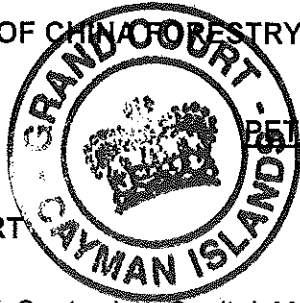


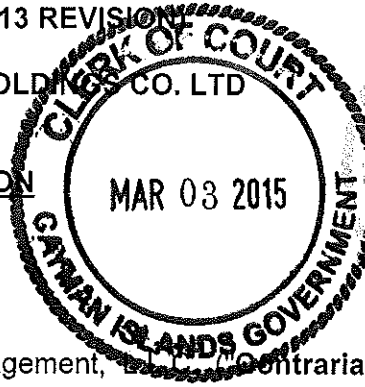
IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 0031 OF 2015 -IMS

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)
AND IN THE MATTER OF CHINA FORESTRY HOLDINGS CO. LTD



PETITION



TO THE GRAND COURT

The humble petition of Contrarian Capital Management, ("Contrarian") of 411 West Putnam Avenue, Suite 425 Greenwich, CT 06830, United States of America and Roehampton Partners LLC, ("Roehampton") of 20 Dayton Avenue, Greenwich CT 06830, United States of America (together, the "Petitioners") shows that:

Preamble

1. The Petitioners present this petition for the winding up of China Forestry Holdings Co. Ltd (the "**Company**") and the appointment of joint official liquidators to the Company.
2. The Petitioners seek the winding up of the Company pursuant to Section 93(c) of the Companies Law (2013 Revision) (the "**Companies Law**") on the grounds that the Company is unable to pay its debts.
3. The Petitioners are creditors of the Company by virtue of holding the ultimate beneficial interest in certain Notes (as defined below) issued by the Company and a presently exercisable right to convert this beneficial interest into a legal interest.
4. Terms used herein which are not otherwise defined have the meaning given in the Indenture (as defined below).

The Company

5. The Company is an exempted limited company incorporated under the laws of the Cayman Islands on 21 December 2007 and assigned company number 201841. The registered office of the Company is situated at C/O Codan Trust Company (Cayman)

Limited, PO Box 2681, Cricket Square, Hutchins Drive, George Town, Grand Cayman, Cayman Islands.

6. The Company is listed on the Hong Kong Stock Exchange, having ticker number HKG:0930.
7. The Company engages in the business of forest management and timber harvesting in China, focusing on the management and sustainable development of forests, upstream timber harvesting and the sale of logs. The Company primarily sells its logs to wood processing customers for use (among other things) in the construction, furniture manufacturing and industrial sectors in China.

The Petitioners

8. Contrarian is a limited liability company incorporated in the state of Delaware, United States of America with its registered office at 2711 Centerville Road, Suite 400, Wilmington Delaware, United States of America. Contrarian is an investment adviser registered with the U.S. Securities and Exchange Commission. Contrarian's advisory services focus on selecting investments primarily in special situations including, but not limited to, marketable and nonmarketable securities and other obligations (such as bank loans, promissory notes, mortgages, and other evidences of indebtedness, as well as accounts payable to trade creditors and judgment pools) of financially distressed companies.
9. Roehampton is a limited liability company incorporated in Delaware, with its registered office at 20 Dayton Avenue, Greenwich CT 06830, United States of America. Roehampton is engaged in the business of investing in emerging markets, specialising in the distressed debt market.

The Indenture

10. On 17 November 2010, the Company entered into an Indenture (the "**Indenture**"), to provide for the issuance of up to US\$300,000,000 in principal amount of 7.75% Senior Notes Due 2015 (the "**Notes**").
11. The Trustee under the Indenture is Citicorp International Limited (the "**Trustee**").

12. Pursuant to the terms of the Indenture:

- (a) upon the execution and delivery of the Indenture, the Company was authorised to execute and deliver Notes in an initial aggregate principal amount of not more than US\$300,000,000 (section 2.01 of the Indenture);
- (b) the Company was authorised to issue the following (section 2.04(c) of the Indenture):
 - (i) "144A Global Notes" for Notes sold within the United States to "qualified institutional buyers" as defined in Rule 144A under the United States Securities Act; and
 - (ii) "Regulation S Global Notes" for Notes sold outside the United States in offshore transactions in reliance on Regulation S of the United States Securities Act.

The 144A Global Notes and Regulation S Global Notes are collectively referred to herein as the "**Global Notes**", and each a "**Global Note**".

- (c) each Global Note was required to be delivered to the Depository Trust Company as common depository (the "**Depository**") and registered in the name of Cede & Co. as nominee for the Depository (the "**Registered Holder**") (section 2.04(d) of the Indenture);
- (d) if an Event of Default has occurred and is continuing with respect to the Notes, the Company is required to execute, and the Trustee, upon receipt of an officers' certificate of the Company directing the authentication and delivery thereof, is obliged to authenticate and deliver, Certificated Notes (as defined in the Indenture) in an aggregate principal amount equal to the outstanding principal amount of the Global Notes to Beneficial Holders (as defined below) in exchange for the Global Notes (section 2.04(e) of the Indenture);
- (e) the Company was required to pay the principal of, and interest on, the Notes on the dates and in the manner provided in the Notes and the Indenture by payment not later than one Business Day prior to the Interest Payment Date or due date for repayment of principal (each, a "**Payment Date**") (as applicable) to the

account of the Trustee (or Principal Paying Agent), and the Trustee was then required to make payments to the Registered Holder by wire transfer of immediately available funds to the account specified by the Registered Holder (section 4.01 of the Indenture). Pursuant to the relevant clearing system rules and procedures, the Registered Holder is then obliged to make payment of funds received from the Trustee to the Petitioners in accordance with the structure described at paragraph 18 below (pursuant to which the Petitioners are Beneficial Holders (as defined below)); and

- (f) the Events of Default under section 6.01 of the Indenture include:
 - (i) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; and
 - (ii) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days.

13. The Indenture is governed by the laws of the State of New York (section 12.07 of the Indenture).

The Notes

14. Pursuant to the terms of each of the Global Notes:

- (a) in accordance with the Indenture, the Company promised to:
 - (i) redeem the outstanding principal amount of the Notes on 17 November 2015; and
 - (ii) pay interest on the outstanding principal amount of the Notes bi-annually on 17 May and 17 November (each an "**Interest Payment Date**"), commencing 17 May 2011, to the holders of record of the Notes as of 2 May and 2 November prior to each Interest Payment Date, at the rate of 7.75% per annum;

- (b) interest was to accrue on the basis of a 360 day year consisting of twelve 30-day months from the most recent date to which interest was paid under the Notes or from the Original Issue Date (as defined in the Indenture);
- (c) if an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Registered Holder (namely Cede & Co as nominee for the Depository) of at least 25% in principal amount of the Notes may declare all the Notes to be immediately due and payable; and
- (d) each of the Global Notes is governed by the laws of the State of New York.

The Tender Offer

15. On 14 July 2011, the Company commenced a tender offer (the "**Tender Offer**") to purchase up to \$120 million in outstanding principal amount of the Notes. The Tender Offer was completed in August 2011. Pursuant to the Tender Offer:
 - (a) the outstanding principal amount of the Notes was reduced to US\$180,000,000;
 - (b) Notes that were not tendered were amended to become 10.25% senior notes due 2015 (the "**Amended Notes**"); and
 - (c) the Indenture was amended by a supplemental indenture dated 1 August 2011 entered into by the Company, the Trustee and the Subsidiary Guarantors (the "**Supplemental Indenture**").
16. The terms of the Supplemental Indenture did not materially change the provisions of the Indenture described above.
17. On 22 November 2013, the Company commenced an additional tender offer to purchase all of the Amended Notes (the "**Additional Tender Offer**"). However, due to a lack of available funding, the Additional Tender Offer was not consummated and terminated on 24 December 2014.

Status of the Petitioners

18. In accordance with standard practice in connection with cleared bond structures:

- (a) the Global Notes were issued to, and are held by, the Registered Holder as nominee for the Depository;
- (b) participants that hold accounts with the Depository ("**DTC Participants**") may buy and sell beneficial or economic interests in the 144A Global Note in dematerialised form through their Depository accounts;
- (c) participants that hold accounts with Euroclear Bank S.A. / N.V ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream**") (collectively, "**Euroclear Participants**") may buy and sell beneficial or economic interests in the Regulation S Global Note in dematerialised form through their Euroclear and/or Clearstream accounts;
- (d) Euroclear and Clearstream (in turn) hold their interests in the Regulation S Global Note through JP Morgan Chase Bank, N.A (in the case of Euroclear) and Citibank N.A (in the case of Clearstream) in their capacities as DTC Participants; and
- (e) third party investors (the "**Beneficial Holders**") that are neither DTC Participants nor Euroclear Participants may buy and sell dematerialised interests in: (i) the 144 Global Note, by opening an account with a DTC Participant; and/or (ii) the Regulation S Global Note, by opening an account with a Euroclear Participant.

19. The Petitioners are Beneficial Holders and hold the following interests in the Global Notes:

	Regulation S Global Note	144A Global Note	Aggregate principal amount of Notes held	Aggregate % of outstanding principal amount of Notes (\$180,000,000)
Roehampton	35,622,000	1,775,000	37,397,000	20.78
Contrarian	19,255,000	10,914,000	30,169,000	16.76
Aggregate Total	54,877,000	12,689,000	67,566,000	37.54

Default

20. Pursuant to the terms of the Amended Notes and the Indenture (as amended), interest was due to be paid to the Trustee for payment to the Depository (for onward distribution to Beneficial Holders in proportion to their holdings in the Global Notes and via their DTC Participant or Euroclear Participant (as applicable)) on 17 May and 17 November of each year, commencing from 17 May 2011.
21. However, the Company has failed and refused to make the following interest payments (the "Interest Payments") to the Trustee for onward remittance as outlined in paragraph 12 above:
 - (a) US\$7,687,500 payable on 17 May 2014; and
 - (b) US\$9,225,000 payable on 17 November 2014.
22. The failure of the Company to make the Interest Payments, with such default continuing for 30 days (in relation to the May 2014 and November 2014 Interest Payments), constitutes an Event of Default under section 6.01(b) of the Indenture and section 5 of the Amended Notes.
23. As an Event of Default has occurred and is continuing (as described further below), the Company is required under section 2.04(e) of the Indenture to authenticate and deliver Certificated Notes (as defined in the Indenture) in an aggregate principal amount equal to the principal amount of the Global Notes held by the Petitioners to the Petitioners in exchange for their interests in the Global Notes. As of the date hereof, the Company has not complied with this obligation.
24. Of the total amount of the outstanding interest owed by the Company (being US\$16,912,500), the proportionate amounts owing to the Petitioners are as follows:
 - (a) to Contrarian, the sum of US\$2,834,629, comprised of US\$1,288,468 due and payable on 17 May 2014 and US\$1,546,161 due and payable on 17 November 2014; and

- (b) to Roehampton, the sum of US\$3,513,760, comprised of US\$1,597,164 due and payable on 17 May 2014 and US\$1,916,596 due and payable on 17 November 2014.

Notice of Default

25. On 22 May 2014, the Trustee issued a notice to the Beneficial Holders (the "**May 2014 Trustee Notice**"). The May 2014 Trustee Notice attached a copy of a letter dated 16 May 2014 issued by the Company notifying the Beneficial Holders of the Company's intention to defer payment of the interest payment due on 17 May 2014 to 16 June 2014. However, no interest payment was made by the Company on 17 May 2014 or 16 June 2014. On 27 June 2014, the Trustee issued a notice to the Beneficial Holders (the "**1st Notice of Default**"). The 1st Notice of Default informed the Beneficial Holders that an Event of Default pursuant to Section 6.01 of the Indenture had occurred as a result of the Company's failure to make payment of interest due on 17 May 2014.
26. By a letter dated 7 August 2014 (the "**7 August Letter**"), the Petitioners wrote to the Company and requested that the Company provide a full and detailed explanation of its corporate governance practices and the rationale for entering into various commercial transactions and confirm the Company's financial status and its ability to satisfy its obligations with respect to the Amended Notes. By a letter dated 14 August 2014, the Company's legal counsel, Orrick, Herrington & Sutcliffe, stated that the Company is in the process of preparing a response to the 7 August Letter. The Petitioners then wrote to the Company on two further occasions, by letter dated 22 August 2014 and letter dated 5 November 2014 requesting a substantive response. However, despite promises to respond substantively, including (most recently) Orrick Herrington & Sutcliffe's letter of 9 December 2014 (the "**9 December Letter**"), no such response has been received.
27. On 18 November 2014, Kirkland & Ellis (in its capacity as international legal counsel to the Petitioners), wrote to the Company notifying the Company, *inter alia*, that an Event of Default in relation to the Notes has occurred and demanding payment of the outstanding interest due in respect of the Notes (the "**Demand**"). The position adopted by the Company in the 9 December Letter was that it would be in the best interests of the Petitioners (and stakeholders of the Company) to allow the group to continue as a going concern and to refrain from taking any legal action.

28. On 28 January 2015, the Trustee issued a notice to the Beneficial Holders (the "**2nd Notice of Default**"). The 2nd Notice of Default informed the Beneficial Holders that that the Company had failed to make payment of the interest due on 17 May 2014 and 17 November 2014, and that accordingly, an Event of Default pursuant to Section 6.01 of the Indenture has occurred and is continuing.
29. To date, the Company has neglected to pay or satisfy the outstanding interest due under the Indenture and the Notes to the Trustee, the Registered Holder, the Petitioners, or any other person, or made any satisfactory offer or presented any satisfactory proposal to the Trustee, the Registered Holder, the Petitioners or any other persons to secure or compound the same.

Management and Operational Concerns

30. In addition to the absence of sufficient funds to allow it to complete the Additional Tender Offer, most of the operations of the Company and its subsidiaries ("**Group**") have ceased or been suspended as a result of the Group being unable to engage in timber harvesting. No explanation has been provided regarding the Group's inability to harvest.
31. The Company has yet to publish its 2013 Annual Results and, despite repeated requests to do so, has failed to provide any update in relation to its current financial and operational position. In addition, the Company has ignored the Petitioners' request to provide documentary evidence for the actual use and location of the US\$300,000,000 proceeds of the Notes.
32. Further examples of the lack of transparency in respect of the Group's operations and financial position include the following:
 - (a) the Company's failure to provide documentary evidence to deal with various issues identified by the Group's auditors in the 2012 Annual Report, including (among other things), discrepancies in the audited financial statements and accounting records of certain of the Company's subsidiaries;
 - (b) the lack of available information regarding the extent and valuation of the Group's forestry assets; and

- (c) the failure to provide an explanation of the terms of various transactions entered into by the Company, including various loans and payments made to individuals and unidentified "owners of the Company" as stated on pages 106 and 117 of the 2012 Annual Report.

Winding Up

33. Based on the Company's failure to pay the interest owing under the Indenture, the Company is unable to pay its debts and is therefore insolvent. In addition, it is clear that the Company is being subjected to mismanagement.
34. In the circumstances, the Petitioners believe the Company should be wound up as it is unable to pay its debts, and it is otherwise just and equitable to do so, and that Mr Cosimo Borrelli of Borrelli Walsh of Level 17, Tower 1 Admiralty Centre, 18 Harcourt Road, Hong Kong, and Mr Christopher Kennedy of Rawlinson Hunter, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman KY1-1103, Cayman Islands, should be appointed as official liquidators of the Company.

YOUR PETITIONERS THEREFORE HUMBL Y PRAY THAT:

- (1) The Company be wound up in accordance with section 92(d) of the Companies Law (2013 Revision) (the "**Companies Law**").
- (2) Mr Cosimo Borrelli of Borrelli Walsh of Level 17, Tower 1 Admiralty Centre, 18 Harcourt Road, Hong Kong, and Mr Christopher Kennedy of Rawlinson Hunter, Windward 1, Regatta Office Park, PO Box 897, Grand Cayman KY1-1103, Cayman Islands, be appointed as joint official liquidators of the Company (the "**JOLs**").
- (3) The JOLs shall not be required to give security for their appointment.
- (4) The JOLs have the power to act jointly and severally in their capacity as liquidators of the Company.
- (5) The JOLs be authorised to take any such action as may be necessary or desirable to obtain recognition of the JOLs and/or their appointment in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose.

- (6) The JOLs be authorised to exercise all of the powers set out in paragraphs 2, 8, 10 and 11 of Part 1 of the Third Schedule to the Companies Law and section 110(2) thereof, without further sanction or intervention of this Honourable Court.
- (7) The JOLs be authorised to do any act or thing considered by them to be necessary or desirable in connection with the liquidation of the Company and the winding up of its affairs in the Cayman Islands and/or elsewhere
- (8) Without prejudice to the generality of the foregoing, the JOLs be authorised and be granted leave to take all such actions as may be necessary to:
 - (a) investigate the affairs of the Company and its direct and indirect subsidiaries, including (without limitation) the subsidiaries of the Company that are Wholly Foreign Owned Enterprises ("WFOE") established in the People's Republic of China ("PRC") (together the "Group");
 - (b) pass resolutions appointing themselves or their nominees as directors and/or liquidators of the Company's subsidiaries in accordance with the terms of their constitutional documents and the laws of their place of incorporation;
 - (c) take steps to replace the directors, legal representatives, and any officers (including but not limited to, the general manager) of each of the WFOEs in the Group in accordance with the laws of the PRC including, without limitation, the making of an application to the relevant authorities in the PRC for the amendment to the articles of association of any WFOE in order to reflect a change in legal representative, registering the change in legal representative with the relevant PRC authorities, and making post-registration amendments to ancillary administrative documents;
 - (d) liaise with management of the Group to stabilise and preserve value in the onshore business of the Company and the Group,
 - (e) take steps to locate, demand and secure cash held by all Group companies in bank accounts in the Cayman Islands, Hong Kong, the PRC, or elsewhere;
 - (f) negotiate with key non-PRC based and PRC based creditors;

- (g) communicate on the Company's behalf with the Hong Kong Stock Exchange as appropriate; and
 - (h) make applications to, and seek the assistance and recognition from, the courts of any foreign jurisdictions as may be necessary in the course of their conduct as JOLs of the Company or for the purposes of carrying out any of the functions provided for herein.
- (9) The JOLs be at liberty to appoint such counsel, attorneys, professional advisors, whether in the Cayman Islands or elsewhere, as they may consider necessary to advise and assist them in the performance of their duties in accordance with Order 25 of the Companies Winding Up Rules 2008 (as amended).
- (10) No disposition of the property of the Company by or with the authority of the JOLs in carrying out their duties and functions and the exercise of their power under any Order granted pursuant to this Petition shall be voided by virtue of section 99 of the Companies Law.
- (11) Subject to section 109(2) of the Companies Law and the Insolvency Practitioner's Regulations 2008 (as amended), the JOLs be authorised to render and pay invoices out of the assets of the Company for their own remuneration.
- (12) The JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties and, for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Company as an expense of the liquidation.
- (13) The JOLs be at liberty to apply generally.
- (14) The costs of the Petition and the Petitioners be paid forthwith out of the assets of the Company on the standard basis.
- (15) Such further or other relief be granted as the Court deems appropriate.

AND your Petitioners will ever pray etc.

DATED this 12th day of February 2015

FILED this day of February 2015

Walkers

WALKERS

Attorneys at Law for the Petitioners

NOTE: This petition is intended to be served on the Company at its registered office.

THIS PETITION was presented by Walkers of 190 Elgin Avenue, George Town, Grand Cayman KY1-9001, Cayman Islands, Attorneys at Law for and on behalf of the Petitioners whose address for service is that of its said Attorneys.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman on *17th* at *10:00 am* am/pm.

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone no. 349 949 4296.