

**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Corporation:**

Cathay Forest Products Corp.  
30 Wertheim Court  
Suite 14  
Richmond Hill, Ontario  
L4B 1B9

**Item 2. Date of Material Change:**

December 10, 2009

**Item 3. News Release:**

The press release was disseminated through Marketwire on December 10, 2009.

**Item 4. Summary of Material Change:**

The material change is described in the Company's news release attached hereto as Schedule "A".

**Item 5. Full Description of Material Change:**

Please see the press release attached as Schedule "A".

**Item 6. Reliance of Section 7.1(2) of National Instrument 51-102:**

This report is not being filed on a confidential basis.

**Item 7. Omitted Information:**

No information has been omitted on the basis that it is confidential.

**Item 8. Executive Officer:**

Anthony Ng  
Chief Executive Officer  
Tel: (416) 226-7269

**Item 9. Date of Report:**

December 10, 2009

Schedule "A"

**FOR IMMEDIATE RELEASE**

**NOT FOR DISTRIBUTION TO U.S. NEWS WIRE SERVICES  
OR FOR DISSEMINATION IN THE U.S.**

**Cathay Forest Announces Filing of Restated Financial Statements**

**TORONTO, CANADA – December 10, 2009** – Cathay Forest Products Corp. (“Cathay Forest” or the “Company”) (TSX Venture: CFZ) announced today that it has restated and re-filed its audited consolidated financial statements and management discussion and analysis for the year ended December 31, 2008 (the “2008 Consolidated Financial Statements”).

The Company’s 2007 comparative financial statements filed with the 2008 Consolidated Financial Statements have been amended to address three items that were changed in the 2007 comparative financial statements filed with the 2008 Consolidated Financial Statements, and that have been revised to the original treatment/disclosure as in the 2007 statements originally filed. The changes had no impact on net income, cash flows or shareholders’ equity. These changes related to:

- an amount of \$1,444,343 due to a related party that was originally disclosed in 2007 financial statements as a current liability, and disclosed in the 2007 comparative statements filed with the 2008 Consolidated Financial Statements as a non-current liability, has been revised to the original treatment as filed in the 2007 financial statements as a current liability;
- an amount of \$124,196 related to the Company’s forestry rights in Jiangxi that was originally disclosed in 2007 financial statements as cost of sales, and disclosed in the 2007 comparative statements filed with the 2008 Consolidated Financial Statements as amortization, has been revised to the original treatment as filed in the 2007 financial statements as cost of sales; and
- an amount equal to the net book value of certain plantation assets (\$4,714,425) that was originally disclosed in 2007 financial statements as plantation assets, and disclosed in the 2007 comparative statements filed with the 2008 Consolidated Financial Statements as forestry rights, has been revised to the original treatment as filed in the 2007 financial statements as plantation assets.

The Company also restated its unaudited interim consolidated financial statements and related MD&A for the interim periods ended March 31, June 30 and September 30, 2009 respectively to reflect the provisions of CICA Handbook 3031 – *Inventories*. Amounts previously allocated in the original interim consolidated financial statements to amortization have been reclassified in the restated interim consolidated financial statements to cost of sales. These reclassifications also had no impact on net income, cash flows or shareholders’ equity.

## **About Cathay Forest**

Cathay Forest is a forest products company that manages approximately 1,000,000 hectares of standing timber properties and fast-growth, high-yield poplar plantations in China and Russia. Cathay Forest is building a world-class forest products company through a customer base that includes the domestic Chinese pulp and paper industry and other wood products customers in the Japanese market.

## **Forward-Looking Statements**

All statements, other than statements of historical fact, in this news release are forward-looking statements that involve various risks and uncertainties, including, without limitation, statements regarding the future plans and objectives of the Company. Actual results and future events could differ materially from those anticipated in such statements. Except as required by applicable securities laws, the Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.

FOR FURTHER INFORMATION PLEASE CONTACT:

### **CATHAY FOREST PRODUCTS CORP.**

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or

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