement shall prevail:

本协议中词语及名称的定义及含义以下列解释为准：

1.1 Right of shares

股权

Party A, as a result of paying for the registered capital of the Target Company, enjoys all the rights conferred to the shareholder of the Target Company under Chinese laws and the Target Company's Articles of Association.

甲方作为目标公司的股东享有目标公司股东资格以及按照中国法律和目标公司章程所赋予的所有的股东权利。

1.2 Date of signing of agreement

协议签署日

This refers to the date when both parties duly execute this agreement, on which date this agreement is effective and binding on the parties.

指协议双方签署本协议的日期，协议从签署之日起生效，并对协议双方有约束力。

1.3 Registered capital

注册资本

This refers to the total amount of capital contributions made and paid for by the shareholder to the Target Company which is registered with governmental authorities.

为在公司登记机关登记的公司全体股东认缴的出资额。

1.4 Agreement Object

协议标的

This refers to the 100% of the equity shares owned by Party A in the Target Company.

指甲方所持有的目标公司 100%股权。

1.5 Chinese law and regulations

中国法律、法规

Existing laws, regulations, and legally binding rules, measures, and other forms of normative documents promulgated by the government of the People's Republic of China and its various departments before this agreement comes into effect (including the date of signing this agreement), including but not limited to Company Law of the People's Republic of China, Contract Law of the People's Republic of China, and Foreign Investment Enterprise Law of the People's Republic of China.

于本协议生效日前（含协议生效日）颁布并现行有效的法律、法规和由中华人民共和国政府及其各部门颁布的具有法律约束力的规章、办法以及其他形式的规范性文件，包括但不限于《中华人民共和国公司法》、《中华人民共和国合同法》、《中华人民共和国外资企业法》等。

1.6 Completion of transaction

交易完成

The transaction will be deemed completed when the shares of the Target Company originally registered under the name of Party A in Harbin Administration for Industry and Commerce are legally transferred to Party B or its designated subsidiary.

甲方在哈尔滨市工商行政管理局登记的协议标的变更到乙方或其指定子公司名下时，视为交易完成。

1.7 Transition Period

过渡期

It refers to the period from the effective date of this agreement to the date of completion of the transaction completed in this agreement.

本协议生效之日至本次交易完成之日期间。

1.8 债权债务

Credit and debt

本协议中所提到的目标公司的债务，不包括目标公司应付甲方的债务。

The debt hereto refers to the credit of the Target Company, and the Target Company's debt payable to Party A is excluded.

Clause 2 Representations and warranties

第 2 条 陈述及保证

2.1 Representations and warranties by Party A

甲方声明和保证

2.1.1 Party A is the sole legal owner of the Agreement Object, having the full right to dispose of the Agreement Object.

甲方为协议标的的唯一合法拥有者，对协议标的有完全处置权。

2.1.2 Before signing this agreement, Party A has not signed any legal document in any form relating to the sale of the Agreement Object with any other third party, nor has Party A taken any legal means to dispose of the Agreement Object in any form. Such disposal includes but not limited to transfer, pledge, entrusted management, and transfer of all or part of the rights attached to the Agreement Object.

本协议签署日前之任何时候，甲方未与任何第三方签定任何形式的法律文件、亦未采取任何其他法律允许的方式对协议标的进行任何形式的处置，该处置包括但不限于转让、质押、委托管理、让渡附属于协议标的的全部或部分权利。

2.1.3 After signing this agreement, Party A agrees not to sign any form of legal document with any third party or take any other steps to dispose of all or part of the Agreement Object. Such disposal includes but not limited to transfer, pledge, entrusted management, and transfer of all or part of the rights attached to the Agreement Object.

本协议签署日后，甲方同意不会与任何第三方签订任何形式的法律文件，亦不会采取任何法律允许的方式对本协议标的的全部或部分进行任何方式的处置，该处置包括但不限于转让、质押、委托管理、让渡附属于协议标的的部分权利。

2.1.4 Party A guarantees that it will be the sole shareholder of the Target Company until the completion of the share transfer. No other person enjoys right of first refusal to the Agreement Object. After this agreement comes into effect, Party A will use its commercially reasonable efforts to assist Party B to deal with all the procedures involved in the transfer of the Agreement Object, including but not limited to amending the Articles of Association of the Target Company, restructuring the Board of Directors, and filing documents related to equity change with relevant authorities.

甲方保证系目标公司唯一股东，直至交易完成。没有其他任何人对协议标的享有优先购买权。本协议生效后，甲方将尽商业合理努力协助乙方办理协议标的转让的一切手续，包括但不限于修改目标公司的公司章程、改组董事会、向有关机关报送有关股权变更的文件。

2.1.5 Party A guarantees that, before the formal transfer of shares of the Target Company between Party A and Party B, the Target Company has acquired the important government permits, approvals, and authorizations for its normal production operation, which are all currently in force. Party A shall ensure that none of such government permits, approvals or authorizations is invalid prior to the completion of the transaction.

甲方保证，在甲方与乙方正式交接目标公司股权前，目标公司所拥有的对其开展正常生产经营至关重要的政府许可，批准，授权的当前有效性，并应确保这些政府许可、批准或授权在交易完成前是有效的。

2.1.6 Party A guarantees, on the date of signing this agreement, all the information of the Target Company provided to Party B, including but not limited to financial position, production and management, company's registration and assets position shall be true and legal in all material respects.

甲方保证于本协议签订日，向乙方提供的目标公司的全部材料，包括但不限于财务情况、生产经营情况、公司工商登记情况、资产情况等均为真实、合法的。

2.1.7 Party A agrees that, after full payment of all transfer price by Party B in accordance with Clauses 3.3.1, 3.3.3 and 3.3.4, upon the liquidation of Party A, Party A shall unconditionally and irrevocably assign the promissory note issued by Party B to Mr. Xinduo Yu through endorsement upon receipt by Party A of the consideration as agreed to between Mr. Xinduo Yu and Party A.

The promissory note so assigned shall serve as guarantee of performance and fund for Mr. Xinduo Yu during his transition period. Where there is a difference between the promissory note amount and the amount payable to Mr. Xinduo Yu, it shall be negotiated to make up the balance by Party A and Mr. Xinduo Yu themselves in Canada. To protect Party B from potential risks, should Party A fail to perform the said agreement to assign the promissory note, the provisions of this Agreement and the Guarantee Agreement executed by Party B and Mr. Xinduo Yu shall apply.

甲方同意在乙方按照 3.3.1、3.3.3 和 3.3.4 条款付清全部转让价款（包括 20%承诺付款函）后，在甲方清算时当甲方收到于薪铎和甲方约定的对价后无条件且不可撤销地将乙方交付的承诺付款函全部以背书方式转让给于薪铎，作为于薪铎过渡时期的履职及资金保证。如果承诺付款函金额与应付给于薪铎的金额存在差额，差额部分由甲方和于薪铎在加拿大自行协商平衡。如果甲方未能履行上述约定将承诺付款函转让给于薪铎，乙方为保证自身利益免受潜在风险，将自行按照本协议及乙方与于薪铎签署的保证协议执行。

2.2 Representations and warranties by Party B

乙方声明和保证

2.2.1 With regard to the registering the share transfer, Party B warrants that it is legally capable of acquiring the Agreement Object, and the normal legal procedures of shares transfer will not be affected by its own individual constraints.

关于股权登记，乙方保证其符合法律规定的受让协议标的的条件，不会因为乙方自身条件的限制而影响股权转让法律程序的正常进行。

2.2.2 Party B has sufficient cash available to acquire the Agreement Object. Party B guarantees to pay the transfer price in accordance with the provisions stipulated in this agreement.

乙方有足够的可用现金能收购协议标的，乙方保证能够按照本协议的约定支付转让价款。

2.2.3 No filing with, notice to or authorization of, any governmental entity is required by Party B as a condition to the lawful completion of the transaction.

合法完成该交易，乙方无需政府机构的备案或通知，或政府机构的批准。

2.2.4 Party B acknowledges that to ensure its own benefits it has conducted an independent investigation on the business, operations, assets, liabilities and financial condition of the Target Company, and in making the determination to proceed with the transactions contemplated by this agreement, has relied solely on the results of its own independent investigation and the representations and warranties in section 2.1.

乙方确认其在决定推进本协议所述交易的过程中，为确保自身利益，已经对目标公司的业务、经营、资产、负债和财务状况进行了独立调查，完全依赖自己的独立调查以及 2.1 部分的声明和保证。

2.2.5 Following completion of the transaction, Party B guarantees it will not pay to Mr. Xinduo Yu any payroll, dividend, premium or any other compensation in any form other than reimbursing him for reasonable travel, meals and accommodation expenses to the extent that Party B requests that Mr. Xinduo Yu travel on behalf of Party B or the Target Company.

交易完成后，乙方保证其不会支付于薪铎任何薪资、红利、奖金或其他任何形式的薪酬，对于乙方要求于薪铎代表乙方或目标公司合理出差、饮食和住宿等费用的报销除外。

2.2.6 Party B acknowledges knowing the current assets position, all current and past conditions, all debts and creditor's rights as well as various risks and other obligations of the Target Company as of May 31, 2014, including but not limited to:

乙方承认其了解目标公司截至2014年5月31日的流动资产状况、所有当前和过去的情况、负债和所有者权益，以及各种风险和其他责任，包括但不限于：

2.2.6.1 Sustainable operation related risk caused by the aging equipment of the Target Company;

目标公司设备老化带来的运营持续性风险；

2.2.6.2 Bad debt related risk caused by the current debts and creditor's rights of the Target Company;

目标公司现有债权债务的坏账风险；

2.2.6.3 Legal dispute related risk caused by employee severance of the Target Company;

目标公司员工遣散引起的法律纠纷风险；

2.2.6.4 Potential risks of employee group incidents and laid-off employee disturbance due to the purchase by Party A;

因甲方收购而导致的员工群体事件以及被解雇员工寻衅滋事等潜在风险；

2.2.6.5 Tax source supervision risk;

税源监控风险；

2.2.6.6 The risk that the government compulsively require to restore the environment due to the change of business activities resulting from the share transfer.

因股权转让后经营业务发生变化，政府部门强制要求修复环境的风险；

2.2.6.7 Legal dispute related risk caused by the potential secondary harm resulted from the agrochemical trials, previous production and sales of the Target Company since its operation;;

目标公司运营以来农化实验产生的潜在次生灾害引起的法律纠纷风险，和前期生产、销售等环节产生或引起的潜在法律纠纷风险；

2.2.6.8 Potential assets guarantee, legal disputes, public judgment and all other risks concerning the management and operation of the Target Company during the period when Party A was running without supervision, subject to the proxy contest;

甲方股东代理权战争导致目标公司无领导管理期间，目标公司管理和运营产生的潜在资产担保、法律纠纷、公众舆论及其他一切风险；

2.2.6.9 Other risks for the entity sale.

双方买卖实体的其他风险。

Clause 3 Transfer of shares

股权的转让

3.1 Agreement Object

协议标的

Subject to the terms of this agreement and conditional on obtaining shareholder approval by its shareholders or court approval for the transfer of the Agreement Object, Party A agrees to sell its 100% ownership of the shares in the Target Company and any of its rights to the website and domain name www.hanfengevergreen.com to Party B or its designated subsidiary.

根据该协议条款以及甲方股东的批准或对协议标的转让的法庭批准，甲方同意将其所持有的目标公司 100%的股权以及其对汉枫常绿网站和域名的权利出售给乙方或其指定子公司。

3.2 Transfer price

转让价款

Based on the financial statements and current conditions of Target Company as of May 31, 2014 ("Benchmark Date"), the total transfer price of the Agreement Object shall be Two Hundred and Forty Eight million RMB (248,000,000 RMB), 80% of which, i.e 198,400,000 RMB or equivalent USD (which shall be converted as per the benchmark exchange rate posted by the People's Bank of China at the date of payment) shall be payable in cash by wire transfer to the designated account of Party A, and the balance of 20% , i.e 49,600,000 RMB shall be payable in a promissory note issued by Party B to Party A.

基于目标公司2014年5月31日（以下称"基准日"）的财务报表及目标公司状况，本协议标的转让总价款为2.48亿元人民币（大写：人民币贰亿肆仟捌佰万元整），其中总价款的80%，即1.984亿元人民币或等值美元（按付款之日中国人民银行公布的基准汇率折算）应将现金通过汇款方式汇至甲方指定账户，其余的总价款的20%，即4960万人民币应通过乙方开具的承诺付款函支付给甲方。

3.3 Method and time of payment

付款方式及时间

3.3.1 Within seven business days of the date of signing this agreement, Party B shall pay Party A 5% of the total purchase price, i.e. 12,400,000 RMB or equivalent USD (which shall be converted as per the benchmark exchange rate posted by the People's Bank of China at the date of payment).

本协议签订之日起七个工作日内，乙方向甲方支付总价款的5%，即12,400,000元人民币或等值美元（按付款之日中国人民银行公布的基准汇率折算）。

3.3.2 The payments described in sections 3.3.1 shall be held by Party A as a performance guarantee bond. If the Party B fails to complete the transaction as required in accordance with the terms of this agreement, in addition to any other remedies that Party A may have under applicable law, Party A shall be entitled to retain the performance guarantee bond.

本协议3.3.1部分所述的付款，甲方将作为履约保证金。如果乙方未能按照本协议的条款规定完成该交易，除相关法律规定甲方可享有的补救措施外，甲方有权保留履约保证金。

3.3.3 Within ten business days of the date of approval for this transaction by the shareholders of Party A or by the court, Party B shall pay Party A an additional 15% of the total purchase price, i.e.

37,200,000 RMB or equivalent USD (which shall be converted as per the benchmark exchange rate posted by the People's Bank of China at the date of payment).

甲方股东会批准或法庭批准本次股权交易后十个工作日内，乙方再向甲方支付总价款的15%，即37,200,000元人民币或等值美元（按付款之日中国人民银行公布的基准汇率折算）。

3.3.4 Within 10 business days upon closing of the transaction, Party B shall pay Party A the remaining 80% of the total purchase price, i.e. 198,400,000 RMB or equivalent USD (which shall be converted as per the benchmark exchange rate posted by the People's Bank of China at the date of payment), of which, 60% of the total purchase price, i.e. 148,800,000 RMB shall be payable in cash by wire transfer to the designated account of Party A, and 20% of the total purchase price, i.e. 49,600,000 RMB shall be delivered to Party A in the form of promissory note attached to this agreement.

交易完成后十个工作日内，乙方应支付甲方总价款的剩余80%，即1.984亿元人民币或等值美元（按付款之日中国人民银行公布的基准汇率折算），其中60%,即人民币1.488亿元用现金支付至甲方指定账户，20%，即人民币4960万元用本协议所附承诺付款函支付。

3.3.5 After receiving the Transfer Price from Party B in full (including the 20% promissory note), upon the liquidation of Party A, Party A shall unconditionally and irrevocably assign the promissory note to Mr. Xinduo Yu through endorsement upon receipt by Party A of the consideration as agreed to between Mr. Xinduo Yu and Party A as per Representations and warranties 2.1.7. Where there is a difference between the promissory note amount and the amount payable to Mr. Xinduo Yu, it shall be negotiated to make up the balance by Party A and Mr. Xinduo Yu themselves in Canada. Party A agrees that when the note is due and payable, Party B shall pay the 20% transfer price under the note (49,600,000 RMB) in RMB to the holder of the note without any interest, and if the promissory note is assigned to Mr. Xinduo Yu, after deducting any deductible amounts (if any) pursuant to a guarantee agreement to be entered into between Party B and Mr. Xinduo Yu, and pursuant to the terms of the guarantee agreement Mr. Xinduo Yu shall bear any risks to be borne by Party A under 2.2.6 of this agreement.

甲方在收到乙方全部转让价款（包括20%承诺付款函）后，在甲方清算后，应按照声明和保证条款2.1.7在甲方清算时当甲方收到于薪铎和甲方约定的对价后将承诺付款函无条件且

不可撤销地全部转让给于薪铎。如果承诺付款函金额与应付给于薪铎的金额存在差额，差额部分由甲方和于薪铎在加拿大自行协商平衡。甲方同意当承诺付款函到期应付时，乙方应将承诺付款函项下20%的转让价款（4960万元）在根据乙方与于薪铎签署的保证协议扣除应扣除（如果有）款项后直接以人民币方式无息支付至持票人。且在承诺付款函转让给于薪铎后，根据保证协议的条款，本协议履行中任何甲方应承担的2.2.6项下风险均应由于薪铎承担。

3.4 Equity transfer application and procedures

股权转让报批及办理手续

3.4.1 Within 45- 60 days of signing this agreement, Party A shall be responsible for convening Party A's shareholders' meeting to seek the approval of its shareholders for this transaction or Party A shall seek court approval in Canada for this transaction. Party B acknowledges that Party A intends to seek court approval for the completion of this transaction within two weeks after the execution of this Agreement.

本协议签署之日起45到60日内，甲方应负责组织召开甲方股东会，以征求股东同意完成该交易，或者甲方寻求加拿大法庭批准完成该交易。甲方拟定于该协议签署后两周内寻求法庭对该交易的批准，乙方对此知情。

3.4.2 In the event that the resolution of shareholders of Party A to approve this transaction fails to obtain the requisite approval at the shareholders meeting called to approve such resolution or the court fails to approve the completion of this transaction, then this agreement becomes invalid immediately and Party A shall return the 5% Performance Guarantee Bond paid by Party B in equal amount within 3 business days.

如果在股东大会上，甲方股东未获得足够的支持率批准本次交易，或者法庭未批准本次交易，则本协议立即自动失效，甲方需在3个工作日内等额返还乙方已支付的5%的履约保证金。

3.4.3 Within 30 days following the date that Party A's shareholders approve the completion of this transaction or the court approves the completion of this transaction, Party A shall use its commercially reasonable efforts to assist Party B to complete the reorganization of the Board of Directors of the Target Company, and complete all legal documents for the purpose of share transfer.

在甲方股东批准完成本次交易之日或者法庭批准了本次交易之日起 30 个工作日内，甲方应尽商业合理之努力配合乙方完成目标公司董事会的改组，并配合签署股权转让的全部法律文件。

3.4.4 In accordance with Clause 3.4.3 of this agreement, within 3 days of completion of all legal documents for the share transfer, Party A shall file the application to the approval authority, and assist Party B to comply with Chinese law and regulations in registering the share transfer with the relevant authorities in a timely manner.

在按照本协议第 3.4.3 条约定完成本次股权转让的全部法律文件之起 3 日内，甲方应向批准机关报批，并协助乙方按照中国法律、法规及时向有关机关办理股权转让登记。

3.4.5 Both parties agree that the transaction shall be closed within 30 to 45 days upon shareholder approval of Party A or court approval obtained by Party A.

双方约定在获得甲方股东会批准或法庭批准后的 30-45 个工作日内完成交易。

3.4.6 All the tax payable and fees payable involved in the course of share transfer and acquisition, and expenses incurred in equity alteration registration shall be borne by Party B.

股权交易过程中涉及的各种应交税、款、工商变更登记过程中产生的费用由乙方承担。

Clause 4 Parties rights and obligations after completion of transaction

交易完成后各方权利义务的承担

4.1 Before completion of transaction

交易完成前

Until Party B pays 100% of total purchase price to Party A, Party A will enjoy all the rights and bear all the responsibilities of the Target Company.

在乙方支付给甲方全部应付价款之前，目标公司的所有权利义务由甲方承担。

4.2 After completion of transaction

交易完成后

4.2.1 After Party B pays 100% of the total purchase price to Party B, Party B will enjoy all the rights and bear all the responsibilities of the Target Company (including but not limited to all profit it shall enjoy in compliance with the laws, debts and creditor's rights, legal dispute, and other risks and obligations).

乙方支付完全部价款之后，目标公司的所有权利义务，包括并不限于公司依据法律应该享有的全部所有权益、全部债权债务、法律纠纷由乙方承担。

Clause 5 Transition Period

过渡期

乙方向甲方支付 5%的履约保证金后，乙方有权利派驻人员到目标公司作为驻厂代表。为避免基准日后，目标公司因非正常经营活动产生费用或亏损，从而对转让价款的定价基础产生影响，甲方同意，自基准日至本协议生效之日期间，目标公司发生的一切重大事项（如有）应经乙方驻厂代表补充确认；在过渡期期间，目标公司发生的一切重大事项（如有）应通知驻厂代表并征得其同意。重大事项包括但不限于:在普通业务来往范围外，处置公司资产（出售、担保、抵押、租赁、转移等）或发生交易；遭受任何损失，或发生任何与客户或雇员的关系变化；重大款项支出；修改任何已有的合同或协议；对目标公司产生重大影响的事件；免除任何对他人的债权等。

Party B shall have the right to send a staff to the Target Company as its representative upon paying the Performance Guarantee Bond (5% of the total transfer price) to Party A. To avoid any expense or loss caused by abnormal operation activities of Target Company after benchmark date, which would affect the pricing basis of the transfer price, Party A agrees that during the period from benchmark date to the effective date of this agreement, any material events (if any) of the Target Company shall be acknowledged and confirmed by the representative of Party B, and that during the Transition Period, any material events (if any) shall be notified to the representative of Party B for his permission. The material events include but not limited to: disposal of the company assets (sales, guarantee, pledge, rent and transfer) or transaction, other than the normal business the transaction; any loss, or any change to relationships with clients and employees; large amount of expenses; any changes to existing contracts or agreements; any events having significant impact on the Target Company; releasing creditor's right.

Clause 6 Privacy Policies

保密条款

6.1 Confidential Information

保密资料

For all information held by both parties about this share transfer, including but not limited to the operation conditions, financial position, trade secrets, and technical know-how of Party A, Party B, and the Target Company, both parties have the obligation to keep such information confidential. Unless required by law or judicial bodies, none of the parties can make public or make use of the information.

本次股权转让中，甲方与乙方对所了解的全部资料，包括但不限于甲方、乙方、目标公司的经营情况、财务情况、商业秘密、技术秘密等全部情况，甲方与乙方均有义务保密，除非法律有明确规定或司法机关强制要求，任何一方不得对外公开或使用。

6.2 Publicity or promotion

对外公开或宣传

When both parties promote or make this share transfer known to the public, both parties must follow the same method as negotiated, and ensure that the business reputation of both parties are protected. Without permission from the other party, neither party can publish or publicize any opinions or writings related to this share transfer unless required by applicable law.

甲方与乙方在对外公开或宣传本次股权转让事宜时，采用经协商的统一口径，保证各方的商誉不受侵害。除非法律另有规定，未经另一方同意，任何一方不得擅自对外发表有关本次股权转让的言论、文字。

Clause 7 Breach of Agreement

违约责任

7.1 Any party who breaches the representations, warranties or other obligations under this agreement should bear the responsibilities for breach of agreement and must compensate the other party for any financial losses caused to the other party. This responsibility to pay damages should include all financial losses caused by the breach. Provided, however, following the date of completion of the transaction, when Party B has paid the total transfer price in full and Party A has assigned the promissory note to Mr. Xinduo Yu, the remedy of Party B in respect of any breach of any representation, warranty, or other obligation of Party A under this agreement shall be as set out in the guarantee agreement to be entered into between Party B and Mr. Xinduo Yu.

任何一方因违反于本协议项下作出的声明、保证及其他义务的，应承担违约责任，造成对方经济损失的，还应承担赔偿责任。此赔偿责任应包括对方因此遭受的全部经济损失。但是，如果在交易完成日之后、乙方已付清全部转让价款、且甲方已将承诺付款函转让给于薪铎后，对于任何违反本协议下声明、保证或甲方其他义务的，乙方的补偿应按照乙方与于薪铎签署的保证协议中列明的条款范围执行。

7.2 In the event that either party unilaterally rescinds the agreement, the innocent party has the right to request the party in breach to pay liquidated damages, which is 5% of the entire transfer price.

任何一方单方解除本协议，非违约方有权要求违约方支付违约金，违约金为转让价款总额的 5 %。

7.3 If Party B fails to pay the negotiated share transfer price on time, Party B must pay 0.0006% of the entire payable but unpaid amount to Party A as liquidated damages for each day that such payment is delayed. When the delay in payment reaches 30 days, Party A has the right to rescind the agreement and refuse to return any payments previously made as liquidated damages， and to take any legal measures and steps to have the shares of the Target Company returned to Party A..

因乙方不按时支付本协议约定的股权转让款，每延迟付款一天乙方应向甲方支付应付未付款额每日 0.0006%的违约金，延迟履行达到 30 日时，甲方有权解除本协议并不再退还乙方之前已支付的所有款项，并有权采取任何法律措施将目标公司的股份归还至甲方。

Clause 8 Dispute Resolution

争议的解决

Any disputes arising from this Agreement should be solved by mediation and negotiation in good faith. In case mediation fails, either party has the right to litigate in the place of agreement performance, which is the local people's court where the Target Company is located. Both parties agree to conform to the laws of the People's Republic of China.

各方若发生争议，应友好协商解决。协商不成，任何乙方均有权向目标公司所在地人民法院诉讼解决。双方同意适用中华人民共和国法律解决。

Clause 9 Others

其他

9.1 Amendment to the Agreement

协议修订

Any amendments to the Agreement must be in writing and signed by both parties. Any amendments or newly added content to the Agreement will become part of the agreement.

本协议的任何修改必须以书面形式由双方签署。修改的部分及增加的内容，构成本协议的组成部分。

9.2 Severability

可分割性

If there are clauses in this Agreement that are invalidated by courts with rights of jurisdiction or an validly appointed arbitrator, but such invalidated clauses do not affect the potency of other clauses, the unaffected clauses shall remain valid.

如果本协议的部分条款被有管辖权的法院、仲裁机构认定无效，不影响其他条款效力的，其他条款继续有效。

9.3 Entire Agreement

协议的完整性

This agreement contains all statements and agreements of both parties, and replaces all oral or written statements, warranties, understandings and agreements regarding the terms under this Agreement made before the signing of this agreement. Both parties agree and confirm that any statements and warranties not contained in this Agreement will not form the basis of this Agreement, and thus cannot be relied upon by any parties and may not be used to explain the clauses and conditions in this Agreement.

本协议构成双方之间的全部陈述和协议，并取代双方于协议签字日前就本协议项下的内容所作的任何口头或者书面的陈述、保证、谅解及协议。双方同意并确认，本协议中未订明的任何陈述或承诺不构成本协议的基础；因此，不能作为确定双方权利和义务以及解释协议条款和条件的依据。

Party A:

甲方：

Authorized Representative (Signature):

授权代表（签字）：

(date)

2014 年 8 月 8 日

Party B:

乙方：

Authorized Representative (Signature):

授权代表（签字）：

(date)

2014 年 8 月 8 日

保证协议

Guarantee Agreement

甲方：黑龙江哈尔滨鹏程肥业有限公司

Party A: Heilongjiang Harbin Pengcheng Fertilizer Co., Ltd.

乙方：于薪铎

Party B: Xinduo Yu

鉴于：

Whereas:

1、甲方与汉枫常绿有限公司（以下称"汉枫"）于2014年8月8日签订《股权转让协议》，根据协议规定，甲方将收购汉枫所持汉枫缓释肥料有限公司（以下称"目标公司"）全部股权；

Party A and Hanfeng Evergreen Inc. (hereinafter referred to as "Hanfeng") entered into the Share Transfer Agreement on August 8, 2014, under which, Party A agrees to purchase 100% equity shares of Hanfeng Slow-Release Fertilizer Co., Ltd. (hereinafter referred to as "Target Company") owned by Hanfeng.

2. 乙方系汉枫大股东，同时担任目标公司董事长兼法定代表人；

Party B is a big shareholder of Hanfeng, and also the Board Chairman and Legal Representative of the Target Company.

3. 根据《股权转让协议》第3.2条规定，甲方收购目标公司"总价款的20%，即4960万人民币应通过乙方开具的承诺付款函支付"给汉枫，且汉枫同意，在汉枫清算时，按照第2.1.7条规定在收到甲方全部转让价款（包括20%承诺付款函）后，"当甲方收到于薪铎和甲方约定的对价后，无条件且不可撤销地将乙方交付的承诺付款函以背书方式全部转让给于薪铎"，作为乙方过渡时期的履职及资金保证。

As stipulated under Clause 3.2 of the Share Transfer Agreement, among the total transfer price for purchasing the Target Company, "20%, i.e 49,600,000 RMB shall be payable in a promissory note issued by Party B" to Hanfeng, and Hanfeng agrees to, upon the liquidation of Hanfeng, "unconditionally and irrevocably assign the promissory note issued by Party B to Mr. Xinduo Yu through endorsement upon receipt by Party A of the consideration as agreed to between Mr. Xinduo Yu and Party A" after Hanfeng's receipt of all the transfer price (including 20% in form of promissory note) from Party A in accordance with Clause 2.1.7 of the Share Transfer Agreement. The promissory note so assigned shall serve as guarantee of performance and fund for Party B during his transition period.

4. 乙方在此为甲方提供个人担保，根据本协议的条款和条件，乙方为目标公司潜在风险的担保额最高不超过承诺付款函金额，即人民币 4960 万人民币（以下称"担保款项"）。

   Party B hereby personally guarantees in favour of Party A for the potential risks facing the Target Company up to the amount of promissory note, i.e., 49,600,000 RMB (hereinafter referred to as the "Guarantee Amount") pursuant to the terms and conditions set out in this Agreement.

   乙方同意接受该承诺付款函的转让（如果承诺付款函被转让），按照承诺付款函的条款和条件将对该承诺付款函具有独立支配权，包括在其 12 个月过渡期（见第 1 条）满后收到款项的权利，以保证《股权转让协议》的全面履行。

   Party B agrees and accepts the transfer of promissory note (should it be assigned) and will own the independent right to dispose the promissory note subject to its terms and conditions, including the right to receive payment upon expiration of the 12-month transition period as stated in Clause 1, to ensure full performance of the Share Transfer Agreement.

为此，为保证股权收购完成后目标公司能够平稳过渡，经甲乙双方协商，达成如下担保协议：

Now therefore, to ensure the smooth and stable transition of the Target Company after the share transfer, upon negotiation, Party A and Party B have reached the following guarantee agreements:.

第1条　股权变更完成后，乙方同意按照甲方要求在目标公司继续过渡 12 个月，在此期间，甲方只支付乙方因工作需要出差所发生的交通、饮食和住宿

等费用，不支付乙方任何薪资、红利、奖金或其他任何形式的薪酬。

Article 1: After the completion of the share transfer, Party B agrees to stay in the Target Company for a transition period of 12 months as per the request of Party A. During this period, Party A will only pay for the travel, meals and accommodation expenses of Party B to the extent of work requirements; but no payroll, dividend, bonus or any other compensation in any form.

第2条　甲方在股权变更登记时，免去乙方在目标公司的董事长职务，为使目标公司最大限度免受第 3 条提及的各种潜在风险，经甲方要求，乙方同意继续担任目标公司法定代表人职务，在目标公司董事会的领导下，按甲方合理要求出席一些必要的场合，且目标公司董事会有权随时解除乙方的法定代表人职务。

Article 2: During the share transfer registration, Party A will remove Party B from his position of Board Chairman in the Target Company. To protect the Target Company from the various potential risks stipulated under Article 3 to the maximum extent, upon the request of Party A, Party B agrees to continue his service as legal representative of the Target Company under the leadership of the Board of Target Company, and attend some necessary events reasonably requested by Party A, while the Board of Target Company is entitled to remove Party B from his position of legal representative at any time.

第3条　乙方保证在 12 个月过渡期内尽商业合理努力维护目标公司利益，确保目标公司平稳过渡，最大限度免受如下风险，包括并不限于：

Article 3: Party B guarantees to take all commercially reasonable efforts during the 12-month transition period to safeguard the interest of the Target Company, ensure the smooth and steady transition of the Target Company, and protect it from the following risks to the maximum extent, including but not limited to:

3.1 员工遣散金超出约定数额的风险；

The risk that employee severance exceeds the agreed amount;

3.2 因甲方收购而导致的员工群体事件以及被解雇员工寻衅滋事等潜在风险；

Potential risks of employee group incidents and laid-off employee disturbance due to the purchase by Party A;

3.3 税源监控风险：因股权转让后投资方发生变化，目标公司原享有的税收优惠（“二免三减半”和“三年减半”，约人民币 1.7 亿）被追缴的风险；

Tax source supervision related risk: The risk that the tax incentives package (“Two-Year Exemptions and Three-Year Half Reduction” and “Three-Year Half Reduction”, totally representing RMB 170 million) enjoyed by the Target Company may be retroactively recovered by tax bureau due to changes to shareholders resulting from completion of share transfer;

3.4 因股权转让后经营业务发生变化，政府部门强制要求修复环境的风险；

The risk of environmental improvement required by government due to changes to business activities resulting from completion of share transfer;

3.5 交易税费失控的风险；

Risk related to the loss of control on the transaction tax and expense;

3.6 应收账款无法按期回收的风险；

Risk that the accounts receivable could not be collected in due time;

3.7 已预付款项的货物无法按期运抵的风险；

Risk that the goods paid in advance could not be delivered in due time;

3.8 汉枫股东代理权战争导致目标公司无领导管理期间，目标公司管理和运营产生的潜在资产担保、法律纠纷、公众舆论及其他风险；

Any risks related to potential assets guarantee, legal disputes, public judgment and all other risks concerning the management and operation of the Target Company during the period when there was no supervision at the Target company due to the proxy contest;

3.9 目标公司运营以来农化实验产生的次生灾害，和前期生产、销售等环节产生或引起的潜在法律纠纷风险；

Any risks of potential legal disputes caused by the potential secondary harm resulted from the agrochemical trials, previous production and sales of the Target Company since its operation;

第4条　在乙方 12 个月过渡期内，乙方保证不会采取任何法律允许的方式对该承诺付款函的全部或部分进行任何方式的处置，包括但不限于转让、质押、让渡承诺付款函的全部或部分权利。

Article 4: Party B guarantees that he will not take any legal measures to dispose all or part of the promissory note during the 12-month transition period of Party B, including but not limited to transferring, pledging, and assigning all or part of the rights under the promissory note.

第5条　甲方保证

Article 5：Warranties by Party A

5.1 在乙方按照本协议约定在目标公司 12 个月过渡期满且完成本协议第 3 条和第 4 条保证的前提下，乙方对本协议下的任何金额不负有任何责任。

On the condition that Party B's 12 months' transition period in the Target Company expires and his guarantees stipulated under Article 3 and 4 are fulfilled as stipulated in this Agreement, Party B shall not be liable to Party A for any amount of money under this Agreement.

在乙方按照本协议约定在目标公司 12 个月过渡期满且完成本协议第 3 条和第 4 条保证且承诺付款函转让给了乙方的前提下，甲方承诺在乙方 12 个月过渡期满后 7 个工作日内，将承诺付款函款项按照《承诺付款函》相关规定以人民币方式全额支付给乙方；

On the condition that Party B's 12 months' transition period in the Target Company expires and his guarantees stipulated under Article 3 and 4 are fulfilled as stipulated in this Agreement and the promissory note is assigned to Party B, Party A warranties to pay the amount in the promissory note to Party B in full in RMB within 7 business days upon the expiration of the 12 months' transition period of Party B as per the relevant terms regulated in the "Promissory Note";

5.2 如果乙方未能全面完成第 3 条和第 4 条保证事项，并因此给甲方造成任何损失，且承诺付款函转让给了乙方，甲方将有权从承诺付款函金额中扣除相应损失额（最高不超过担保款项），并在乙方 12 个月过渡期满后 7 个工作日内，将剩余款项按照《承诺付款函》相关规定支付给乙方；

In case Party B fails to fulfill his guarantees under Article 3 and Article 4, and hence causes any loss to Party A and the promissory note is assigned to Party B, Party A is entitled to deduct the corresponding loss amount (with the maximum amount not exceeding the Guarantee Amount) from the promissory note, and will pay any amount remaining to Party B within 7 business days upon expiration of the 12 months' transition period of Party B as per the relevant terms regulated in the "Promissory Note".

第6条　违约责任

Article 6: Defaults

6.1 如乙方未能按照本协议约定在目标公司继续过渡 12 个月，并因此给甲方造成任何损失，且如果承诺付款函转让给了乙方，甲方将有权从承诺付款函金额中扣除相应损失额（最高不超过担保款项），并在乙方 12 个月过渡期满后 7 个工作日内，将剩余款项按照《承诺付款函》相关规定支付给乙方；

In case Party B fails to stay in the Target Company for a transition period of 12 months as stipulated in this Agreement, and hence causes any loss to Party A, and provided the promissory note is assigned to Party B, Party A is entitled to deduct the corresponding loss amount (with the maximum amount not exceeding the Guarantee Amount) from the promissory note, and will pay any amount remaining to Party B within 7 business days upon expiration of the 12 months' transition period of Party B as per the relevant terms regulated in the "Promissory Note".

6.2 如果乙方未能全面完成第 3 条和第 4 条保证事项，并因此给甲方造成任何损失，且如果承诺付款函转让给了乙方，甲方将有权从承诺付款函金额中扣除相应损失额（最高不超过担保款项），并在乙方 12 个月过渡期满后 7 个工作日内，将剩余款项按照《承诺付款函》相关规定支付给乙方；

In case Party B fails to fulfill his guarantees under Article 3 and Article 4, and hence causes any loss to Party A, and provided the promissory note is assigned to Party B, Party A is entitled to deduct the corresponding loss amount (with the maximum amount not exceeding the Guarantee Amount) from the promissory note, and will pay any amount remaining to Party B within 7 business days upon expiration of the 12 months' transition period of Party B as per the relevant terms regulated in the "Promissory Note".

6.3 如甲方违反本协议约定，乙方有权终止本协议履行，且甲方需立即将承诺付款函金额全额支付给乙方（如果承诺付款函转让给了乙方）。

In case Party A breaches this Agreement, Party B is entitled to terminate this Agreement, and Party A shall pay the promissory note to Party B in full immediately, provided the promissory note is assigned to Party B.

第7条　法律适用与争议的解决

Article 7: Applicable Law and Dispute Resolution

7.1 本协议的订立、效力、变更、解释、履行、终止和由本协议产生或与本协议有关之争议的解决，均受中国（不包括中华人民共和国香港、澳门特别行政区及台湾）法律的管辖。

The formulation, validity, amendments, interpretation, implementation and termination, as well as the settlement of disputes arising out of or related to this Agreement, shall be governed by the laws of the People's Republic of China (excluding the Special Administration Regions of Hongkong and Macao, as well as Taiwan).

7.2 因履行本协议所发生的或与本协议有关的一切争议，双方应通过一切友好方式协商解决，如果协商不成，任何一方均有权提交中华人民共和国黑龙江省哈尔滨中级人民法院诉讼解决。

All disputes arising from the execution of, or in connection with, this Agreement shall be settled through amiable negotiation. In case no settlement can be reached through negotiation, any Party shall have the right to bring the lawsuit to Harbin Intermediate People's Court, Heilongjiang Province, People's Republic of China

7.3 在诉讼过程中，对于本协议中不涉及诉讼内容的条款继续有效，双方必须继续履行。

During the litigation process, the remaining provisions unrelated to the lawsuit shall continue in full force and effect, which the both parties shall continue to perform.

第8条　本协议经双方签字盖章后生效，直至本协议项下担保款项到期结算清偿后失效。

Article 8: This Agreement shall become valid and binding upon signing and sealing by the both parties until the guarantee amount under this Agreement becomes due and the payment is settled.

第9条　本协议生效后，任何一方不得擅自变更或提前解除本协议。

Article 9: After this Agreement comes into effect, any Party shall not amend or terminate this Agreement at its own free will.

第10条 本协议一式两份，甲、乙双方各执一份，每份具有同等法律效力。

Article 10: This Agreement shall be executed with each party one copy, and each copy bears the same legal effect.

（以下无正文）

(no text hereinafter)

甲方盖章：

Seal of Party A

授权代表签字：

Signature of the authorized representative:

乙方签字：于新锋

Signature of Party B:

见证人签字：

Signature of Witness:

8/8

CONFIRMATION AGREEMENT

Reference is hereby made to (i) the Share Transfer Agreement dated August 8, 2014 (the "Share Transfer Agreement") between Hanfeng Evergreen Inc. ("Hanfeng") and Heilongjiang Pengcheng Fertilizer Co., Ltd. ("Pengcheng") pursuant to which Hanfeng has agreed to sell all of its shares of its subsidiary Hanfeng Slow-Release Fertilizer (Heilongjiang) Co., Ltd. (the "Target Company") to Pengcheng for a purchase price of RMB 248,000,000 (the "Transaction"), (ii) the Guarantee Agreement (the "Guarantee Agreement") to be entered into between Pengcheng and Mr. Xinduo Yu in connection with the Transaction and (iii) the Promissory Note (the "Promissory Note") in the amount of RMB 49,600,000 to be issued by Pengcheng to Hanfeng upon closing of the Transaction as contemplated by the Share Transfer Agreement.

WHEREAS as of the date hereof Mr. Yu owns or controls approximately 20.4% of the issued and outstanding shares of Hanfeng and Hanfeng owes approximately C$3.716 million to Mr. Yu;

AND WHEREAS in accordance with Section 2.1.7 of the Share Transfer Agreement, Hanfeng has agreed, upon its liquidation, to assign the Promissory Note to Mr. Yu;

AND WHEREAS in accordance with the provisions of the Guarantee Agreement, Mr. Yu has agreed with Pengcheng to, among other things, remain with the Target Company for a period of 12 months following closing of the Transaction and to take all commercially reasonable efforts during this transition period to safeguard the interests of the Target Company and to protect it from certain risks as described in the Guarantee Agreement;

AND WHEREAS in accordance with the provisions of the Guarantee Agreement, Mr. Yu has agreed with Pengcheng that the Promissory Note assigned by Hanfeng to Mr. Yu shall serve as a guarantee of performance by Mr. Yu of his obligations under the Guarantee Agreement;

AND WHEREAS Hanfeng desires to appoint a receiver and manager over its assets to be responsible for, among other things, collecting the purchase price under the Share Transfer Agreement and to ultimately distribute any of the remaining assets of Hanfeng to its creditors and shareholders upon Hanfeng's winding-up following a claim process to be instituted by the receiver and manager (the "Receivership Proceedings").

NOW THEREFORE, the parties hereto agree as follows:

1. Hanfeng hereby agrees to repay C$1.5 million of the amount owing to Mr. Yu within two business days of this Confirmation Agreement by way of a wire transfer to an account designated by Mr. Yu or by certified cheque.

2. Provided that the Promissory Note has been issued by Pengcheng and has not been repaid at such time (i) upon the first distribution of the liquidated assets of Hanfeng to its shareholders under the Receivership Proceedings (the "Distribution Event"), or (ii) at such earlier time prior to the Distribution Event upon the written request of Mr. Yu, Mr. Yu hereby agrees to accept the assignment of the Promissory Note from Hanfeng in consideration for the payment by Mr. Yu to Hanfeng of the Canadian dollar equivalent

of the principal amount of the Promissory Note of RMB 49,600,000 (based on the prevailing RMB/CAD noon spot rate of exchange of the Bank of Canada on the day two business days prior to such purchase). The parties agree that the foregoing payment amount shall be satisfied by way of set-off of any amounts payable to Mr. Yu by Hanfeng at such time (including in respect of any distribution on his shareholdings in Hanfeng and amounts remaining owing to him after the payment of C$1.5 million in paragraph 1 above) and Mr. Yu hereby agrees that if at such time the amount payable by Hanfeng to Mr. Yu is less than the Canadian dollar equivalent of RMB 49,600,000 then Mr. Yu will pay such shortfall for the Promissory Note to Hanfeng in cash up to the Canadian dollar equivalent of RMB 49,600,000.

3. If the Promissory Note has become due and payable in accordance with its terms prior to the Distribution Event, Mr. Yu has not made payment for the Promissory Note in full in accordance with Paragraph 2 hereof and Pengcheng fails to pay the full principal amount of the Promissory Note (e.g. RMB 49,600,000) to Hanfeng at such time as a result of any indemnity claim made by Pencheng in respect of the amount owing under the Promissory Note or as a result of any failure of Mr. Yu to comply with all of his covenants and obligations under the Guarantee Agreement, then Mr. Yu hereby agrees to indemnify and be liable to Hanfeng for any such amounts not paid by Pengcheng.

4. Hanfeng hereby agrees that if, at the time of the Distribution Event, an amount in excess of the Canadian dollar equivalent of RMB 49,600,000 shall be payable by Hanfeng to Mr. Yu in respect of any distribution on his shareholdings or other amounts payable to him at such time, then Hanfeng shall distribute a cash payment to Mr. Yu for such excess amount in addition to assigning the Promissory Note to Mr. Yu in settlement of the initial Canadian dollar equivalent of RMB 49,600,000 owing to Mr. Yu by Hanfeng at such time.

5. Mr. Yu hereby agrees to comply with all of his covenants and obligations under the Guarantee Agreement.

6. Mr. Yu hereby represents and warrants that he is the registered and/or beneficial owner of 10,876,400 common shares in the capital of Hanfeng and he is the beneficial owner and/or control or directs an additional 1,420,300 common shares in the capital of Hanfeng through the Xinduo Yu Family Trust and the Yu Foundation. Mr. Yu, the Xinduo Yu Family Trust and the Yu Foundation hereby agree not to dispose of or transfer such shares until all of the liquidated assets of Hanfeng have been fully and finally paid to its creditors and shareholders. Furthermore, Mr. Yu, the Xinduo Yu Family Trust and the Yu Foundation represent and warrant that Mr. Yu has the power and authority to bind the Xinduo Yu Family Trust and the Yu Foundation and that the set off procedures contemplated by paragraph 2 hereby shall be applicable in respect of the aggregate amount of 12,296,700 common shares in the capital of Hanfeng owned or controlled by Mr. Yu, the Xinduo Yu Family Trust and the Yu Foundation.

7. This Confirmation Agreement shall be governed by and construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party irrevocably attorns and submits to the exclusive

jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to venue of any proceeding in such court or that such court provides an inconvenient forum.

8. This Confirmation Agreement may be executed in any number of counterparts (including counterparts by facsimile or email) and all such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Confirmation Agreement as of August 8, 2014.

HANFENG EVERGREEN INC.

By: ______________________
Name: JONATHAN POLLACK
Title:

朱蕾

____
Witness

Lei Zhu
Print Name of Witness

____
Xinduo Yu

XINDUO YU FAMILY TRUST

By: ______________________
Name: Xinduo YU
Title: Trustee

YU FOUNDATION

By: ______________________
Name: Xinduo YU
Title: President

Tab R

This is Exhibit "R"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

HANFENG EVERGREEN INC.

MINUTES OF A MEETING OF THE COMPENSATION COMMITTEE
Held by Teleconference on
Tuesday, July 29, 2014

MINUTES of a meeting of the members of the compensation committee of the board of directors of HANFENG EVERGREEN INC. (the "**Corporation**") held by teleconference on Tuesday, July 29, 2014 at 4:00 p.m. EST.

PRESENT:

Directors: Jonathan Pollack
Joanne Yan

being all of the members of the compensation committee of the board of directors of the Corporation.

Chairman and Secretary

With the consent of the directors, the chair of the Compensation Committee, Ms. Yan, acted as Chair and Secretary of the meeting.

Notice, Quorum and Constitution of Meeting

The Chair declared that, with all members of the committee being present, the meeting was properly constituted.

Independent Director Compensation

The Chair updated the meeting with respect to compensation matters relating to the independent directors. She reported that it was appropriate to formalize the arrangements that had been discussed amongst the directors over the past weeks relating to remuneration of the independent directors in the event that they are successful in navigating the affairs of the Corporation towards an outcome where there are agreements in place to sell the remaining subsidiary of the Corporation (Heilongjiang), and a receiver is successfully appointed by the Court to take responsibility for liquidating and winding-up the Corporation.

It was noted that Committee was of the view that an appropriate amount of compensation be paid to the independent directors to reflect the amount of time that they have been spending on getting to the best result possible in the circumstances for shareholders of the Corporation, and to reflect the skills brought to bear on the situation by the independent directors, while being sensitive to the fact that the financial situation of the Corporation had deteriorated prior to the appointment of the independent directors.

After discussion of these and other factors, it was unanimously resolved, while noting that each of the members of the Committee is an independent director and therefore is interested personally in the matter, that upon definitive agreements being signed to reflect the sale of the Heilongjiang subsidiary to Pengcheng on the terms currently being discussed, and upon a receiver being appointed by the Court to liquidate and wind-up the Corporation, each independent director would be paid a lump sum fee of $150,000, with the Lead Director being paid an additional $50,000. It was acknowledged that, while these amounts are expected to be paid in mid-August based on the current timeline being discussed, that the independent directors would each be expected to continue to make himself or herself available to the Corporation and the receiver to a reasonable degree without any further compensation to assist the Corporation and the receiver in liquidating the Corporation.

Termination

There being no further business to come before the meeting, the meeting was terminated.

Joanne Yan
Chairman of the Meeting

Tab S

This is Exhibit "S"
to the affidavit of Jonathan Pollack,
sworn before me on the 13th day
of August, 2014

Commissioner for Taking Affidavits

Kathleen Marion Carole Elhatton-Lake, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires April 1, 2017.

Court File No. ____________

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION UNDER
SECTION 101 OF THE *COURTS OF JUSTICE ACT,*
R.S.O. c. C.43 (as amended)

AND IN THE MATTER OF HANFENG EVERGREEN INC.

CONSENT

ERNST & YOUNG INC. HEREBY CONSENTS to being appointed receiver and manager in the within application.

DATED at the City of Toronto, in the Province of Ontario, this 13 day of August, 2014.

Per: ______________________
Murray A. McDonald
President, Ernst & Young Inc.

6281206 v1

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. c. C.43 (as amended)

AND IN THE MATTER OF HANFENG EVERGREEN INC.

Court File No. »

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF JONATHAN POLLACK (SWORN AUGUST 13, 2014)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Peter F. Howard LSUC# 22056F
Tel: (416) 869-5613
E-mail: phoward@stikeman.com

Maria Konyukhova LSUC# 52880V
Tel: (416) 869-5230
E-mail: mkonyukhova@stikeman.com

Yannick Katirai LSUC# 62234K
Tel: (416) 869-5556
E-mail: ykatirai@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

Tab 3

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 15TH
	)	
JUSTICE	)	DAY OF AUGUST, 2014

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. c. C.43 (as amended)

AND IN THE MATTER OF HANFENG EVERGREEN INC.

ORDER
(Appointment Order)

THIS APPLICATION made by the Applicant Hanfeng Evergreen Inc. (the "**Applicant**") for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Ernst & Young Inc. ("**E&Y**") as receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of the Applicant acquired for, or used in relation to a business carried on by the Applicant, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jonathan Pollack sworn August 13, 2014 and the Exhibits thereto and on hearing the submissions of counsel for [NAMES], no one appearing for anyone else although duly served as appears from the affidavit of service sworn August 14, 2014, filed, and on reading the consent of E&Y to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, E&Y is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Applicant acquired for, or used in relation to a business carried on by the Applicant, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the transaction contemplated by the share transfer agreement with Heilongjiang Pengcheng Fertilizer Co., Ltd. dated August 8, 2014;

(b) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(c) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

(d) to manage, operate, and carry on the business of the Applicant, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Applicant;

(e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Applicant or any part or parts thereof;

(g) to receive and collect all monies and accounts now owed or hereafter owing to the Applicant and to exercise all remedies of the Applicant in collecting such monies, including, without limitation, to enforce any security held by the Applicant;

(h) to settle, extend or compromise any indebtedness owing to the Applicant;

(i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Applicant, for any purpose pursuant to this Order;

(j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Applicant, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding $100,000, provided that the aggregate consideration for all such transactions does not exceed $1,000,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Applicant;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Applicant, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Applicant;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Applicant may have;

(s) to seek Court approval of and conduct a procedure for the solicitation, determination and resolution of claims against the Applicant;

(t) to distribute any proceeds of any sale of the Property to the stakeholders of the Applicant in accordance with their relative priorities;

(u) to take such steps and execute such documents as may be necessary or desirable to purchase tail director and officer liability insurance coverage; and

(v) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Applicant, and without interference from any other Person.

4. THIS COURT ORDERS that the Receiver shall be entitled, but not required, to pay all outstanding and future wages, salaries, employee benefits, vacation pay, commissions, bonuses and other incentive payments, director expenses, reimbursements and other fees, payable on or after the date of this Order consistent with existing compensation policies and arrangements.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

5. THIS COURT ORDERS that (i) the Applicant, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant

immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Applicant, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled

to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Applicant or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Applicant or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Applicant, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided that nothing in this paragraph shall (i) empower the Receiver or the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) exempt the Receiver or the Applicant from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement,

licence or permit in favour of or held by the Applicant, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Applicant are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Applicant's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that all employees of the Applicant shall remain the employees of the Applicant until such time as the Receiver, on the Applicant's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related

liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"), other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act (Canada).*

PIPEDA

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Environmental Protection Act* (Ontario), the *Water Resources Act* (Ontario), or the *Occupational Health and Safety Act* (Ontario) and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable

Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act* (Canada).

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

22. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.

23. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

24. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

25. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Applicant.

26. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the People's Republic of China to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby

respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

27. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

28. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Applicant's estate with such priority and at such time as this Court may determine.

29. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. c. C.43 (as amended)

Court File No.

AND IN THE MATTER OF HANFENG EVERGREEN INC.

ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIA LIST

Proceeding commenced at Toronto

APPOINTMENT ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Peter F. Howard LSUC# 22056F
Tel: (416) 869-5613
E-mail: phoward@stikeman.com

Maria Konyukhova LSUC# 52880V
Tel: (416) 869-5230
E-mail: mkonyukhova@stikeman.com

Yannick Katirai LSUC# 62234K
Tel: (416) 869-5556
E-mail: ykatirai@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

Tab 4

Court File No.

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 15TH
	)	
JUSTICE	)	DAY OF AUGUST, 2014

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. c. C.43 (as amended)

AND IN THE MATTER OF HANFENG EVERGREEN INC.

APPROVAL AND VESTING ORDER

THIS APPLICATION, made by Hanfeng Evergreen Inc. (the "**Applicant**") for an order approving the sale transaction (the "**Transaction**") contemplated by a share transfer agreement (the "**Share Transfer Agreement**") between the Applicant and Heilongjiang Pengcheng Fertilizer Co., Ltd. (the "**Purchaser**") dated August 8, 2014 and appended to the Affidavit of Jonathan Pollack dated August 13, 2014 (the "**Pollack Affidavit**"), and vesting in the Purchaser the Applicant's right, title and interest in and to the shares described in the Share Transfer Agreement (the "Purchased Shares"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Pollack Affidavit and on hearing the submissions of counsel for the Applicant, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of service sworn August 14, 2014, filed:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Share Transfer Agreement by the Applicant is hereby authorized and approved *nunc pro tunc*. Ernst & Young Inc., in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of the undertaking, property and assets of the Applicant, is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Shares to the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), all of the Applicant's right, title and interest in and to the Purchased Shares described in the Share Transfer Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice __________ dated August 15, 2014; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares.

3. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares shall stand in the place and stead of the Purchased Shares, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Shares with the same priority as they had with respect to the Purchased Shares immediately prior to the sale, as if the Purchased Shares had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. THIS COURT ORDERS that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Applicant;

the vesting of the Purchased Shares in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the People's Republic of China to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

____

Schedule "A" – Form of Receiver's Certificate

Court File No. __________

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. c. C.43 (as amended)

AND IN THE MATTER OF HANFENG EVERGREEN INC.

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "**Court**") dated August 15, 2014, Ernst & Young Inc. was appointed as the receiver (the "**Receiver**") of the undertaking, property and assets of Hanfeng Evergreen Inc. (the "**Applicant**").

B. Pursuant to an Order of the Court dated August 15, 2014, the Court approved the agreement of purchase and sale made as of August 8, 2014 (the "**Share Transfer Agreement**") between the Applicant and Heilongjiang Pengcheng Fertilizer Co., Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Applicant's right, title and interest in and to the Purchased Shares, which vesting is to be effective with respect to the Purchased Shares upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Shares; (ii) that the conditions to Closing as set out in the Share Transfer Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Share Transfer Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Shares payable on the Closing Date pursuant to the Share Transfer Agreement;

2. The conditions to Closing as set out in the Share Transfer Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Receiver.

4. This Certificate was delivered by the Receiver at ________ [TIME] on _______ [DATE].

ERNST & YOUNG INC., in its **capacity as Receiver of the undertaking, property and assets of Hanfeng** Evergreen **Inc., and not in its personal capacity**

Per: ________________________________

Name: Murray A. McDonald

Title: President, Ernst & Young Inc.

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. c. C.43 (as amended)

Court File No. ____________________

AND IN THE MATTER OF HANFENG EVERGREEN INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Peter F. Howard LSUC# 22056F
Tel: (416) 869-5613
E-mail: phoward@stikeman.com

Maria Konyukhova LSUC# 52880V
Tel: (416) 869-5230
E-mail: mkonyukhova@stikeman.com

Yannick Katirai LSUC# 62234K
Tel: (416) 869-5556
E-mail: ykatirai@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. c. C.43 (as amended)

AND IN THE MATTER OF HANFENG EVERGREEN INC.

Court File No. ____________________

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

APPLICATION RECORD
(Returnable August 15, 2014)

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Peter F. Howard LSUC# 22056F
Tel: (416) 869-5613
E-mail: phoward@stikeman.com

Maria Konyukhova LSUC# 52880V
Tel: (416) 869-5230
E-mail: mkonyukhova@stikeman.com

Yannick Katirai LSUC# 62234K
Tel: (416) 869-5556
E-mail: ykatirai@stikeman.com
Fax: (416) 947-0866

Lawyers for the Applicant