



This is the 2nd affidavit
of Y. Yang in this proceeding
and was made on [6]/JUN/2025

District of British Columbia
Division No. 03-Vancouver
Vancouver Registry
Court No. B-220142
Estate No. 11-254383

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY OF
CANADIAN DEHUA INTERNATIONAL MINES GROUP INC.**

AFFIDAVIT

I, **YANG YANG**, senior investment manager, of 22 Floor, Shougang International Building, North Street No. 60, Xizhimen, Haidian District, Beijing, People's Republic of China, AFFIRM THAT:

1. I am the senior investment manager of China Shougang International Trade & Engineering Corporation ("**Shougang**"), the applicant in this proceeding (the "**Bankruptcy Proceeding**"), and as such I have personal knowledge of the facts and matters deposed to herein, except where stated to be based upon information and belief, and where so stated I verily believe the same to be true.
2. I am also a director of Shougang International (Canada) Investment Ltd. ("**Shougang Canada**"), which is the sole Canadian subsidiary of Shougang, and as such I also have personal knowledge of the facts and matters deposed to herein with respect to Shougang Canada, except where stated to be based upon information and belief, and where so stated I verily believe the same to be true.
3. Shougang is also a creditor in the CCAA proceeding for Canadian Dehua International Mines Group Inc. ("**CDI**"), filed in the Supreme Court of British Columbia, Vancouver Registry, Court Number S-224444 (the "**CCAA Proceeding**").
4. This affidavit is further to my first affidavit made March 30, 2022 (the "**First Bankruptcy Affidavit**"), my first affidavit made June 8, 2022 in the CCAA Proceeding (the "**First CCAA Affidavit**"), and my second affidavit made January 24, 2025 in the CCAA Proceeding (the "**Second CCAA Affidavit**").

5. This affidavit specifically responds to certain matters raised in the first affidavit of Naishun Liu ("**Mr. Liu**"), made May 19, 2025 (the "**Naishun Liu Affidavit**") and the first affidavit of Qu Bo Liu ("**Mrs. Liu**"), made May 20, 2025 (the "**Qu Bo Liu Affidavit**"), both filed in this proceeding.

Shougang

6. As stated in the First CCAA Affidavit and the Second CCAA Affidavit:

- (a) Shougang is a limited liability company incorporated in Beijing, People's Republic of China, having an address for service in this proceeding care of its solicitors, Dentons Canada LLP, 20th Floor, 250 Howe Street, Vancouver, British Columbia, V6C 3R8.
- (b) Shougang is a subsidiary of Shougang Group. Shougang Group is wholly-owned by the Beijing State-owned Assets Supervision and Administration Commission (the "**Beijing Commission**").
- (c) To the best of my information and belief, Canada Zhonghe Investment Ltd. ("**Zhonghe**"), also a creditor of CDI, is indirectly State-owned. However, to the best of my information and belief, Zhonghe is a subsidiary of the Kailuan Group, which is under the Hebei Commission (Hebei is a different Province in People's Republic of China). Zhonghe is not owned or controlled by the Beijing Commission.

7. To the best of my information and belief, Feicheng Mining Group Co., Ltd. ("**Feicheng**"), also a creditor of CDI, is directly State-owned. However, Feicheng is under the Shandong Commission (Shandong is a different Province in People's Republic of China). Feicheng is not owned or controlled by the Beijing Commission.

8. Shougang owns 100% of the shares of Shougang Canada.

9. Shougang Canada is a company incorporated under the laws of British Columbia.

10. Shougang Canada was incorporated on August 23, 2010.

11. Shougang does not have any other Canadian subsidiaries or affiliates.

Litigation against CDI

12. In paragraph 31 of the First Naishun Liu Affidavit and paragraphs 23–28 of the First Qu Bo Liu Affidavit, both Mr. and Mrs. Liu make allegations that Mr. Liu and his

family were intimidated and threatened, among other things, by Feicheng Mining Group Co., Ltd. These allegations are outside of my knowledge.

13. While there is no explicit allegation that Shougang or Shougang Canada participated or engaged in any such intimidation, to be clear, Shougang and Shougang Canada deny engaging in any form of intimidation against Mr. Liu or his family by any person working for or affiliated with Shougang or Shougang Canada.

14. Specifically, and to the best of my information and belief, no person working for or affiliated with Shougang or Shougang Canada threatened Mr. Liu or his family or intimidated Mr. Liu or his family in respect of any matter, including but not limited to Shougang's claim against CDI.

15. Shougang never acted improperly while advancing its claim against CDI in China or British Columbia. At all times, Shougang has advanced its legitimate commercial interests in recovering the amounts owing from CDI to Shougang.

The Arbitral Award

16. As discussed in the First CCAA Affidavit, on or about December 10, 2018, Shougang submitted an application for arbitration to China International Economic and Trade Arbitration Commission (the "**Arbitration Commission**") in Beijing, which was the dispute resolution method set out in the cooperation and exploration agreement with respect to the Wapiti River coalfield project (the "**Wapiti Agreement**").

17. On or about August 23, 2019, the Arbitration Commission granted an arbitral award against CDI with respect to repayment of the Deposit plus interest pursuant to the Wapiti Agreement (the "**Arbitral Award**").

18. The Arbitral Award is entirely consistent with the terms of the Wapiti Agreement. Among other things, CDI agreed that any dispute under the Wapiti Agreement would be submitted to the Arbitration Commission for arbitration.

The Judgment

19. On or about January 20, 2020, Shougang commenced an action to recognize the Arbitral Award in the Supreme Court of British Columbia, Vancouver Registry, Court Number S-200699 (the "**Action**") against CDI by filing a notice of civil claim.

20. On January 19, 2021, the Supreme Court of British Columbia granted judgment in the Action against CDI in favour of Shougang in the amount of \$20,826,789.83 (the "**Judgment**").

21. To the best of my knowledge, CDI has never contested the fact that it owed the above referenced amount to Shougang, the Arbitral Award or the Judgment.

22. To the contrary, as set out in the First CCAA Affidavit:

- (a) since as early as May 5, 2015, Mr. Liu, on behalf of CDI, has promised repayment of the Deposit (as defined in the First CCAA Affidavit) plus interest to Shougang;
- (b) Mr. Liu has contacted Shougang to reiterate that repayment was forthcoming, or to offer some form of settlement of the debt, almost every year since 2015; and
- (c) the above includes communications to Shougang following the Arbitral Award and the Judgment.

23. The First Naishun Liu Affidavit and the First Qu Bo Liu Affidavits are the first time that I am aware of any allegation by CDI against Shougang with respect to the debt owing to Shougang or that CDI is in some way contesting the Arbitral Award and the Judgment.

Bankruptcy

24. As discussed in the First Bankruptcy Affidavit and the First CCAA Affidavit, Shougang sought to enforce the Judgment with limited success between January 2021 and February 2022. Shougang has only recovered \$5,698.34 of the total amount owing under the Judgment (\$20,826,789.83).

25. Shougang has otherwise been unsuccessful in its enforcement, which included a failed attempt to seize CDI's shares in Canadian Kailuan Dehua Mines Co., Ltd. ("CKD") on or about March 16, 2021. By letter dated April 1, 2021, CKD refused to permit seizure of any certificated securities, uncertificated securities, and security entitlements held in the name of or on behalf of CDI in CKD, as set out in the First Bankruptcy Affidavit.

26. On April 6, 2022, Shougang filed the application for a bankruptcy order with respect to CDI (the "**Bankruptcy Application**").

27. Shougang had exhausted all avenues to recover the Judgment and viewed the Bankruptcy Application as the best option to seek recovery of the amount owing under the Judgment given what Shougang understood of CDI's assets and the limited success of Shougang's previous attempts to enforce the Judgment.

28. Shougang also believed the Bankruptcy Application was necessary to ensure an orderly liquidation of CDI's assets. Specifically, Shougang was aware of the proposed sale of CDI's shares in CKD by the bailiff appointed by Zhonghe. Shougang believed at the time, and still believes, a trustee in bankruptcy would maximize value for creditors and ensure fair treatment among all creditors.

29. Shougang has, and continues to, advance its legitimate commercial interests to recover the debt owed to it by CDI, which has included seeking the Arbitral Award and the Judgment, enforcing on the Judgment and bringing the Bankruptcy Application.

30. Shougang has always understood a bankruptcy of CDI would be for the benefit of all creditors.

31. Shougang has always been concerned with maximizing recovery for all creditors and ensuring that CDI's assets are realized on completely, expediently and efficiently. However, as stated in the First CCAA Affidavit, Shougang does not trust that Mr. Liu, or CDI, can deliver better, or any, recovery for creditors in the CCAA Proceeding compared to a bankruptcy, as he has repeatedly failed to do so.

32. As stated in the First CCAA Affidavit, since the commencement of the CCAA Proceeding Shougang has not agreed that a restructuring of CDI under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, was feasible. As the CCAA Proceeding is nearing three years with no recovery for creditors, creditors have not only incurred a lot of time costs, but also incurred a lot of legal fees, and the total amount of assets available for distribution is expected to gradually decrease. Shougang still has no confidence that Mr. Liu and CDI will provide any recovery for creditors in the CCAA Proceeding.


33. Shougang prefers a bankruptcy as it gives creditors more control of the process and, in Shougang's view, is the best option for maximizing creditor recovery.

34. As specifically related to CDI's shares in CKD, Shougang understands that any realization from CDI's shares in CKD would be distributed to creditors in accordance with the requirements of relevant insolvency legislation. This would occur regardless of the purchaser of CDI's shares in CKD, or any other asset of CDI.

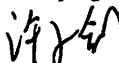
35. In response to paragraph 36 of the First Naishun Liu Affidavit, Shougang denies that its principal motivation in proceeding with the Bankruptcy Application is to prevent CDI from realizing on the value of its shares in CKD. As a creditor, Shougang wants to maximize the value of CDI to ensure the legitimate rights and interests of Shougang to the greatest extent.

36. To the contrary, Shougang supports a trustee in bankruptcy liquidating CDI's assets, including CDI's CKD shares, if that is beneficial for creditors' interests and as determined appropriate by that trustee in accordance with the applicable insolvency legislation.

AFFIRMED BEFORE ME at Haidian, Beijing,
People's Republic of China, on [6]/JUN/2025

 Xu Zijian

A Commissioner for taking Affidavits within
Haidian, Beijing, People's Republic of China

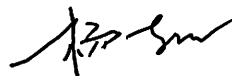
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