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Monday, October-11-2010

The Honourable Pat Bell
Minister of Forest and Range
Province of British Columbia
PO Box 9049
STN PROV GOVT
Victoria BC
V8W 9E2

RE: Chinese Investment in Prince Rupert

Dear Minister;

I write to you as Chairman of an industrial enterprise based in China, where we invest in Pulp and Paper, New Energy and Logistics industry, with investment of each industry more than S21
S21 We are actively interested in investments in British Columbia.

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History

During a business trip to Canada in early 2005, we learned of the asset and land sale related to the dormant pulp mill located on Watson Island, BC. A site visit was completed and we decided to purchase the pulp mill equipment. Through our subsidiary company, CGR Investments Inc. a memorandum of understanding (MOU) was signed to purchase all associated pulp mill production equipment for the fixed price of S21 CGR Investments Inc. completed this purchase in April 2005.

Our original plan was to move all of the production equipment back to China, reassemble it, and put the mill back into production in China. However, the local municipal governments of Prince Rupert and Port Edward lobbied CGR Investments Inc. to purchase the associated land on Watson Island and to restart the pulp mill. Their motive was to create employment opportunities for workers living in the region. Part of the incentive they proposed to restart the pulp mill was a promise of municipal tax relief to the new owner / operators for 25 years. Upon approval by our board of directors in China, CGR Investments Inc. decided to purchase the land and restart the pulp mill in Prince Rupert.

Local municipal governments in Canada do not understand the complexity associated with the approval process when applying for and receiving new project approval from the China Central Government. While waiting for the approval from China, we purchased the Watson Island site of the pulp mill for S21 in May of 2005 through our new company Sun Wave Forest Products Inc S21

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In June of 2006, Sun Wave Forest

Products Inc. purchased mobile equipment remaining on the Watson Island site for S21

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This project received final approval from the China Central Government on January 30, 2007. However, a number of issues changed during this lengthy process. The world price for pulp declined. Local company officers displayed questionable judgement and some very poor business decisions were made. Local government officials did not understand the challenges in 2007 that would prevent the start up of a viable pulp mill operation. This was all happening at a time when mills were closing across Canada due to economic conditions. Because Sun Wave could not restart the mill, the two local municipal governments terminated the agreement in February 2008. In September 2008, the Prince Rupert municipal government put the pulp mill up for a tax sale and in September 2009, the City of Prince Rupert took possession of the Watson Island property and all the assets on the site.

We do not understand why the total municipal tax charged to Sun Wave in the four years we owned the property was S21 Sun Wave is willing to pay taxes as required, but we want to be taxed at a reasonable rate that reflects the true value of a closed pulp mill and land. As a foreign investor, we have S21

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The Province of British Columbia owned this pulp mill in September 2001 when it went into bankruptcy. In the last decade, British Columbia has witnessed four other pulp mills close due to high operating costs, limited fibre supply and weak world markets. Sun Wave's inability to start the mill was not for lack of trying. If we had attempted to start the mill to meet the agreement with the municipal government, it would have operated for a very short time and then been closed for the same reasons the other four mills in this province closed.

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With this letter, we request any assistance you can offer to help Sun Wave, an investor from China, to find an amicable solution to the long-term development planned for Watson Island.

Thank you for your attention to this matter.

Yours truly,

Ni, Ritao, Chairman
Zhong Zhu Paper Group Co., Ltd (China)
CGR Investments Inc. (Canada)
Sun Wave Forest Product Ltd (Canada)

