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CNS 07/20 13:57 Richard Chandler Corporation Announces Investment in Sino-Forest Corporation BN 07/20 13:58 \*CORRECT: MANDOLIN BOUGHT ABOUT 0.99% SHRS IN SINO-FOREST BN 07/20 13:57 \*RICHARD CHANDLER SAYS MANDOLIN BUYS 2.4M SHRS OF SINO-FOREST BN 07/20 13:57 \*RICHARD CHANDLER CORPORATION ANNOUNCES INVESTMENT IN SINO-FORES

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New Zealand Billionaire Activist Discloses Stake in Sino-Forest  
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By Christopher Donville and Sungwoo Park

July 21 (Bloomberg) -- Billionaire Richard Chandler, who became one of New Zealand's richest men by pushing for reforms at South Korea's SK Group, disclosed he's one of the biggest shareholders in Sino-Forest Corp., the Chinese company targeted by short-seller Carson Block.

Chandler's Mandolin Fund Pte owns 26.7 million shares of the Chinese tree-plantation owner, with the latest purchase made on July 19, the investment company said yesterday in a statement. The 10.85 percent stake makes Chandler's group the third-largest shareholder in Sino-Forest after Davis Selected Advisers LP and Wellington Management Co., data compiled by Bloomberg show.

The investment means that Sino-Forest's management, grappling with allegations of overstating timber holdings, may now answer to an investor who helped spearhead a two-year campaign against SK's chairman on grounds his fraud conviction made him unfit to run Korea's largest oil refiner. By the time Chandler and his brother sold out in 2005, shares in his target had jumped five-fold.

"He took a targeted approach to mismanaged assets and while he was unsuccessful in forcing management change in terms of personnel, he was successful in forcing some initiatives and did make money in that process," said Shaun Cochran, head of Korea research at CLSA Asia-Pacific Markets. "It would be logical for him to repeat that strategy."

Richard Barton, a Hong Kong-based external spokesman for Richard Chandler Corp., declined to comment beyond the statement. Joseph Lo and Siobhan Zheng of Brunswick Group LLC, hired by Sino-Forest to handle public relations, couldn't be reached for comment immediately.

#### Share Plunge

Hong Kong- and Mississauga, Ontario-based Sino-Forest's shares plunged 83 percent last month after Block's Muddy Waters LLC published a June 2 report alleging it overstated timber holdings in China. Sino-Forest has denied the allegations and commissioned an independent investigation into the claims.

Chandler, estimated by Forbes magazine last year to have a net worth of \$3.1 billion, and Wellington bought shares after the Muddy Waters report. By comparison, hedge fund Paulson & Co. last month sold its entire 12.5 percent stake. Paulson, which had been Sino-Forest's largest shareholder, said in a June letter to clients it lost C\$462 million (\$487 million) since May 31 on the investment.

Sino-Forest rose 31 cents, or 7.2 percent, to C\$4.59 yesterday in Toronto Stock Exchange trading. Chandler paid an average of C\$4.06 for the shares it bought on July 19, according to the statement.

#### BMO Coverage

In 1986, Chandler and his brother Christopher founded emerging-markets investment firm Sovereign Global, which grew to hold \$5 billion in assets, according to Institutional Investor. They parted ways amicably and closed Sovereign. Richard started Singapore-based investment firm Orient Global in 2006.

In July 2005, Sovereign sold its entire 14.8 percent stake in SK Corp., as it was known at the time. The investment helped make the Chandler brothers top the Forbes list of New Zealand billionaires the following year. The sale ended a dispute where Sovereign failed at two shareholder meetings to oust Chey Tae Won as chairman, arguing he was unfit to run the refiner because of his role in the accounting fraud at an affiliate then known as SK Global.

SK Global, later renamed SK Networks, misstated 2001 earnings by 1.5 trillion won, leading to the conviction of Chey and nine other group executives, driving SK Corp.'s shares to a record low in March 2003.

#### Research Suspended

Bank of Montreal said July 19 it suspended research coverage of Sino-Forest Corp., leaving the timber company with one analyst rating, according to a Bloomberg survey. Stephen Atkinson, an analyst at the bank, withdrew his recommendation pending the result of the independent probe, David Suma, a spokesman for BMO, said in a telephone interview.

Only Andrew Kuske, an analyst at Credit Suisse Group AG in Toronto, still rates the company according to Bloomberg data. He has a "neutral" recommendation.

Analysts at Raymond James Financial Inc., Toronto-Dominion Bank, Royal Bank of Canada and Bank of Nova Scotia have withdrawn their ratings on Sino-Forest or put them under review. Richard Kelertas, an analyst at Dundee Securities, suspended coverage on June 20.

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--With assistance from Matt Walcoff in Toronto and Jasmine Wang in Hong Kong, Jasmine . Editors: Young-Sam Cho, Andrew Hobbs

To contact the reporters on this story:

Christopher Donville in Vancouver at +1-604-331-1310 or  
cjdonville@bloomberg.net.  
Sungwoo Park in Seoul at +82-2-3702-1604 or spark47@bloomberg.net

To contact the editors responsible for this story:  
Simon Casey at +1-212-617-3143 or scasey4@bloomberg.net.  
James Poole at +65-6212-1551 or  
jpoole4@bloomberg.net