SINO-FOREST CORPORATION

Annual Information Form
in respect of the year ended
December 31, 1999

May 9, 2000

GLOSSARY

Certain terms used herein are defined below:

"BDMT" means bone dry metric tonnes;

"CJV" means a co-operative joint venture established under CJV Law and, if the context so requires, means a CJV which is subject to a CJV Agreement;

"CJV Agreement" means, with respect to a CJV, the CJV agreement between the Company and the CJV PRC partner;

"CJV Law" means the Law of the PRC on Sino-Foreign Co-operative Joint Ventures and the Detailed Implementing Rules for the Law of the PRC on Sino-Foreign Co-operative Joint Ventures promulgated by the Ministry of Foreign Trade and Economic Cooperation;

"China" or "PRC" means the People's Republic of China;

"Class A Subordinate-Voting Shares" means the Class A Subordinate-Voting Shares of the Company;

"Class B Multiple-Voting Shares" means the Class B Multiple-Voting Shares of the Company;

"Collectively-Owned Enterprises" means collective enterprises owned by local groups for which the Chinese government is not responsible for wages or similar operations;

"Company" refers to Sino-Forest and its subsidiaries, or any of them, as the context requires;

"Company's Joint Ventures" means the CJVs established pursuant to the CJV Agreements and **"Company's Joint Venture"** means one of them (and shall, unless otherwise specified or unless the context otherwise requires, means a CJV);

"EJV" means an equity joint venture established under EJV Law;

"EJV Law" means the Law of the PRC on Joint Venture Using Chinese and Foreign Investments and the regulations promulgated thereunder;

"FERT" means the Department of Foreign Economic Relations and Trade;

"FIEs" means foreign-invested enterprises, being enterprises owned by foreign individuals or foreign companies in the PRC;

"Hectare" means an area equal to 2.47 acres;

"Income Tax Law" means the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises promulgated by the NPC and the Detailed Implementing Rules for the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises;

"Joint Venture" means, unless otherwise specified or unless the context otherwise requires, a CJV;

“NPC” means the National People’s Congress which is the supreme legislative body in China;

“phase-in” means the act of accepting and taking control of certain lands for the purpose of management and operations under the terms of a CJV Agreement;

“Plantation” means a man-made forest which has been planted according to intended specifications, as opposed to a natural forest;

“Plantation Service Contract” means a plantation service contract between the Company’s CJV and a Service Company of the PRC;

“Privately-Owned Enterprises” means businesses operated by private individuals;

“RMB” means Renminbi Yuan, which is the legal currency in China;

“Service Companies” means the plantation service companies which are subsidiaries of the Company’s CJV PRC partners;

“Sino-foreign” describes an enterprise in the PRC which has a foreign party holding at least 25% of the shares in the enterprise;

“Sino-Forest” means Sino-Forest Corporation;

“Sino-Panel” means Sino-Panel Corporation, a wholly-owned subsidiary of Sino-Forest;

“Sino-Wood” means Sino-Wood Partners, Limited, a wholly-owned subsidiary of Sino-Forest;

“State” means the government of China;

“State-Owned Enterprises” means enterprises wholly-owned by the people of China acting through the Chinese government;

“TSE” means The Toronto Stock Exchange;

“tonne” means metric ton - 1,000 kilograms or 2,204.6 pounds;

“WFOE” means a wholly foreign-owned enterprise established in the PRC; and

“wood chips” means small pieces of wood used to make pulp which are made from pulp wood harvested specifically for this purpose. Wood chips are generally somewhat uniform in size and are larger and coarser than sawdust.

Unless otherwise indicated, all dollar amounts in this document are expressed in United States dollars.

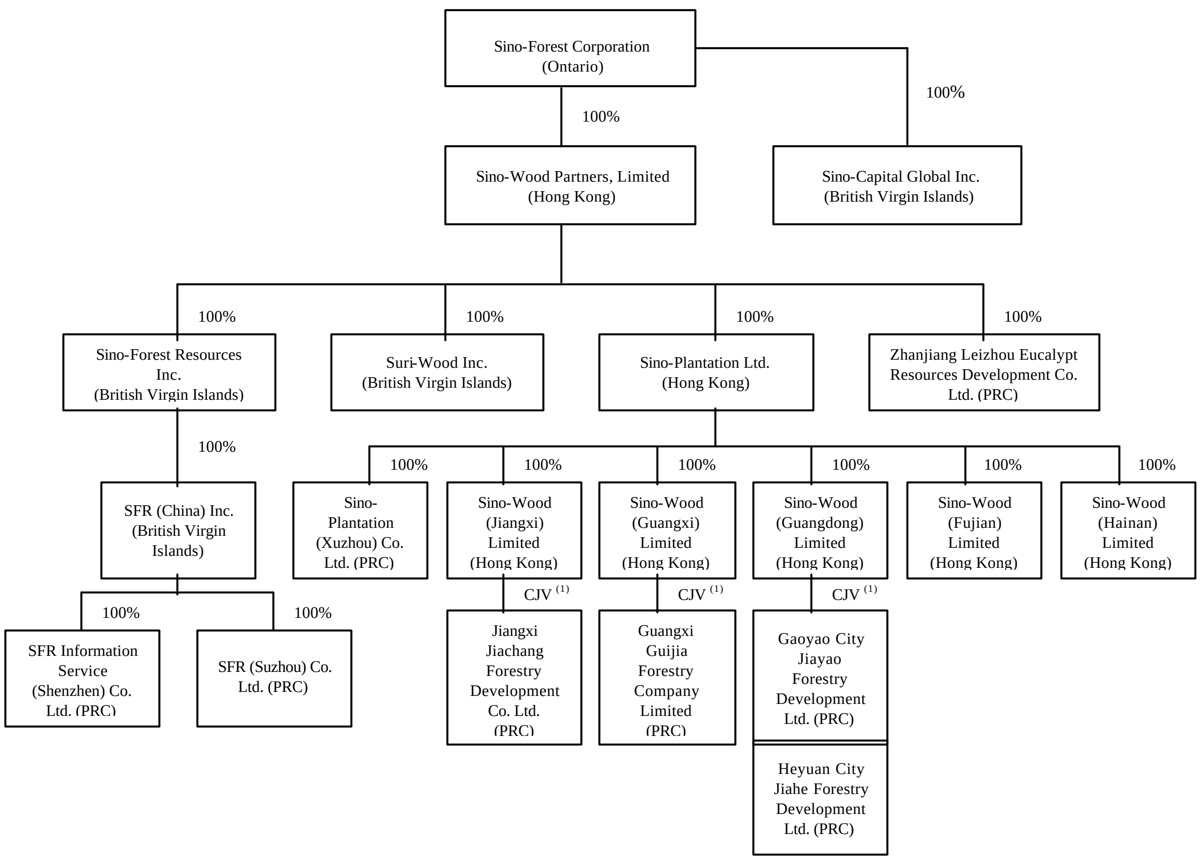
TABLE OF CONTENTS

THE COMPANY

Sino-Forest was formed under the *Business Corporations Act* (Ontario) upon the amalgamation of Mt. Kearsarge Minerals Inc. and 1028412 Ontario Inc. pursuant to articles of amalgamation dated March 14, 1994. The articles of amalgamation were amended by articles of amendment filed on July 20, 1995 and May 20, 1999 to effect certain changes in the provisions attaching to the Class A Subordinate-Voting Shares and the Class B Multiple-Voting Shares.

Sino-Forest is a Canadian company with offices located in Toronto, Hong Kong and the PRC. The executive offices of Sino-Forest are located at 1409 Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The registered office and principal business office of Sino-Forest is located at 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, L5B 3C3.

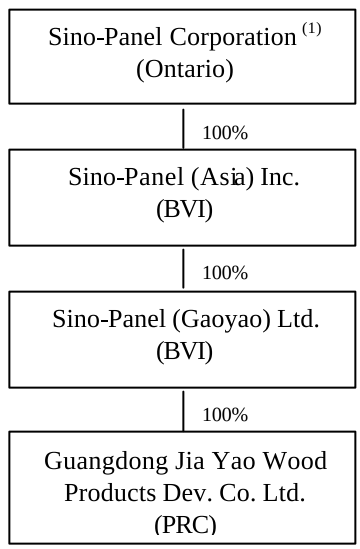
With respect to the plantation operations of the Company, the following chart illustrates the corporate relationships between Sino-Forest, its subsidiaries and principal joint venture interests in the Company's plantation business and identifies their respective jurisdictions of incorporation or organization and the appropriate percentage of ownership interest beneficially held by Sino-Forest:



(1) Sino-Forest has a 70% share in the timber Sino-Forest determines to cut in each of these CJVs.

Sino-Forest, through is subsidiaries and joint ventures, operates an integrated forest products company which has rights to manage and operate approximately 603,000 hectares of plantations in southern China for up to 50 years. The Company's plantation operations include timber harvesting, replanting, maintenance, wood chip processing and marketing and export operations. The plantations, when fully phased-in, will allow the Company to produce an annual sustainable yield of over 4 million BDMT of saleable wood chips from its eucalyptus, aspen and pine trees.

With respect to the development of the wood-based panel operations of the Company, the following chart illustrates the corporate relationships between Sino-Panel, a wholly-owned subsidiary of Sino-Forest, its subsidiaries and its EJV interests in the PRC and identifies their respective jurisdictions of incorporation or organization and the appropriate percentage of ownership interest held by Sino-Panel.



(1) Sino-Panel has granted options to Sino-Panel's senior management to acquire up to 10% of Sino-Panel's equity on a fully-diluted basis (after giving effect to any future initial public financing by Sino-Panel), for nominal consideration, with Sino-Forest retaining the remainder. Until any such options are exercised, Sino-Panel will remain as a wholly-owned subsidiary of Sino-Forest.

GENERAL DEVELOPMENT OF THE BUSINESS

Plantation Operations

The Company commenced its plantation operations in 1994 as a result of the acquisition of Sino-Wood, a company incorporated under the laws of Hong Kong. The principal business of Sino-Wood has evolved through several phases and is now the management and operation of, and investment in, tree plantations in the PRC and the production of wood chips and logs which are used to make pulp and engineered wood products. The Company is the first, and continues to be the only, foreign-owned producer and exporter of wood chips and logs in the PRC practising sustainable forestry management. The Company's current wood chip shipments are produced from eucalyptus trees grown in partnership with the local forestry bureaus or State-Owned Enterprises in the PRC. The Company also has non-controlling interests in the forestry chemical business in Jiangxi Province and earns commission income on lumber, wood chips and wood products trading.

The Company's joint venture tree plantations are all located in southern China where the hot, humid, tropical and sub-tropical weather and soil conditions provide for short cycles (from planting to harvest) of five years for eucalyptus and aspen and 12 years for pine trees. Through its various existing agreements with several State-Owned forestry bureaus, management of the Company expects that it will have, when fully phased-in, 603,000 hectares of tree plantation lands under its management and operation, thereby allowing the Company to produce an expected sustainable annual yield of approximately 4 million BDMT of wood chip fibre.

The table below sets out the provinces in the PRC in which the Company's CJV joint venture plantations are located and the hectarage in each of these provinces when the plantation lands are fully phased-in.

Provinces		**Hectares**
Guangxi		250,000
Jiangxi		250,000
Guangdong		103,000
	Total	**603,000**

Since the commencement of operations in 1994, the Company has grown rapidly, with wood chips and logs shipments handled by the Company, as both principal and sales agent, increasing from 156,300 BDMT in 1994 to 2,045,200 BDMT in 1999. It is management's experience that wood chips and logs production in the PRC is generally seasonal, with approximately 60% to 70% of the production occurring in the second half of the year.

The Company's Joint Ventures' wood chips and logs are currently sold in the export market, primarily to Japan and Taiwan, and in the domestic PRC market. Export sales of the Company are all made in U.S. dollars, generally based on contract prices of Australian wood chips sold in Japan as pricing references.

Management expects that the Company's production will continue to grow significantly over the next few years as a result of the acceleration of the planned annual phase-in of the plantation lands. As at December 31, 1999, the Company had phased-in approximately 149,000 hectares of plantations, or approximately 25% of the lands currently under contract. Given its proximity to the marketplace, especially Japan which imports approximately two-thirds of the world supply of pulpwood fibre and the large domestic PRC market, the Company believes it has an advantage as a low cost provider to these key markets over its competitors in North

America, South America and Australia. When all the hectarage of its tree plantations are fully phased-in, management believes that the Company will be a significant provider of wood chip fibre to the Asian market.

For further details, see "Business of the Company - Plantation Operations".

Development of the Wood-Based Panel Operations

Sino-Panel was incorporated in November 1997 to provide the Company with a separate vehicle to pursue opportunities in China's wood-based panel industry and to focus on the manufacture and sale of value-added wood products in China. As part of the Company's strategy to take advantage of the value of its plantations and the rapid growth of the engineered wood products sector, the Company has established an EJV with a local PRC company to pursue the manufacture and sale of particleboard. Sino-Panel's interest in the EJV is 85%. Under the EJV agreement, the EJV is formed for a 50 year period and Sino-Panel was required to contribute $10,064,000 for its 85% equity interest, of which $1,510,000 was required to be made within three months from the date of issue of business license. The remaining capital contribution of $8,554,000 has to be contributed depending on the needs of the EJV operation. Sino-Panel's capital contribution commitment was fully satisfied in 1998 by the contribution of certain machinery and equipment to the EJV with an aggregate fair value of approximately $11,021,000. As at December 31, 1999, the EJV has not commenced operations as the production facility is expected to be completed in the second quarter of 2000.

Subsequent to the year-end, the EJV was converted to a WFOE as a result of the PRC EJV partner's voluntary withdrawal of its entire equity interest in the EJV. The conversion from an EJV to a WFOE was approved by the Commission of Foreign Trade and Economic Co-operation ("CFTEC") in February 2000.

The Company is currently developing a particleboard mill capable of producing international quality board. The production facility when completed is expected to have a capacity to produce 100,000 cubic metres of particleboard per annum, utilizing equipment and production technology imported from Finland. The mill is expected to have a significant cost competitive advantage over other producers in China due to Sino-Forest's ability to access low cost fibre and close proximity of the mill to the market place.

BUSINESS OF THE COMPANY

PLANTATION OPERATIONS

Products

The Company is principally engaged in growing hardwood (eucalyptus and aspen) and softwood (pine) trees on the Company's Joint Venture plantations in southern PRC. Wood chips and logs, the principal product of the Company, are produced from these trees when harvested. Wood fibre from these wood chips and logs is the major raw material used for global paper and board production. Currently, most paper and paperboard in the PRC is made out of non-wood fibre. According to industry sources, in 1997, wood fibre made up only 14% of the fibre mix, with non-wood pulps contributing 52% and recovered paper 34%. Wood chips are also used as feedstock for oriented strand board and medium-density fibreboard.

Currently, other than producing wood chips and logs from the Company's Joint Ventures' eucalyptus trees, the Company also acts as sales agent for wood chips from its Guangxi CJV PRC partner to meet customers' demands. As more of the plantation lands are phased-in by the CJVs, the Company expects to be able to produce sufficient wood chips and logs to meet demand without having to purchase chips or logs from its partners in the Company's Joint Ventures, thus providing the Company with a higher profit margin.

In management's experience, the specifications and characteristics of the different kinds of tree species currently expected to be grown on the 603,000 hectares of plantation lands available to be phased-in by the Company's Joint Ventures, as well as the anticipated costs of the plantation program to be incurred by the Company over the plantation cycle, are as follows:

Species	**Eucalyptus**	**Aspen**	**China Southern Pine**
Plantation cycle	5 years	5 years	12 years
Cost of plantation program (U.S.$ per hectare)	767	1,005	704
Standing timber yield per hectare per cycle	90 m^3	128 m^3	135 m^3
Annual growth rate per year	18 m^3	25.6 m^3	11.25 m^3
Wood chip yield per hectare per cycle	40.2 BDMT	42 BDMT	52 BDMT

Sales and Marketing

The Company's wood chips and logs are sold domestically in the PRC and are also sold to export markets, principally in Japan and Taiwan. Export sales are all made in U.S. dollars. Wood chip and logs shipments of BDMT for the years ended December 31, 1999, 1998 and 1997 are provided below:

	December 31		
	1999	**1998**	**1997**
Market	(in thousands of BDMT)		
Export	123	246	311
PRC	1,922	1,358	849
Total	**2,045**	**1,604**	**1,160**

The Company sets prices for its products without government control and adjusts its prices in response to market conditions. Management believes that its eucalyptus wood chips and logs are sold at prices competitive with those major suppliers with which it competes. The price of eucalyptus wood chips in Asia is generally determined by the Australian export price because Australia is one of the world's largest suppliers of natural forest eucalyptus wood chips. Prices for hardwood chips and softwood chips in Asia also vary based on the country to which they are sold. It is the Company's experience that prices obtained in Japan are greater than those obtained in Taiwan. Management of the Company believes that selling prices obtained in the PRC market have generally been more favourable than those in the export market as a result of the rising demand for fibre due to population growth, increasing literacy rates and the conversion of non-wood pulp to traditional wood pulp in China. The average selling price of wood chips, net of value-added taxes, sold by the Company as principal through its CJV partners for the year ended December 31, 1999 was U.S.$95 per BDMT compared to U.S.$100 per BDMT attained in fiscal 1998. Commission income from wood chips sold by the Company's Guangxi CJV joint venture partner with the Company acting as a sales agent for the year ended December 31, 1999 was U.S.$14.56 per BDMT compared to U.S.$15.15 per BDMT in 1998.

The Company typically enters into arrangements with terms of 6-12 months pursuant to which the Company is required to provide, and the purchaser is required to purchase, specified amounts of wood chips. Under the arrangements, letters of credit are generally required to be posted for payment. Due to the importance of delivering wood chips within a certain time after timber is chipped, so that they maintain their relative freshness, the Company typically maintains about a week's worth of inventory at the CJVs and port locations at any time. The Company negotiates its selling prices for the export market twice a year due to exchange rate fluctuations and current local market rates. Selling prices for the PRC market are usually also determined on a contractual basis twice a year.

Marketing of wood chips and logs produced by the CJVs is administered by the Company's sales force based in the PRC and Hong Kong. Management believes that demand for wood chips and logs in the PRC has historically exceeded, and continues to exceed, production capacity. This has allowed the Company to obtain a higher price on its product in the local market compared to export sales. Sales in the PRC are made to local pulp and paper manufacturers through its CJV partners and by direct customer sales. The Company has not encountered serious competitive pressure within the PRC, where the demand for wood chips and logs exceeds the supply.

In 1999, the Company entered into a sales arrangement with a new customer whereby transportation and delivery charges were to be borne by the customer. As a result of this arrangement, the selling price to this customer in 1999 was reduced to approximately U.S.$78.50 per BDMT from the average net selling price of U.S.$95.00 per BDMT. Shipments to this new customer in 1999 were 325,420 BDMT. Although revenue recorded by the Company in 1999 on sales to this new customer was lower by approximately U.S.$5.4 million primarily due to the transportation and delivery charges to be paid by the customer, the profit has remained the same as other principal sales at approximately U.S.$20.00 per BDMT.

Export shipments represent approximately 6% of total shipments for the year ended December 31, 1999. Of the 123,000 BDMT in total export sales of wood chips for the year ended December 31, 1999, approximately 71% were to Japan which is the world's largest importer of wood chips. Sales to Japan by the Company are made to the trading houses, which has historically been the manner in which wood chips are sold in the Japanese market, rather than directly to the end users. It is the Company's experience that this practice appears to be changing as some end users are beginning to source their wood chips directly from the suppliers. The Company engages in marketing and business development activities with end users in Japan to develop relationships so that it may be able to sell directly to such customers in the future. Export sales to Japan in 1999 continue to be weak due to the slow economic recovery experienced in that country.

Chipping Facilities

The Company has entered into agreements with several chipping plant facility operators to acquire equity interests in the facilities. Under the terms of the agreements, the Company has provided a deposit of $2,250,000 which will be applied against the Company's future investment. The Company has until December 31, 1999 to complete its investment negotiations. In 1999, the Company decided not to proceed with the investment in these facilities and accordingly, the deposits were refunded. The Company has negotiated with the chipping plant facility operators to secure chipping capacity for its production. The Company will contract the operators for processing services to meet all of its chipping capacity requirement.

Fibre Supply and Process

The Company currently produces most of its wood chips and logs from standing timber purchased from the local forestry bureaus. As the trees planted by the CJVs on the CJV plantation lands mature and are harvested, 70% of the timber from these trees will be owned by the Company and will provide all the sustainable fibre base utilized by the Company to produce chips and logs.

The Company has phased-in approximately 149,000 hectares, or approximately 25% of the lands currently under contract. Under the CJV Agreements, the CJV PRC partners are required to contribute up to 603,000 hectares of tree plantation lands, subject to the Company's determination that such lands are acceptable. Once the Company determines that specified lands are acceptable and it takes control thereof for the purposes of its management and operations under the terms of the relevant CJV Agreement, such lands are considered to be "phased-in".

Standing Timber from the Local Forestry Bureaus

The Company believes that the eucalyptus, aspen and pine plantations anticipated to be phased-in by the CJVs will be comprised of (i) lands on which there are mature trees aged five years or more and which are ready for harvesting; (ii) lands on which there are trees which are between one to five years old; and (iii) bare land which is available for the planting of new trees.

To generate cash flow to fund ongoing planting and maintenance costs, it is the Company's strategy, in the early stages of its operations, to phase-in plantation lands which, immediately prior to the phase-in, have mature trees ready for harvesting. The Company may then purchase the timber from these mature trees from the forestry bureaus at wholesale prices and sell the wood chips or logs produced from the trees at a profit to customers in the PRC or in the export market. After the harvesting of these mature trees planted by the forestry bureaus, the bare lands are then phased-in to the CJVs. It is only after any existing crop has been harvested that bare lands may be phased-in to the CJV. Under the arrangements relating to the existing CJVs, the trees replanted on the phased-in plantation lands are then owned and managed by the CJVs, with 70% of the resulting harvested trees ultimately being owned by the Company and 30% being owned by the Company's Joint Venture PRC partner. When the Company takes possession of its share of the harvested trees, it is able to sell the resulting wood chips or logs in either the domestic or export market.

Location and Hectarage of Plantations

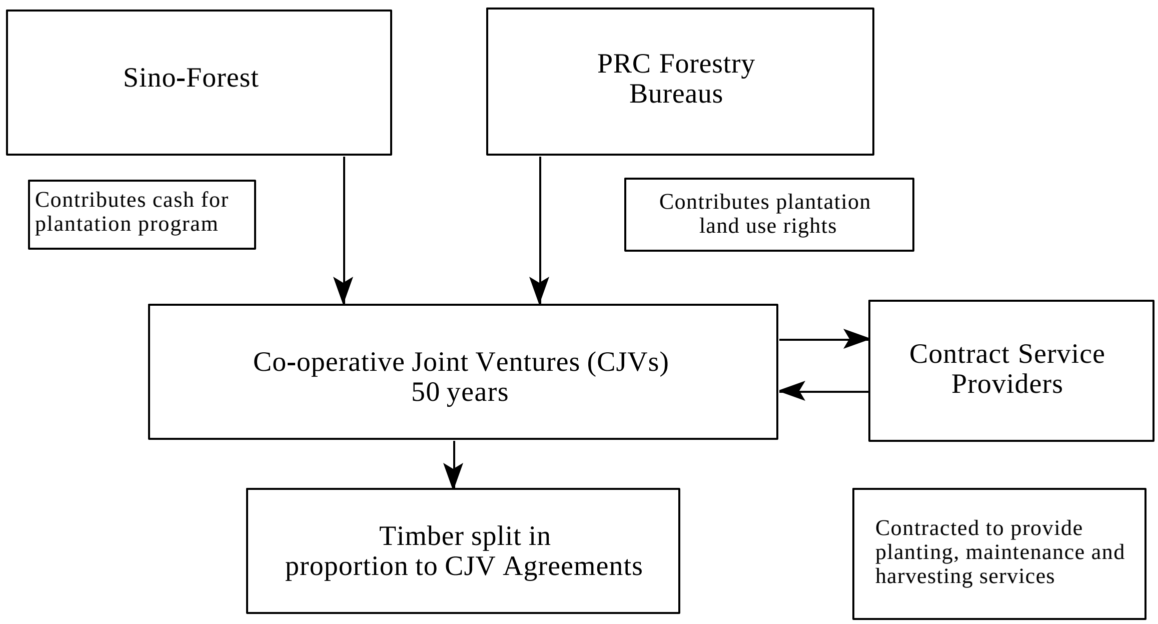
The Company's CJV Joint Venture plantations as at December 31, 1999 are all located in southern China as set out in the table below:

Names of Joint Ventures	**Name of Joint Venture Partners**	**Province**	**Term**	**Hectares**
Guangxi Guijia Forestry Company Ltd.	Guangxi Forestry Development Centre	Guangxi	50 years	250,000
Jiangxi Jiachang Forestry Development Company Ltd.	Jiangxi Forestry Economic & Technology Development Co.	Jiangxi	50 years	250,000
Gaoyao City Jiayao Forestry Development Ltd.	Gaoyao City Forestry Trading Development Co.	Guangdong	50 years	33,000
Guangdong Huazhou Jiazhou Forestry Development Co. Ltd.	Guangdong Huazhou Forestry Enterprise Co.	Guangdong	50 years	20,000
Heyuan City Jianhe Forestry Development Ltd.	Heyuan City Forestry Services Ltd.	Guangdong	50 years	50,000
			Total	**603,000**

All of the forestry joint ventures of the Company are CJVs in respect of which the Company is entitled to a 70% share in the volume of timber the Company determines to cut.

Structure of the CJVs

The following chart illustrates the structure of the Company's CJVs:



The term of each CJV is 50 years, subject to extension upon a proposal by the unanimous consent of the board of directors of the CJV and approval of the original examining authority. The CJV may also be terminated under certain circumstances, such as the occurrence of heavy losses in production and the CJV being unable to continue its operations, the failure of a party to perform its obligations such that the CJV is unable to continue its operations, and the CJV conducting its business in violation of the laws of China and the relevant authorities terminating its operations. Upon termination, all land use rights will cease and the CJV shall be liquidated and the remaining assets after liquidation of the CJV shall be distributed to the parties in accordance with their product-sharing ratio subject to the payment of taxation, salaries of staff or other debts.

The CJV PRC partner is required to contribute plantation land use rights to the CJV and the Company is required to contribute cash for the plantation program.

The CJV PRC partner's responsibilities include the following:

(a) providing suitable plantation lands to the CJV on a timely basis and in the quantity as stipulated in the CJV Agreement, handling procedures for obtaining the plantation land use rights for the CJV and handling all disputes in connection with lands;

(b) dealing with the relevant authorities in China for the establishment and licensing of the CJV;

(c) obtaining the harvesting license, timber transportation permit and other certificates required by laws and regulations for the CJV;

(d) procuring for the CJV the necessary infrastructure such as water, electricity and transportation; and

(e) assisting in the recruitment of local operation and management personnel, technical personnel and other personnel as required.

The Company's responsibilities include the following:

(a) providing capital and funding contributions by instalments based on the progressive needs of the plantation and ensuring that the plantation base is developed as planned;

(b) providing international operation and management techniques, production technology, quality standards and a system of quality inspection;

(c) assigning personnel to the plantation base to carry out standard inspections on operations and management and training of technical personnel; and

(d) providing international market information and technical information to the CJV.

It is a general policy of the PRC that a person who harvests or otherwise cuts down trees is required to replant on the harvested plantation lands to maintain the ecological equilibrium.

Competition

The markets for wood chips and logs are competitive and are sensitive to cyclical changes in pulp production levels and in the economy. Changes in the level of competition, government regulations on timber harvesting, industry capacity and the economy could have a significant impact on the Company's selling prices and overall profitability. The Company competes with Australian and North and South American wood chip producers selling hardwood chips in the East Asian market. The Company believes that it has an advantage over its competitors selling in the East Asian market because of its close proximity to its principal export marketplace, being Japan and Taiwan. The Company is able to produce eucalyptus wood chips and logs at a lower delivered cost due to lower shipping charges and labour costs.

The Company also competes on a smaller scale in the domestic PRC market with local producers, including its PRC partners. The Company believes that its status as a foreign-owned joint venture provides it with the flexibility to sell its products in other PRC provinces since it is not subject to local government preferences for local firms to sell their products locally. The Company also believes that it is in a better position to compete with many of its local competitors in terms of access to foreign investment capital for expansion, production, distribution networks, level of technological development and recruitment of additional experienced management. The Company's Joint Venture plantations, which the Company believes are strategically located close to deep water ports and transportation infrastructure, also provide the Company with an added advantage in ensuring reliable timely supply of wood chips and logs to its customers in the PRC. Management believes that the Company is the first, and continues to be the only, foreign-owned producer and exporter of wood chips and logs in the PRC practising sustainable forestry management.

Plant Biotechnology

The merger of traditional forestry business and modern biotechnology

Substantial new opportunities offering increased profits, improved market competitiveness, and solutions to major environmental problems may be captured through the merger of the traditional business of forestry with the application of biotechnology.

Biotechnology is a very broad term compassing a range of technologies, some very simple with direct practical applications, some at the cutting edge of science. The combined application of these new technologies and their sensible integration into conventional forest management practices has the potential to open new opportunities, and add substantial value.

Genetic Improvement

Genetic mapping is a technique that allows genes controlling commercially important characteristics, such as growth rate, wood quality or drought tolerance to be identified and controlled. In much the same way that a street map directs a traveller to a particular location, genetic mapping identifies the address of important genes, and plots their location. With this information, tree breeders can then apply Marker Assisted Selection to combine desirable genes or characteristics from different parents, to produce designer trees for particular environmental or product requirements much more quickly and with greater efficiency than can be achieved by conventional breeding practices.

Sino-Forest is developing a programme of genetic mapping and marker assisted selection to add substantial value to its forest plantation programme in appropriate combination with conventional practices and other biotechnologies.

Genetic Engineering

Where adequate natural variation within a tree species does not exist or provide a particular characteristic, genetic engineering offers the ability to introduce the characteristic from another species. While genetic engineering is new to forestry species, it is already being employed in agricultural species to increase the insect resistance of cotton, delay ripening of tomato and increase the protein content of soybean. Sino-Forest is exploring potential genetic engineering applications in forestry such as increasing the level of tolerance to environmental stresses, particularly drought and salinity.

Propagation

Improvements through genetic mapping or genetic engineering produce discreet, individual plants. These improvements must be able to be delivered to the field in order for the benefit to be realized. The improved characteristics of an individual would be lost if they were propagated by seed. Vegetative propagation does not inherently improve a plant in its own right, but provides the means to multiply a single elite plant many millions of times, so that it can be used for wide scale plantation establishment.

Three major propagation technologies that have application in forestry are micro-cuttings, tissue culture and somatic embryogenesis. Sino-Forest is using micro-cutting techniques to rapidly multiply a single, genetically improved plant to provide millions of robust plants for plantation establishment in a relatively short time period and at competitive costs.

Designer trees for solid wood products

One of the most significant opportunities emerging in the forestry industry in China is the use of Eucalyptus timber for production of high value, solid wood products such as lumber, and veneers for plywood. From a global perspective, solid wood products represent one of the fastest growing segments of the wood trade market. The rising demand for these products is linked to the reduced availability and acceptability of logs from tropical native forests (a traditional source of supply of logs used for solid wood products), the growing demand for timber produced from sustainably managed plantations, and increased wealth and an associated preference for quality timber products.

While Eucalyptus has been one of the major hardwood plantation species groups for many decades, the majority of these plantations have been used for production of woodchips for paper production. Eucalyptus timber is inherently suitable for many solid wood applications; however, its use has been restricted due to problems with splitting after felling, making recovery of solid timber difficult. Here, biotechnology offers the ability to more rapidly breed new timber varieties with reduced end-splitting properties, and to propagate these improved varieties for the establishment of new forests of designer trees for production of solid timber products. This is a new application for eucalyptus forests, and Sino-Forest has a major opportunity to lead the development of trees for solid wood production. In embracing this opportunity, the potential exists to capture a substantial proportion of the emerging market for solid wood products, and to increase profits through conversion of timber to higher value applications.

Increased productivity from existing and new plantations

In conventional forest plantations, biotechnology offers the opportunity to increase plantation yields, improve the quality of timber, and produce more uniform trees. In short, biotechnology can produce larger size trees with better wood more quickly and more consistently. By growing more timber per hectare, the cost of production is reduced, and profit increased. Also, less land is required to produce a given volume of timber, and this may allow sufficient timber supplies to be grown nearer to the mill, reducing the cost of log transport which represents a significant proportion of the cost of timber.

More uniform plantations increase the efficiency of harvesting, and reduce waste produced through sawing and peeling. In addition, improved quality will also increase attractiveness of the timber in the market. Together, these improvements provide the basis for increased company profits, improved market competitiveness and better use of resources. Sino-Forest's plantations have already demonstrated increase in productivity. Continued application of the biotechnology programme is expected to result in further gain in productivity in the future.

Regulatory Structure and Ownership

Co-operative Joint Ventures

The CJV Law is the primary PRC legislation governing CJVs. CJVs may take two separate forms. The first type does not involve the creation of an entity with legal person status which is separate and distinct from the joint venture parties. All of the Company's CJVs are of the second type which combines certain characteristics of the true CJV with those of the EJV. In this type of CJV, a separate business entity is created having legal person status, with the joint venture parties' liability limited to their investment contributions.

The CJV Law contemplates parties to a CJV contributing investment or providing "terms of co-operation". Either may take the form of cash, industrial property rights, proprietary technology, land use rights or other property rights.

The CJV Law permits the parties to a CJV to distribute joint venture revenues through distribution of profits, distribution of products or other means agreed to between them. In CJVs, profit distribution is entirely based on the provisions of the joint venture contract and is not necessarily proportional to the value of the contributions of the parties.

CJVs with legal person status are terminated and wound up in much the same manner as EJVs, except that specific rules set out in the joint venture contract, rather than the parties' capital contributions, determine the distribution of liquidation proceeds.

Income Tax for CJVs

A CJV with legal person status will be liable for PRC enterprise income tax under the Income Tax Law. Under the Income Tax Law, a CJV, is subject to a national tax imposed at the rate of 30% on its net income. In addition, a local income tax of 3% of taxable income is levied by the local government, resulting in an effective tax rate of 33%. The Company's CJVs are eligible for a total exemption from taxation for two years beginning with the first profit-making year of the CJVs and a 50% reduction during the subsequent three years (such time periods during which taxes are exempt or reduced being referred to herein as "tax holidays"). Subject to the approval of the relevant authorities, joint ventures categorized as forestry projects may be allowed a 15% to 30% reduction of the amount of income tax payable for a further period of ten years after tax holidays.

Environmental Laws

The Company's plantation operations are regulated by a wide array of environmental laws and regulations in the PRC. Operations general manager and senior management personnel at each plantation have been assigned responsibility for monitoring compliance with environmental rules and regulations. They are also required to adhere to the Company's own environmental operating procedures and guidelines. The Company has established an environmental management system ("EMS"), recognizing that the continuing profitability and prosperity of its employees and the community in which it operates is dependent on long-term environmental health sustained by sound economic development.

Employees

As of March 31, 2000, the Company employed 215 people who are categorized by function as follows:

Function	**Number of Employees**
Executives and senior management	4
Regional offices executives and employees in the PRC	26
Sales, marketing and administration	30
Plantation management and technical staff of CJVs	79
Junior staff and workers	76
Total	**215**

It is the Company's strategy to maintain a small group of high quality and professional personnel who will direct, manage, control and ensure that the Company's business is properly carried out by its PRC contractors and sub-contractors. The operations of the Company are divided into three levels: the executive offices in Hong Kong and Toronto; regional offices in each of the PRC provinces where the Company operates; and the PRC CJV companies. Management of the Company resides in Hong Kong and Toronto and travels frequently within the PRC. Certain senior management of the Company spend more than 70% of their time in the PRC visiting all the Company's plantations on a rotational basis and meet regularly with the relevant officers of the various PRC forestry bureaus. The Chief Executive Officer of the Company is the Chairman of the Board for most of the CJVs. Management members of the Company are either directors, general managers or executives to the regional offices of the CJVs, and are involved in the running of all joint venture entities in the PRC. The regional offices are staffed with three to four direct employees. These employees are forestry professionals and have strong financial control and management skills. The CJVs' work force is provided by the CJV PRC partner as agreed under the CJV Agreements and the Plantation Service Contracts. They are mainly contracted workers who are hired on an "as needed" basis. These workers are assigned to the operations of the plantations, transportation of logs and wood chips, and the operations of the chipping plants.

Plantation Service Company

The Company's CJV plantation companies have each entered into the Plantation Service Contracts with the Service Companies. The term of each Plantation Service Contract is 12 years (or no less than two plantation cycles), and six months prior to the expiration of such term, the CJV will renew the Plantation Service Contract for a term of no less than 12 years or two circulation periods based upon the previous performance of services provided by the Service Company. The Plantation Service Contract is based on a "cost-plus" arrangement which provides the Service Companies with a profit of 10%. All costs, fees and expenses are required to be submitted to the board of directors of the CJV for approval before payment. The services to be provided by the Service Companies include overall design for plantation, construction design, preparation for ploughing, levelling of land, growth of seedlings, fertilization pesticides, planting of trees and replanting, cultivation, management and preservation and procedures such as examination, inspection and acceptance.

The Plantation Service Contract specifies the targeted timber output (harvest rate) in each planting cycle that must be produced by the Servic e Company. The target is established by the board of directors of the CJV with the agreement of the Service Company. If the target is exceeded, the Service Company receives 30% of the excess portion of timber output. But, if the target is not achieved, the Service Company must compensate the CJV in an amount equivalent to 30% of the deficient portion of timber output.

Capital Contribution Commitments

In accordance with the contractual obligations set out in the various Joint Venture agreements and memoranda as modified with the agreement of its Joint Venture partners, the Company is required to make capital contribution as described below:

Sino-Wood's subsidiaries are committed to contribute an aggregate of $14,200,000 of capital to the five existing CJVs which was subsequently increased to $17,650,000 upon approval by the CFTEC in 1999. As at December 31, 1999, total contribution of $10,825,000 had been made. Accordingly, the remaining capital contribution outstanding as at December 31, 1999 is $6,825,000.

In 1999, a subsidiary of the Company established a wholly foreign-owned enterprise ("WFOE) to facilitate the establishment of the wood-based manufacturing business in the Greater Shanghai Region. The WFOE is formed for a period of 30 years and the subsidiary is required to contribute $10.0 million for its 100% equity interest, of which $1.5 million was required to be made within three months from the date of issue of business licence. The remaining capital contribution of $8.5 million is required to be made within one year. The initial capital contribution of $1.5 million was made within the required time frame.

In 1999, Leizhou EJV, which became a wholly-owned subsidiary of Sino-Wood as a result of the Leizhou Forestry Bureau's (the "LFB") voluntary withdrawal of its entire equity interest in Leizhou EJV, was converted to a WFOE. The conversion to a WFOE from the EJV status was approved by the CFTEC in May 1999. Sino-Wood is required to contribute $10.0 million for its 100% equity interest, of which $1.5 million is required to be made within three months from the issue of the business licence. As at December 31, 1999, no capital contributions have been made by the Company pending approval of the reduction in total capital contributions.

The Company believes that the cash in hand at December 31, 1999 and the cash flow to be generated from operations will provide the Company with adequate cash resources to meet its capital contribution commitments, to fund its growth strategy and to accelerate the planned phase-in of the remainder of the 603,000 hectares of tree plantation lands.

RISK FACTORS

Political and Economic Considerations

The value of the Company's investment in its joint ventures may be adversely affected by significant political, economic and social uncertainties in the PRC. The PRC is a developing country and shares with other developing countries the characteristic of having a socio-political system that is prone to sudden and, to outsiders, unpredictable events and evolvement. The policy for economic reform in the PRC to change its economic system from a centrally-planned economy to a market-oriented economy with Chinese characteristics has been in place since 1979 and has been reaffirmed many times by the NPC, the politburo of the Communist party of the PRC, and the State Council. Though not without set-backs and hiatus, economic reform has had far reaching effects on the economic system of the PRC and has resulted in sustaining high economic growth for some 16 years. Due to recent political policies adopted by the PRC, certain foreign governments in Southeast Asia, such as Japan, and in the United States, may adopt new policies with respect to trade with China. There is no guarantee that in the event of a major change of decision-makers at the most senior political level, the existing economic policy of the PRC will not be changed, or that the socio-political stability so crucial to the economic growth will not suffer.

The principal participants in the PRC's economy (which, in part, overlap) are State-Owned Enterprises; Collectively-Owned Enterprises; Privately-Owned Enterprises; joint-stock companies, including joint-stock companies that are subject to varying degrees of State ownership; and FIEs. State-Owned Enterprises continue to constitute the largest section of the economy.

The PRC's rapid economic growth has led to periodic cycles of high inflation. In order to control economic expansion and combat inflation, the Chinese government adopted measures to control prices, credit, expenditures and investment. At the same time, the Chinese government has moved to accelerate the reform of the monetary system, the financial system, taxation and public finance. The austerity program has caused bank credit to tighten and may have a dampening effect on the various expansion plans of the joint ventures.

The Chinese government has recently confirmed that the PRC's economic development will follow a model of market economy under socialism. Under this direction, it is expected that the PRC will continue to strengthen its economic and trading relationships with foreign countries and business development in the PRC will largely follow market forces and rules of economics.

Legal System and Enforcement

As the PRC's legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may adversely affect foreign investors. In circumstances where adequate laws exist, it may not be possible to obtain swift and equitable enforcement of the laws or any changes to the interpretation of laws.

The Company believes its joint ventures in connection with its plantation business have obtained the governmental approvals necessary to permit them to conduct their business. If there is any administrative review, approval or action by various national, provincial or local agencies of the PRC government which causes a CJV serious damage, the PRC law permits redress to the court with respect to certain of these administrative actions.

Though Chinese law expressly protects the status and rights of Sino-foreign joint ventures and enterprises, the State reserves the right, in special circumstances, to terminate joint ventures and provide compensation therefor. There can be no assurance, however, that such compensation will be adequate or timely.

Environmental Considerations

The Environmental Protection Law of the PRC was adopted by the Standing Committee of NPC of the PRC on December 26, 1989. Under the Environmental Protection Law, the division in the State Council responsible for environmental protection has the power to set national environmental quality standards and environmental protection agencies of lower levels of government have power to set local standards to supplement the national standards in areas where the national standards are silent. Due to the very short history of the Environmental Protection Law, national and local environmental protection standards are still in the process of being formulated, experimented and implemented. It is a general policy of the PRC that a person who harvests or otherwise cuts down trees is required to replant on the harvested plantation lands to maintain the ecological equilibrium. The Company believes that there are no outstanding notices, orders or directives from central or local environmental protection agencies or local government authorities alleging any breach of national or local environmental quality standards by the Company's joint ventures, and the joint ventures have complied with all existing environmental protection laws, regulations, administrative orders and standards. Given the nature of their businesses, there is a possibility that the joint ventures will have to meet higher environmental quality standards as the economy of the PRC and its level of environmental consciousness increase in the coming years.

Failure to Make Capital Contribution

The CJV Law stipulates that the first instalment of the capital contribution by a joint venture party shall not be less than 15% of the portion of the registered capital subscribed to by the joint venture party and must be within three months of the issuance date of the business licence of the CJV. In the event of a breach of the statutory requirement, the CJV may automatically cease to exist and all prior approvals are automatically revoked.

Where joint venture parties have met their obligations on payment of the first instalment on capital contribution, the CJV Law provide that where a joint venture party fails to meet its subsequent obligation to make capital contribution three months after it becomes due, relevant government authorities shall issue a notice to the joint venture parties demanding that the capital contribution be made within one month. Failure to comply with the demand will give government authorities the right to revoke the business licence of the CJV and all prior approvals, thereby forcing the CJV into winding-up proceedings. The risk of governmental action in the event of the Company's inability to meet its contribution commitments is a significant risk. However, the delay of capital contribution under certain conditions can be negotiated among the parties and if the reasons for delay are rational and agreed upon by the parties, the contract can be revised and approval can be obtained from the relevant authority.

Competition

The markets for wood chips and wood products are competitive and are sensitive to cyclical changes in industry capacity and in the economy. Changes in the level of competition, government regulations on timber harvesting, industry capacity and the economy will have a significant impact on the Company's selling prices and overall profitability. With respect to the plantation operations, the Company competes with a large number of international forest products selling wood chips in the East Asia market. The Company also competes in the domestic market with local firms on a smaller scale, including its PRC partners. It is expected that the Company will increase their revenue significantly in the domestic market over the next few years as wood chips and related forestry products in the PRC will continue to be in big demand as the country improves economically .

Fluctuations in Selling Price of Wood Chips and Wood Products

The operating results of the Company can be significantly affected by fluctuations in the selling price of wood chips and wood products. Wood chips produced by the Company are primarily supplied to pulp manufacturers in Japan, Taiwan and China. The pulp market industry is cyclical in nature. World pulp prices are affected by a number of factors including the world's economic growth rate and the demand for paper products. By locking in long term supply contracts with key customers and by differentiating its higher quality products and service from its Chinese competitors, the Company hopes to protect against temporary over-supply from, or lower prices of, other Chinese manufacturers of particleboard and other wood products.

Dependence on Key Personnel

The Company is currently dependent upon a small number of key management personnel. The loss of the services of certain key management personnel may adversely affect the performance of the Company.

Joint Venture Arrangements

Co-operation and agreement among the Company's joint venture partners is an important factor for the operational and financial success of the joint ventures. In certain circumstances, the Company is not able or will not be able to control the decision making process of the joint ventures without the concurrence of the joint venture partners. The Company does or will, however, through contractual provisions and representatives appointed by it, have the ability to control most material decisions. Disputes among the partners over joint venture obligations or other matters, or the early termination or non-renewal of the joint venture agreements, could materially adversely affect the business of the Company. However, the Company has not to date experienced any significant disagreements with its partners.

Control of the Company

As at March 31, 2000, (i) Mr. Allen Chan, a director and officer of Sino-Forest, together with Ms. Leslie Chan, an officer of Sino-Forest, and Mr. Chan's and Ms. Chan's family members and associates; and (ii) Kai Kit Poon, a director and officer of Sino-Forest, beneficially owned, directly or indirectly, shares entitling them to 25.3% and 15.4%, respectively, of the voting rights attached to the outstanding shares of Sino-Forest.

Exchange Rate

The fluctuations in the U.S. dollar/Canadian dollar exchange rate that have occurred in the past are not necessarily indicative of fluctuations in that rate that may occur. Exchange rate fluctuations relative to other currencies are also a risk factor. A significant portion of the Company's sales revenue is currently received in United States dollars. The Company remits only foreign exchange funds to the PRC to cover contracted operating costs in the local Chinese Renminbi. This reduces the Company's currency risk affecting its current operations in the PRC.

The usage, movement and conversion of foreign currency in the PRC are subject to legislative and administrative restriction and control. The Chinese government imposes control over the conversion of its national currency RMB into foreign currencies and remittance thereof out of the PRC must be conducted through the Bank of China or other authorized financial institutions to deal in foreign currencies or, for conversion only, through the authorized banks or foreign exchange adjustment centres. No approvals are needed in order to acquire foreign exchange for a current account transaction, including profit distributions, interest payments and receipts and expenditures from trade and labour. Strict controls, primarily prior approval by the State Administration for Foreign Exchange, continue for capital account transactions in foreign exchange. Capital account items include loans, direct capital investments and investments in negotiable securities. The Company believes that the implementation of these measures will allow the PRC enterprises in which they have interests to access foreign exchange for remittance of profits without prior regulatory approval. Under the current foreign exchange control system, however, there is no guarantee that sufficient foreign currency will be available at a given exchange rate to satisfy the demands of a particular enterprise in full.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Financial Data

The following selected financial information has been derived from the consolidated financial statements of the Company for the five years ended December 31, 1999, 1998, 1997, 1996 and 1995. The information should be read in conjunction with the "Management's Discussion and Analysis" and the consolidated financial statements and accompanying notes of the Company which are contained in its Annual Report to the Shareholders for the year ended December 31, 1999.

	Year Ended December 31				
	1999	**1998**	**1997**	**1996**	**1995**
	(thousands of dollars, except per share amounts)				
Operating Results					
Revenue	$141,577	$92,710	$41,783	$32,428	$27,423
Net Income	28,155	21,364	15,297	8,157	4,345
Financial Position					
Total assets	178,271	100,501	72,840	69,618	31,549
Long term debt	30,218	3,340	6,710	3,000	nil
Shareholders' Equity					
Cash dividends declared per:					
Class A Subordinate-Voting Share	nil	nil	nil	nil	nil
Class B Multiple-Voting Share	nil	nil	nil	nil	nil
Basic earnings per share[1]	0.37	0.29	0.23	0.19	0.12
Fully-diluted earnings per share[1]	0.31	0.26	0.19	0.14	0.12

(1) Earnings per share are calculated using the weighted average number of Class A Subordinate-Voting Shares and Class B Multiple-Voting Shares outstanding during each period.

Quarterly Financial Information

The following table is a summary of selected quarterly financial information of the Company for each of the eight quarters ended December 31, 1999:

	Revenue ($000's)	Net Income ($000's)	Earnings Per Share Basic	Earnings Per Share Fully-Diluted
1999				
December 31	$58,440	$9,908	$0.13	$0.11
September 30	37,722	9,045	0.12	0.10
June 30	28,277	6,302	0.08	0.07
March 31	17,138	2,900	0.04	0.03
1998				
December 31	$39,472	$7,403	$0.10	$0.09
September 30	27,002	6,740	0.09	0.08
June 30	17,478	5,065	0.07	0.06
March 31	8,758	2,156	0.03	0.03

Dividend Record and Policy

The Company has not declared any dividends on its shares. Other than restrictions on the payment of dividends imposed by law and the priority of the Class A Subordinate-Voting Shares over the Class B Multiple-Voting shares with respect to the payment of dividends, there are no restrictions which would prevent the Company from paying dividends. Any payment of dividends on Class A Subordinate-Voting Shares and Class B Multiple-Voting Shares is at the discretion of the board of directors of the Company and is dependent upon the Company's results of operations, financial condition, financing requirements and other factors that the board of directors deems relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS

Reference is made to the section entitled "Management Discussion and Analysis" on pages 18 – 22 of the Annual Report to the Shareholders of the Company for the year ended December 31, 1999, which section is incorporated herein by reference.

MARKET FOR SECURITIES

The Class A Subordinate-Voting Shares are listed on the TSE and trade under the stock symbol "TRE.A".

DIRECTORS AND OFFICERS

The table presented below provides the names of the current directors and executive officers of the Company, the offices held by them and the date of their first appointment.

Name and Municipality of Residence	Position(s) Held	Principal Occupation	Director Since[(1)]
Allen T.Y. Chan[(2)(3)] Hong Kong	Chairman, Chief Executive Officer and Director	Officer of the Company	1994
Leslie W.L. Chan Hong Kong	Executive Vice President	Officer of the Company	-
R. John (Jack) Lawrence[(3)] Toronto, Ontario	Director	Chairman of Lawrence & Company Inc., a private investment company	1997
Jay A. Lefton Toronto, Ontario	Corporate Secretary	Partner, Aird & Berlis Barristers & Solicitors	-
Edmund Mak[(2)(4)] Vancouver, B.C.	Director	Real estate marketing agent, Re/Max Select Properties, a real estate company	1994
Simon Murrray Hong Kong	Director	Chairman, General Enterprises Management Services Limited	1999
Kai Kit Poon Hong Kong	President and Director	Officer of the Company	1994
William P. Rosenfeld[(2)(3)(4)] Toronto, Ontario	Director	Partner, Goodman Phillips & Vineberg, Barristers & Solicitors	1997
Kee Y. Wong Toronto, Ontario	Executive Vice President, Chief Financial Officer and Director	Officer of the Company	1997

(1) All directors of the Company serve until the next Annual Meeting of Shareholders.
(2) Member of the Audit /Risk/Finance Committee.
(3) Member of the Compensation Committee.
(4) Member of the Corporate Governance Committee.

Each of the foregoing persons has held the position shown as his or her principal occupation for the last five years except as set forth below.

Allen T.Y. Chan

Allen T.Y. Chan has been Chairman and Chief Executive Officer since Sino-Wood became a wholly-owned subsidiary of the Company in March 1994. Mr. Chan has over 13 years of experience in structuring joint ventures in the PRC in the following industries: hotel, healthcare, oil and gas, real estate, restaurant and garment manufacturing.

Leslie W.L. Chan

Ms. Leslie W.L. Chan was one of the founders of, and has been the Executive Director of, Sino-Wood since September 1993. Ms. Chan was appointed Executive Vice President of the Company in December 1996.

R. John (Jack) Lawrence

Mr. R. John (Jack) Lawrence has been the Chairman of Lawrence & Company Inc., a private investment company since November 1995. Previously, he was Deputy Chairman of Nesbitt Burns Inc. Prior thereto, he was Chairman and Chief Executive Officer of Burns Fry Limited. He is a director of Methanex Corporation and a number of private companies.

Jay A. Lefton

Mr. Jay A. Lefton is a partner with the law firm of Aird & Berlis in Toronto. His principal area of practice is corporate and securities law, primarily in the areas of public and private financings as well as mergers, acquisitions and take-over bids. Mr. Lefton sits on the Board of Directors of various charitable and community organizations, as well as on the Board of Directors of a number of publicly-traded companies. Mr. Lefton is a member of the Ontario Securities Commission's Securities Advisory Committee. Aird & Berlis has and is currently providing legal counsel to the Company in Canada.

Edmund Mak

Mr. Edmund Mak is currently engaged in real estate marketing in Vancouver with Re/Max Select Properties. Prior to joining Re/Max Select Properties, he was with Royal LePage Real Estate Ltd. since November 1989. Mr. Mak has 22 years of business and management experience with large multi-national corporations and local companies in a variety of industries: computers and high technology equipment, transportation, construction, oil and gas, textiles and real estate. He is a graduate of the University of Toronto with a M.B.A. degree.

Simon Murray

Simon Murray is the founder and chairman of General Enterprise Management Services Limited. From 1993 to 1998, he was the Executive Chairman of Asia Pacific for the Deutsche Bank Group with responsibilities for supervision of the Bank's operations in the region comprising of 60 businesses in 17 countries. He is currently a director of a number of public companies including Hutchison Whampoa Ltd., and Cheung Kong Holdings in Hong Kong, and Tommy Hilfiger in the U.S.A. Mr. Murray has spent 32 years in Asia including 14 years with Jardine Matheson. His past chairmanships include Hong Kong Electric, Hong Kong International Terminals, Husky Oil of Canada and Asia Satellite Communications.

Kai Kit Poon

Mr. Kai Kit Poon was one of the founders of, and was the President of, Sino-Wood from September 1993 to March 1994. Mr. Poon has been President and a director of the Company since March 1994. Mr. Poon has over 35 years of experience in the PRC forestry industry.

William P. Rosenfeld

Mr. William P. Rosenfeld is a partner in the law firm of Goodman Phillips & Vineberg in Toronto where his practice focuses primarily on securities law and banking law, both domestic and international, with particular emphasis on China. He was previously a senior legal advisor to the Canadian Foreign Investment Review Agency. He is a director of a number of TSE listed companies.

Kee Y. Wong

Mr. Kee Y. Wong was appointed Executive Vice President and Chief Financial Officer on October 28, 1997. Previously, he was the Senior Vice President, Corporate Development, and Chief Financial Officer of the Company. Prior to joining the Company, Mr. Wong was a partner with Ernst & Young in Toronto where he acted as auditor and business advisor to many growth-oriented companies. Mr. Wong is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a Chartered Accountant in Canada.

Ownership of Shares by Directors and Officers

As at March 31, 2000, the directors and executive officers of the Company as a group beneficially owned, directly or indirectly or exercised control over, 15,624,810 Class A Subordinate-Voting Shares, representing approximately 20.9% of the issued and outstanding Class A Subordinate-Voting Shares, and 6,000,000 Class B Multiple-Voting Shares, representing 100% of the issued and outstanding Class B Multiple-Voting Shares.

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Company:

(a) when the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus which has been filed in respect of a distribution of its securities;

(i) one copy of this Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this Annual Information Form;

(ii) one copy of the comparative financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;

(iii) one copy of the information circular of the Company in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate; and

(iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or

(b) at any other time, one copy of any other documents referred to in (a)(i), (ii) and (iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

Further additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's information circular in respect of its Annual Meeting to be held on June 12, 2000. Additional financial information is provided in the Company's comparative financial statements for its most recently completed financial year ended December 31, 1999. A copy of such documents may be obtained upon request from the Company at 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, L5B 3C3 ((905) 281-8889).