

SunOpta Inc.
Form 3
August 11, 2008

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0104
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

<p>1. Name and Address of Reporting Person *</p> <p>Antonio Tavares</p> <p>(Last) (First) (Middle)</p> <p>683 CANYON STREET</p> <p>(Street)</p> <p>MISSISSAUGA, A6 L5H 4L9</p> <p>(City) (State) (Zip)</p>	<p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>08/09/2008</p>	<p>3. Issuer Name and Ticker or Trading Symbol</p> <p>SunOpta Inc. [stkl]</p>	<p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner</p> <p><input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other</p> <p>(give title below) (specify below)</p> <p>VP & COO</p>	<p>5. If Amendment, Date Original Filed(Month/Day/Year)</p>	<p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person</p> <p><input type="checkbox"/> Form filed by More than One Reporting Person</p>
--	---	---	---	---	--

Table I - Non-Derivative Securities Beneficially Owned

<p>1. Title of Security (Instr. 4)</p>	<p>2. Amount of Securities Beneficially Owned (Instr. 4)</p>	<p>3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)</p>	<p>4. Nature of Indirect Beneficial Ownership (Instr. 5)</p>
--	--	---	--

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

<p>1. Title of Derivative Security (Instr. 4)</p>	<p>2. Date Exercisable and Expiration Date (Month/Day/Year)</p> <p>Date Exercisable Expiration Date</p>	<p>3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)</p> <p>Title Amount or Number of Shares</p>	<p>4. Conversion or Exercise Price of Derivative Security</p>	<p>5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)</p>	<p>6. Nature of Indirect Beneficial Ownership (Instr. 5)</p>
---	--	---	---	--	--

Common Share Options	08/09/2008	08/09/2014	Common Shares	50,000	\$ 5.12	D	Â
----------------------	------------	------------	---------------	--------	---------	---	---

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Antonio Tavares 683 CANYON STREET MISSISSAUGA,Â A6Â L5H 4L9	Â	Â	Â VP & COO	Â

Signatures

Tony Tavares 08/11/2008

 **Signature of Date
Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Â

Remarks:

OptionsÂ vestÂ 20Â percentÂ onÂ AugustÂ 8,Â 2009,Â 2010,Â 2011,Â 2012,Â 2013

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. style="font-size:10.0pt;">The Fund s dividends and distributions will generally not qualify for any dividends received deduction that might otherwise be available for certain dividends received by stockholders that are corporations.

Dividends and distributions declared in October, November or December, payable to stockholders of record on a specified date in such a month and paid in the following January will be treated as having been paid by the Fund and received by each stockholder in December of the year in which the dividend was declared. Under this rule, therefore,

stockholders may be taxed in one year on dividends or distributions actually received in January of the following year.

Each year, the Fund's stockholders will receive a year-end statement designating the amounts of capital gains dividends, ordinary income dividends and qualified dividend income paid by the Fund during the preceding year. The tax status of dividends paid by the Fund is not affected by whether such dividends are reinvested or received in cash by stockholders. That is, stockholders that elect (or that are deemed to elect) to reinvest distributions in additional shares will be treated for U.S. federal income tax purposes as receiving the relevant distributions and using them to purchase additional shares.

Special tax rules may change the normal treatment of gains and losses recognized by the Fund when it invests in forward foreign currency exchange contracts, options, futures transactions, and non-U.S. corporations classified as passive foreign investment companies and controlled foreign corporations. These special rules can, among other things, affect the treatment of capital gain or loss as long-term or short-term and may result in ordinary income or loss rather than capital gain or loss and may possibly result in tax owed by the Fund. The application of these special rules would therefore also affect the character of distributions made by the Fund. Additionally, the Fund may recognize income on such investments even when it has not received cash distributions; to the extent that the Fund realizes such phantom income, it may be forced to sell securities in order to make the requisite income distributions.

To the extent that the Fund invests in bonds issued with original issue discount, including zero coupon bonds, it may realize income prior to the receipt of cash payments with respect to these bonds. Such income will be accrued daily by the Fund and, in order to avoid a tax payable by the Fund, the Fund may be required to liquidate securities that it might otherwise continue to hold in order to generate cash so that the Fund may make required distributions to its stockholders.

The redemption, sale or exchange of common shares normally will result in capital gain or loss to the holders of common shares. Generally, a stockholder's gain or loss will be long-term capital gain or loss if the shares have been held for more than one year. Present law taxes both long- and short-term capital gains of corporate stockholders at the rates applicable to ordinary income. For individual taxpayers, however, long-term capital gains are currently taxed at a maximum rate of 15% generally (scheduled to increase to 20% after 2010), while short-term capital gains and other ordinary income are currently taxed at a maximum rate of 35% (scheduled to increase to 31% in 2011).

No loss will be allowed on the redemption, sale or exchange of common shares if the stockholder purchases other common shares of the Fund (whether through reinvestment of distributions or otherwise) or the stockholder acquires or enters into a contract or option to acquire shares that are substantially identical to common shares of the Fund within a period of 61 days beginning 30 days before and ending 30 days after such redemption, sale or exchange. If disallowed, the loss will be reflected in an adjustment to the basis of the shares acquired. Further, any losses realized on the redemption, sale or exchange of common shares held for six months or less will be treated as long-term capital losses to the extent of any capital gain dividends received (or amounts credited as undistributed capital gains) with respect to such common shares.

The Fund may be required to withhold taxes on certain dividends paid to stockholders who have not provided the Fund with their correct taxpayer identification numbers (which, in the case of individual stockholders, are normally their Social Security numbers), or are otherwise subject to back-up withholding. Stockholders who borrow money to buy Fund shares may not be permitted to deduct the interest on such borrowings. Under U.S. federal income tax rules, Fund shares may be treated as having been bought with borrowed money even if the purchase of the Fund shares cannot be traced directly to borrowed money. Holders are urged to consult their own tax advisors regarding the impact of an investment in common shares upon the deductibility of interest payable by the holders.

Edgar Filing: SunOpta Inc. - Form 3

Recent legislation generally imposes withholding of 30% on payments to certain foreign entities (including financial intermediaries), after December 31, 2012, of dividends on and the gross proceeds of dispositions of U.S. common stock, unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied. Stockholders should consult their tax advisers regarding the possible implications of this legislation for their investment in the common stock.

Foreign Tax Credits

The Fund may be subject to certain taxes imposed by China, Hong Kong and possibly by other foreign countries with respect to dividends, capital gains and interest income. Under the Code, if more than 50% of the value of the Fund's total assets at the close of any taxable year consists of stocks or securities of foreign corporations, the Fund may elect, for U.S. federal tax purposes, to treat any Chinese or other foreign country's income or withholding taxes paid by the Fund that are treated as income taxes under U.S. income tax principles, as paid by its stockholders. The Fund expects to qualify for and may make this election. For any year that the Fund makes such an election, each stockholder will be required to include in its income an amount equal to its allocable share of such taxes paid by the

Fund to the Chinese government or to another country's government and the stockholders will be entitled, subject to certain limitations, to either deduct their allocable share of such foreign income taxes in computing their taxable income or to use it as a foreign tax credit against U.S. income taxes, if any. This treatment will not apply with respect to amounts the Fund reserves in anticipation of the imposition of withholding taxes not currently in effect (as discussed above). If these amounts are used to pay any tax liability of the Fund in a later year, they will be treated as paid by the stockholders in such later year, even if they are imposed with respect to income of an earlier year. Stockholders that are exempt from tax under Section 501(a) of the Code, such as pension plans, generally will derive no benefit from the Fund's election. However, such stockholders should not be disadvantaged either, because the amount of additional income they are deemed to receive equal to their allocable shares of such foreign countries' income taxes paid by the Fund generally should not be subject to U.S. federal income tax.

The amount of Chinese or other foreign taxes that may be credited against a stockholder's U.S. federal income tax liability generally will be limited, however, to an amount equal to the stockholder's U.S. federal income tax rate multiplied by its foreign source taxable income. For this purpose, the Fund's gains and losses from the sale of securities, and currency gains and losses, will generally be treated as derived from U.S. sources. In addition, this limitation must be applied separately to certain categories of foreign source income. As a consequence, certain stockholders may not be able to claim a foreign tax credit for the full amount of their proportionate share of foreign taxes paid by the Fund. Each stockholder will be notified within 60 days after the close of the Fund's taxable year whether, pursuant to the election described above, the foreign taxes paid by the Fund will be treated as paid by its stockholders for that year and, if so, such notification will designate (i) such stockholder's portion of the foreign taxes paid to such country and (ii) the portion of the Fund's dividends and distributions that represents income derived from sources within such country.

The Fund will create a reserve account with respect to earnings on certain investments in China that are not currently subject to withholding tax but are expected to become subject to withholding tax on a retroactive basis.

Foreign Stockholders

A foreign investor is an investor that, for U.S. federal income tax purposes, is a nonresident alien individual, a foreign corporation, a foreign partnership or a foreign estate or trust. Taxation of a stockholder who, as to the United States, is a foreign investor depends, in part, on whether the stockholder's income from the Fund is effectively connected with a United States trade or business carried on by the stockholder.

If the foreign investor's income from the Fund is not effectively connected with a United States trade or business carried on by the foreign investor, distributions of net investment income and net short-term capital gains will be subject to a 30% (or lower treaty rate) United States withholding tax. The Fund is not required to withhold any amounts of distributions to foreign investors with respect to taxable years of the Fund beginning before January 1, 2010 (or a later date if extended by the U.S. Congress) that are properly designated by the Fund as short-term capital gain dividends or interest-related dividends, provided that the income would not be subject to federal income tax if earned directly by the foreign investor. However, the Fund is expected to withhold such amounts even though it is not required to do so. Prospective investors are urged to consult their own tax advisors regarding the specific tax consequences relating to distributions of net short-term capital gains and qualified interest income. Furthermore, foreign investors may be subject to an increased United States tax on their income resulting from the Fund's election (described above) to pass-through amounts of foreign taxes paid by the Fund, but may not be able to claim a credit or deduction with respect to the foreign taxes paid by the Fund treated as having been paid by them.

Distributions of net realized long-term capital gains, amounts retained by the Fund that are designated as undistributed capital gains, and gains realized upon the sale of shares of the Fund will not be subject to U.S. tax unless a foreign investor who is a nonresident alien individual is physically present in the United States for more than 182 days during the taxable year and, in the case of gain realized upon the sale of Fund shares, unless (i) such gain is attributable to an office or fixed place of business in the United States or (ii) such nonresident alien individual has a tax home in the United States and such gain is not attributable to an office or fixed place of business located outside the United States.

Edgar Filing: SunOpta Inc. - Form 3

However, a determination by the Fund not to distribute long-term capital gains may reduce a foreign investor's overall return from an investment in the Fund, since the Fund will incur a U.S. federal tax liability with respect to retained long-term capital gains, thereby reducing the amount of cash held by the Fund that is available for distribution, and the foreign investor may not be able to claim a credit or deduction with respect to such taxes. A foreign investor may be required to establish it is not a U.S. person in order to avoid backup withholding tax on payments that would not otherwise be subject to the 30% withholding tax described above.

Backup withholding is not a separate tax and may be refunded to a foreign stockholder; however, a foreign stockholder would generally have to file a U.S. tax return to claim this refund.

If a foreign investor is a resident alien or if dividends or distributions from the Fund are effectively connected with a U.S. trade or business carried on by the foreign investor, dividends of net investment income, distributions of net short-term and long-term capital gains, amounts retained by the Fund that are designated as undistributed capital gains and any gains realized upon the sale of shares of the Fund will be subject to U.S. income tax at the rates applicable to U.S. persons and a foreign investor that is a corporation may also be subject to an additional 30% (or lower treaty rate) branch profits tax.

Recent legislation generally imposes withholding of 30% on payments to certain foreign entities (including financial intermediaries), after December 31, 2012, of dividends on and the gross proceeds of dispositions of U.S. common stock, unless various U.S. information reporting and due diligence requirements (generally relating to ownership by U.S. persons of interests in or accounts with those entities) have been satisfied. Foreign stockholders should consult their tax advisers regarding the possible implications of this legislation for their investment in the common stock.

The tax consequences to a foreign stockholder entitled to claim the benefits of an applicable tax treaty may be different from those described in this section. Stockholders may be required to provide appropriate documentation to establish their entitlement to claim treaty benefits. Foreign investors are advised to consult their own tax advisers with respect to (a) whether their income from the Fund is or is not effectively connected with a United States trade or business carried on by them, (b) whether they may claim the benefits of an applicable tax treaty and (c) any other tax consequences to them of an investment in the Fund.

Notices. Stockholders will be notified annually by the Fund as to the U.S. federal income tax status of the dividends, distributions and deemed distributions made by the Fund to its stockholders. Furthermore, stockholders will be sent, if appropriate, various written notices after the close of the Fund's taxable year regarding the U.S. federal income tax status of certain dividends, distributions and deemed distributions that were paid (or that were treated as having been paid) by the Fund to its stockholders during the preceding taxable year.

Chinese Taxes

There is very little guidance on the Chinese tax consequences of QFII transactions. Accordingly, the following is a general summary of the Chinese taxes that may be imposed on the Fund either directly or indirectly. The Chinese tax authorities may issue guidance on the tax consequences of QFII transactions at any time, possibly with retroactive effect; therefore, the Chinese tax consequences of QFII transactions may differ materially from those discussed below. In addition, before published guidance is issued and is well established in the administrative practice of the Chinese tax authorities, the practices of the Chinese tax authorities that collect Chinese taxes with respect to QFII transactions may differ from, or be applied in a manner inconsistent with, the practices with respect to the analogous investments described herein or any new guidance that may be issued.

Tax Ownership. China has not issued guidance with respect to the tax ownership of securities held through a QFII quota for Chinese tax purposes. In addition, there is a general lack of guidance in the Chinese tax law with respect to the application of Chinese taxes in situations where legal title to assets are held by an intermediary on behalf of the beneficial owners of such assets. Based on current Chinese administrative practice, an intermediary that holds Chinese assets is generally treated as the taxpayer with respect to those assets for Chinese tax purposes notwithstanding the fact that such assets may be beneficially owned by another entity. It is thus expected that, although the Fund will be the beneficial legal owner of securities held through the QFII Quota, the Investment Adviser will be treated as the owner of such securities for

Edgar Filing: SunOpta Inc. - Form 3

Chinese tax purposes. In the event the Chinese tax authorities issue guidance with respect to the application of Chinese taxes in situations where legal title to assets are held by an intermediary on behalf of the beneficial owners of such assets, the expected treatment described above could change, possibly with retroactive effect.

Income Taxes. Under the Enterprise Income Tax Law of the People's Republic of China and its Implementing Rules, which took effect in China from January 1, 2008 onwards and a recent circular from the State Administration of Tax on January 23, 2009, the Fund's income from interests, dividends and profit distributions of companies from Chinese sources, received by QFII on behalf of the Fund, is generally subject to Chinese withholding tax at a rate of 10%, absent an applicable tax treaty. This invalidates the previous common practice of withholding agents for QFII accounts (such as the Sub Custodian) not to withhold any tax on dividends received by QFII in respect of their holdings of B-shares issued by China companies according to a previous notice issued on July 21, 1993 by the State Administration of Taxation and, given the absence of any guidance regarding the taxation of QFII transactions prior to this new circular promulgated on January 23, 2009, to treat QFII investments in A-shares the same as other foreign enterprise investments in B-shares for tax purposes without withholding any tax on dividend payments on, or

gains derived with respect to the sale of, A-shares by QFII. However, it remains unclear whether this new circular will apply to the Fund retroactively and whether the PRC government will impose income tax on capital gains of the Fund realized with respect to trading of stocks or whether such income tax, if imposed, would be retroactive.

Business Taxes. A Chinese business tax is imposed, generally at a rate of 5%, on the gross consideration received by a service provider of specified services and by a transferor with respect to the transfer of immovable property or intangible property. Certain qualifying financial institutions in China are subject to the business tax on interest and capital gains from securities based on special business tax rules that classify financial activities such as the buying, holding, and selling of securities as a service that is subject to the business tax. On December 1, 2005, the Ministry of Finance and State Administration of Taxations issued the QFII Business Tax Policy Circular, holding that QFIIs are not subject to the business tax with respect to gains derived from their securities trading activities. This circular did not address the business tax consequences of other income, such as interest, and further guidance may be required. There can be no assurance that business tax will not be imposed on the income-generating activities of the Investment Adviser that may be interpreted as not falling within the scope of the QFII Business Tax Policy Circular such as interest.

Other Taxes. A Chinese stamp tax is generally imposed on the purchase and sale of shares of publicly-traded Chinese companies at a rate of 0.1% of the purchase/sales consideration. The Adviser will be subject to this tax on each trade it makes in a Chinese-listed security.

Treaty. Foreign enterprises with no permanent establishment in China who are qualified residents in countries that have entered into double taxation treaties with China may be entitled to a reduction of or exemption from Chinese taxes imposed on the payment of dividends, interest, and the recognition of gains with respect to various Chinese investments. China currently has a double taxation treaty with the United States. Whether this treaty might be applicable to reduce or exempt the Chinese taxes described above will depend, in part, on whether China issues guidance with respect to the application of Chinese taxes in situations where legal title to assets are held by an intermediary on behalf of the beneficial owners of such assets. In addition, the application of the double taxation treaty with the United States depends in part on China's application of the tax treaty residence qualification to different types of entities, which is another area of Chinese tax law that remains unsettled with little guidance from Chinese tax authorities.

The tax law and regulations of China are subject to change, and may be changed with retrospective effect. The interpretation and applicability of tax law and regulations by tax authorities are not as consistent and transparent as those of more developed nations, and may vary from region to region. Accordingly, China taxes and duties payable by the Adviser as the QFII, which are to be reimbursed by the Fund to the extent attributable to the assets held through the A-share Quota, may change at any time.

Hong Kong Taxes

Taxation of the Fund. The Fund will be subject to Hong Kong profits tax on any assessable profits if (i) it carries on business in Hong Kong (on its own or through the agency of some other person, such as the Fund's Adviser or Sub-Adviser) and (ii) its profits are derived from a Hong Kong source. Capital gains (as opposed to trading profits) derived from the sale of shares or other securities of, and dividends received from, companies (wherever they are listed) are not subject to Hong Kong profits tax.

Trading profits derived from the sale of shares or other securities of companies which are listed on an exchange outside Hong Kong are not subject to Hong Kong profits tax provided the sale and purchase contracts are not effected in Hong Kong.

The Fund will qualify for exemption from Hong Kong profits tax under The Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 (the Exemption Ordinance) if it (i) is not a Hong Kong resident; (ii) carries out specified transactions (which is very widely defined in the Exemption Ordinance) through or arranged by specified persons (i.e., mainly including registered authorized financial institutions or persons holding any of the types 1 to 9 licenses under the Securities and Futures Ordinance); and (iii) apart from those specified transactions and transactions incidental to them (as discussed below), does not carry on any other business in Hong Kong. Furthermore, other income from transactions carried out in Hong Kong by the Fund which are incidental to the

carrying out of the specified transactions will also be exempt from Hong Kong profits tax provided such income does not exceed 5% of the trading receipts of the Fund from the exempt and incidental transactions in Hong Kong.

If the Fund converts to an open-end investment company, it may be necessary for it to apply for authorization under the Securities and Futures Ordinance of Hong Kong. If the current state of the law still prevails at that time, the Fund will upon receiving such authorization be exempt from Hong Kong profits tax on, amongst other things, its gains from trading in securities listed anywhere.

Taxation of Stockholders. There is no tax in Hong Kong on capital gains arising from the sale by an investor of shares of the Fund. However, in the case of certain investors (principally, share traders, financial institutions and insurance companies carrying on business in Hong Kong), such gains may be considered to be part of the investor's normal business profits and in such circumstances will be subject to Hong Kong profits tax at the current rate of 16.5% for corporations and up to a maximum of 15% for unincorporated businesses and individuals.

If the Fund is a tax-exempt offshore fund under the Exemption Ordinance, a Hong Kong resident stockholder who alone or with his associates (as defined in the Inland Revenue Ordinance of Hong Kong) (i) holds direct and/or indirect beneficial interest of 30% or more in the Fund; or (ii) holds any percentage of direct and/or indirect beneficial interest of the Fund (if the stockholder is associated with the Fund) will be deemed to have derived assessable profits in respect of the trading profits earned by the Fund from specified transactions and incidental transactions carried in Hong Kong.

The stockholder will be subject to Hong Kong profits tax on a deemed basis. The amount of deemed profits is ascertained by taking into account the percentage of the stockholder's interest in the Fund and the length of ownership.

Dividends which the Fund pays to its stockholders are not taxable in Hong Kong (whether through withholding or otherwise) under current legislation and practice.

No Hong Kong stamp duty will be payable in respect of transactions in the Fund's common shares provided that the register of stockholders is maintained outside of Hong Kong.

Singapore Taxes

Taxation of the Fund. The Singapore tax comments herein are based on the details of the tax exemption scheme for fund management released by the Monetary Authority of Singapore in its circular dated 31 August 2007 (the Tax Exemption Scheme). The Tax Exemption Scheme replaces the scheme which was enacted under the old Section 13C of the Income Tax Act (Cap. 134 of Singapore) (the Income Tax Act). While the enabling legislation for the Tax Exemption Scheme has been enacted under section 13CA of the Income Tax Act, the subsidiary legislation, in the form of regulations, has yet to be gazetted. The comments made herein are therefore based on the existing regulations made pursuant to the old section 13C of the Income Tax Act (the Section 13C Regulations) and are thus subject to the precise wordings of the regulations to be made under section 13CA of the Income Tax Act.

Edgar Filing: SunOpta Inc. - Form 3

It was announced in the Singapore Budget for 2009 on 22 January 2009 that an Enhanced Tier will be introduced to the existing fund management incentives for funds with a minimum fund size of SGD50 million at the point of application, amongst other conditions, with effect from 1 April 2009 to 31 March 2014. The Enhanced Tier is an addition to the Tax Exemption Scheme which remains applicable to funds which are not approved under the Enhanced Tier. As details of the Enhanced Tier have yet to be released, the Singapore tax comments herein are based on the Tax Exemption Scheme as it now stands.

Under the Tax Exemption Scheme, specified income derived by a qualifying fund in respect of designated investments is exempt from tax in Singapore, if the qualifying fund is managed by any fund manager in Singapore and certain prescribed conditions are met.

The Fund will be a qualifying fund for the purpose of the Tax Exemption Scheme if:

Edgar Filing: SunOpta Inc. - Form 3

(a) the Fund is not a tax resident of Singapore for tax purposes;

(b) the value of its issued securities is not 100% beneficially owned, directly or indirectly, by investors in Singapore (including investors who are resident individuals, resident non-individuals and permanent establishments in Singapore); and

(c) the Fund:

(i) does not have a permanent establishment in Singapore (other than through the Sub- Adviser); and

(ii) does not carry on a business in Singapore.

Specified income is defined in the Section 13C Regulations to mean:

(a) interest and dividends derived from outside Singapore and received in Singapore in respect of any designated investments ;

(b) interest derived from deposits with and certificates of deposits issued by banks approved under the Income Tax Act and from Asian Dollar Bonds approved under Section 13(1)(v) of the Income Tax Act;

(c) gains or profits realized from the sale of any designated investments ;

(d) gains or profits from foreign exchange transactions and futures contracts held in any futures exchange;

(e) gains or profits from interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and swaps, forwards and option contracts relating to any designated investments or financial index, with specified counterparties;

(f) fee and compensatory payments derived from securities lending or repurchase arrangements with specified persons;

(g) discounts derived from outside Singapore and received in Singapore on or after 27 February 2004;

Explanation of Responses:

Edgar Filing: SunOpta Inc. - Form 3

- (h) interest and discounts from qualifying debt securities if specified conditions are satisfied;
- (i) distributions from foreign unit trusts derived from outside Singapore and received in Singapore on or after 27 February 2004;
- (j) rents and any other income derived from any immovable property situated outside Singapore and received in Singapore on or after 27 February 2004; and
- (k) gains or profits arising from transactions in paragraphs (p), (q) and (r) of the definition of "designated investments" below.

"Designated investments" is defined in the Section 13C Regulations to mean:

- (a) stocks and shares denominated in any foreign currency of companies which are neither incorporated in Singapore nor resident in Singapore, excluding stocks and shares of companies incorporated in Malaysia which are listed on the Singapore Exchange or on the Kuala Lumpur Stock Exchange;
- (b) securities (other than stocks and shares) denominated in any foreign currency (including bonds, notes, certificates of deposit and treasury bills) issued by foreign governments, foreign banks outside Singapore and companies which are neither incorporated in Singapore nor resident in Singapore;
- (c) futures contracts held in any futures exchange;

- (d) any immovable property situated outside Singapore;
- (e) certificates of deposit, notes and bonds issued by Asian Currency Units in Singapore;
- (f) Asian Dollar Bonds approved under Section 13(1)(v) of the Income Tax Act;
- (g) deposits in Singapore with any approved bank as defined in Section 13(16) of the Income Tax Act;
- (h) foreign currency deposits with financial institutions outside Singapore;
- (i) stocks, shares, bonds and other securities listed on the Singapore Exchange or on the Kuala Lumpur Stock Exchange and other stocks, shares, bonds and securities issued by companies which are incorporated in Singapore and resident in Singapore;
- (j) Singapore Government securities;
- (k) foreign exchange transactions;
- (l) interest rate or currency contracts on a forward basis, interest rate or currency options, interest rate or currency swaps, and swaps, forwards and option contracts relating to any designated investment or financial index, with specified counterparties;
- (m) units in any unit trust which invests wholly in designated investments;
- (n) qualifying debt securities that are discount securities which mature within one year from the date of issue of those securities and are issued during the period from 27 February 2004 to 31 December 2008 (both dates inclusive);
- (o) securities (including bonds, notes, certificates of deposits and treasury bills, but excluding stocks and shares) issued by supranational bodies;
- (p) loans that are

(i) granted to any company incorporated outside Singapore which is neither a resident nor permanent establishment in Singapore, where no interest, commission, fee or other payment in respect of the loan is deductible against any income of that company accruing in or derived from Singapore; or

(ii) granted by a person other than the foreign investor but traded by the foreign investor;

(q) commodity derivatives (both over-the-counter and exchange-traded); and

(r) physical commodities if:

(i) the trading of the physical commodities is done in connection with and is incidental to its related commodity derivatives trading in the basis period; and

(ii) the trade volume of those physical commodities does not exceed 15% of the total trade volume of those physical commodities and related commodity derivatives in the basis period.

It was announced in the Singapore Budget for 2009 that the lists of specified income and designated investments will be enhanced with effect from 22 January 2009 to include the following:

(a) in relation to specified income:

(i) income realized (other than through sale) on or after 22 January 2009 from designated investments in other forms such as held to maturity and redemption;

(ii) prescribed income directly attributable to qualifying debt securities on or after such date as may be prescribed by regulations; and

(iii) amount payable on any Islamic debt securities which are qualifying debt securities issued on or after 22 January 2009; and

(b) in relation to designated investments:

(i) investments in structured products;

(ii) units in business trusts;

(iii) qualifying Islamic investments involving the Murabaha, Mudaraba, Ijarawa Igtina, Musharaka, Istisna and Salam concepts;

(iv) emissions derivatives;

(v) stocks and shares of unlisted companies (whether resident or non-resident in Singapore) denominated in any currency; and

(vi) adjudicated and non-adjudicated liquidation claims.

A fund manager in Singapore for the purpose of the Tax Exemption Scheme means a company holding a capital markets services license under the Securities and Futures Act, Chapter 289 of Singapore (SFA) for fund management or one that is exempt under the SFA from holding such a license. The Sub-Adviser holds a capital markets services license for fund management under the SFA.

The Adviser and the Sub-Adviser will endeavor to conduct the affairs of the Fund such that it will qualify for the Tax Exemption Scheme. There is, however, no assurance that the Adviser and the Sub-Adviser will be able to ensure, on an ongoing basis, that the Fund will always meet all the qualifying conditions for the Tax Exemption Scheme. Upon any such disqualification, the Fund may be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate.

Taxation of Investors. Provided the Fund is a qualifying fund, the Singapore income tax consequences to an investor of the Fund will depend on whether or not the investor is a qualifying investor, and such investor's individual circumstances.

Edgar Filing: SunOpta Inc. - Form 3

A qualifying investor of a qualifying fund will not be subject to payment of a financial penalty to the Comptroller of Income Tax in Singapore (the CIT).

A qualifying investor of a qualifying fund is:

(a) an individual investor;

(b) a bona fide non-resident non-individual investor (excluding a permanent establishment in Singapore) that:

(i) does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore; or

(ii) carries on an operation in Singapore through a permanent establishment in Singapore but does not use funds from its operation in Singapore to invest in the qualifying fund.

A bona fide non-resident non-individual investor is one which carries out substantial business activities for genuine commercial reasons and has not as its sole purpose the avoidance or reduction of tax.

Edgar Filing: SunOpta Inc. - Form 3

(c) a designated person, i.e. the Government of Singapore Investment Corporation Pte. Ltd, any statutory board or any company which is wholly owned, directly or indirectly, by the Minister for Finance and approved by him; and

(d) an investor other than those listed in (a), (b) and (c) which, alone or with his associates:

(i) beneficially owns not more than 30% of the total value of issued securities of the qualifying fund if the fund has less than 10 investors; or

(ii) beneficially owns not more than 50% of the total value of issued securities of the qualifying fund if the fund has 10 or more investors.

For the purpose of determining whether an investor of a qualifying fund is an associate of another investor of the fund, the two investors shall be deemed to be associates of each other if:

(a) at least 25% of the total value of the issued securities in one investor is beneficially owned, directly or indirectly, by the other; or

(b) at least 25% of the total value of the issued securities in each of the two investors is beneficially owned, directly or indirectly, by a third entity. This test does not apply where an investor is an independent listed entity and does not have 25% or more shareholding in any other investor.

A non-qualifying investor of a qualifying fund will have to pay a financial penalty to the CIT.

The financial penalty payable by a non-qualifying investor is computed as follows:

$A \times B \times C$

where:

A: is the percentage of the total value of all issued securities of the fund which is beneficially owned by the non-qualifying investor at the last day of the fund's financial year (basis period) relating to a particular year of assessment;

Edgar Filing: SunOpta Inc. - Form 3

B: is the amount of income of the fund as reflected in the fund's audited accounts for the basis period relating to that year of assessment; and

C: is the corporate tax rate applicable to that year of assessment.

The value in relation to issued securities of a company in the form of issued debentures, issued stocks or shares means the value of those securities at the time of their issue by the company.

The status of whether an investor is a qualifying investor will be determined on the last day of the qualifying fund's financial year. If the investor can prove to the CIT that the applicable investment limit is exceeded for reasons beyond his reasonable control, the CIT may allow him a three-month grace period from the last day of the fund's financial year to reduce his percentage of ownership in the fund to meet the allowable investment limit.

The taxation of distributions by the Fund and gains on redemption of common stocks derived by the investors will depend on the particular situation of the investors. This is notwithstanding that the investor may have paid a financial penalty to the CIT.

Reporting Obligation. To enable investors to determine their investment stakes in the Fund in respect of any financial year of the Fund, the Sub-Adviser will issue an annual statement to each investor, showing:

(a) the profit of the Fund for that financial year as per the audited financial statements of the Fund;

- (b) the total value of issued securities of the Fund as at the last day of that financial year;
- (c) the total value of issued securities of the Fund held by the investor as at the last day of that financial year; and
- (d) whether the Fund has less than 10 investors as at the last day of that financial year.

The Sub-Adviser is required to submit a declaration to the CIT if for a particular financial year of the Fund, there are non-qualifying investors and furnish the CIT with the details of such investors.

Taxation of Stockholders. There is currently no tax on capital gains arising from the sale of shares in the Fund by Singapore resident investors, unless the gains are regarded as being income in nature, in which case the gains would be subject to income tax. As the Fund is incorporated and resident outside Singapore, the dividends paid by the Fund would be foreign sourced dividends in the hands of Singapore resident investors. Singapore resident companies receiving dividends from the Fund may enjoy tax exemption provided certain prescribed conditions for foreign income exemption are met.

Singapore resident individuals receiving dividends from the Fund would not be subject to any income tax as foreign sourced personal income such as dividends has been exempt since January 1, 2004.

Tax Rates in Singapore. The current corporate tax rate is 18%. In addition, a partial tax exemption is given to companies on normal chargeable income up to S\$300,000, but this exemption does not apply to Singapore dividends received by the Fund.

Singapore resident individuals are taxed at progressive rates, currently ranging from 0% to 20%. Non-Singapore resident individuals are taxed at a fixed rate of 15% or resident rate, whichever gives rise to a higher tax amount.

The tax discussion set forth above is a summary included for general information purposes only. In view of the individual nature of tax consequences, stockholders are advised to consult their own tax advisors with respect to the specific tax consequences to them of participation in the Fund, including the effect and applicability of state, local, foreign and other tax laws and the possible effect of changes in federal or other tax laws.

DIVIDEND PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Computershare Shareholder Services, Inc. and Computershare Trust Company, N.A. (collectively, the Transfer Agent) act as the Fund's dividend paying agent, transfer agent and the registrar for the Fund's common shares. The principal address of the Transfer Agent is Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021.

CUSTODIAN AND SUB-CUSTODIAN

State Street Bank and Trust Company serves as custodian for the Fund (the Custodian). The Custodian will hold cash, securities and other assets of the Fund as required by the Investment Company Act. Custody fees are payable monthly based on assets held in custody, investment purchases and sales activity and account maintenance fees, plus reimbursement for certain out-of-pocket expenses. The principal business address of the Custodian is One Lincoln Street, Boston, Massachusetts 02111-2101. The Adviser will employ sub-custodians in each of the jurisdictions in which the Fund invests. HSBC serves as the Fund's sub-custodian in China. The principal business address of the sub-custodian is HSBC Building, No. 101 of Yin Cheng East Road, Pudong District, Shanghai, China.

CODE OF ETHICS

The Fund's Board approved a Code of Ethics under Rule 17j-1 of the Investment Company Act that covers the Fund. The Adviser is subject to a Code of Ethics under Rule 17j-1. Each Code of Ethics establishes policies and procedures for personal investing by employees and restricts certain transactions. Employees subject to the Code of Ethics may invest in securities for their personal investment accounts, including securities that may be purchased or held by the Fund.

The Codes of Ethics may be viewed and copied at the SEC's Public Reference Room in Washington, D.C. Information about the SEC's Public Reference Room may be obtained by calling the SEC at (202) 551-8090. The Codes of Ethics also may be available on the Edgar Database on the SEC's website, <http://www.sec.gov>, or be obtained, after paying a duplicating fee, by electronic request to publicinfo@sec.gov, or by writing to: SEC's Public Reference Section, 100 F Street, NE, Washington, D.C. 20549. This reference to the website does not incorporate the contents of the website into this Prospectus.

PROXY VOTING POLICY AND PROCEDURES

The Board has delegated to the Adviser authority to vote all proxies relating to the Fund's portfolio securities pursuant to the Fund's proxy voting policies and procedures, which are set out in Appendix B to this Prospectus. A copy of the Proxy Policy, as well as the Fund's most recent proxy voting record for the 12-month period ended June 30 filed with the SEC and are available without charge on our website at www.morganstanley.com/im. The Fund's proxy voting record is also available without charge on the SEC's web site at www.sec.gov. This reference to the website does not incorporate the contents of the website into this Prospectus.

DISTRIBUTION ARRANGEMENTS

[•] will act as Dealer Manager for the Offer. Under the terms and subject to the conditions contained in the Dealer Manager Agreement dated [•], 2010 among the Fund and the Dealer Manager, the Dealer Manager will provide financial structuring services in connection with the Offer and will solicit the exercise of Rights and participation in the Over-Subscription Privilege. The Offer is not contingent upon any number of Rights being exercised. The Fund has agreed to pay the Dealer Manager a fee for its financial structuring and soliciting services equal to [•]% of the aggregate Subscription Price for Shares issued pursuant to the exercise of Rights and the Over-Subscription Privilege. [The Fund also has agreed to reimburse the Dealer Manager up to an aggregate of \$[•] for a portion of its reasonable out-of-pocket expenses incurred in connection with the Offer.] The Dealer Manager fee will be borne by the Fund and indirectly by all of the Fund's Stockholders, including those who do not exercise their Rights.

The Dealer Manager will reallow to broker-dealers included in the selling group to be formed and managed by the Dealer Manager selling fees equal to [•]% of the Subscription Price for each Share issued pursuant to the Offer as a result of their selling efforts. In addition, the Dealer Manager will reallow to other broker-dealers that have executed and delivered a Soliciting Dealer Agreement and have solicited the exercise of Rights, solicitation fees equal to [•]% of the Subscription Price for each Share issued pursuant to the exercise of Rights as a result of their soliciting efforts, subject to a maximum fee based upon the number of Shares held by each broker-dealer through DTC on the Record Date. Fees will be paid to the broker-dealer designated on the applicable portion of the Subscription Certificates or, in the absence of such designation, to the Dealer Manager.

The Fund has agreed to indemnify the Dealer Manager or contribute to losses arising out of certain liabilities including liabilities under the 1933 Act. The Dealer Manager Agreement also provides that the Dealer Manager will not be subject to any liability to the Fund in rendering the services contemplated by such Agreement except for any act of bad faith, willful misconduct or gross negligence of the Dealer Manager or reckless disregard by the Dealer Manager of its obligations and duties under such Agreement.

Prior to the expiration of the Offer, the Dealer Manager may independently offer for sale Shares, including Shares acquired through purchasing and exercising the Rights, at prices it sets. The Dealer Manager may realize profits or losses independent of any fees described in this prospectus. The Dealer Manager's fee for its financial structuring, marketing and soliciting services is independent of any gains or losses that may be realized by the Dealer Manager through the purchase and exercise of Rights.

Edgar Filing: SunOpta Inc. - Form 3

In the ordinary course of their businesses, the Dealer Manager and its affiliates may engage in investment banking or financial transactions with the Fund, the Manager and their affiliates.

The Fund will bear the expenses of the Offer, which will be paid from the proceeds of the Offer. These expenses include, but are not limited to, the expense of preparation and printing of the prospectus for the Offer, the expense

of counsel and auditors in connection with the Offer and the out-of-pocket expenses incurred by the officers of the Fund and others in connection with the Offer.

The principal business address of [•] is [•].

LEGAL MATTERS

With respect to matters of U.S. law, the validity of the common shares offered hereby will be passed on for the Fund by Dechert LLP, New York, New York, and certain legal matters relating to the Offer will be passed on for the Dealer Manager by [•]. Dechert LLP will rely, as to certain matters of Maryland law, on the opinion of Ballard Spahr LLP, Baltimore, Maryland.

The books and records of the Fund required under U.S. law are maintained at an office of the Fund in the United States and are subject to inspection by the SEC.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements included in the Fund's Annual Report to Stockholders as of December 31, 2009 are incorporated by reference into this Prospectus in reliance on the report of [•], the Fund's independent registered public accounting firm, given on their authority as experts in accounting and auditing. The principal address of [•] is [•].

ADDITIONAL INFORMATION

Further information concerning these securities and the Fund may be found in the Registration Statement, of which this Prospectus constitutes a part, which is on file with the SEC.

FINANCIAL STATEMENTS

The Fund's Annual Report for the fiscal year ended December 31, 2009 (the Annual Report) is incorporated herein by reference with respect to all information other than the information set forth in the Chairman's Statement included therein. The Fund will furnish, without charge, a copy of its Annual Report upon request by writing to Morgan Stanley China A Share Fund, Inc., c/o State Street Bank and Trust Company, One Lincoln Street, Boston, Massachusetts 02111-2101, or by calling (800) 231-2608, or by calling (800) 221-2608.

This page has been intentionally left blank

APPENDIX A

**GEOGRAPHIC, POLITICAL AND ECONOMIC DEVELOPMENTS IN
THE PEOPLE'S REPUBLIC OF CHINA**

The information set forth in this Appendix A has been extracted from various government, multi-national institutions and stock exchanges. The Fund, its Board and the Adviser make no representation as to the accuracy of the information, nor has the Fund or its Board attempted to verify the statistical information presented in this Appendix A. Furthermore, no representation is made that any correlation exists between China or its economy in general and the performance of the Fund.

Introduction

The People's Republic of China, or China, is located in Eastern Asia and borders North Korea and Vietnam. The total area of the country is approximately 9,596,961 square kilometers or slightly smaller than the United States. As of July 2009, the population of China is estimated to be about 1,338,612,968. 91.5 percent of the population is Han Chinese, while the remaining population is Zhuang, Uygur, Hui, Yi, Tibetan, Miao, Manchu, Mongol, Buyi, Korean or other nationalities.

Politics and Foreign Relations

China is a socialist state which since 1949 has been, and is expected to continue to be, controlled by the Communist Party of China and its present reforms, policies and regulatory climate may change without advance notice.

In 2008, Hu Jintao was elected President to serve for a second five year term and Wen Jiabao continued serving as Premier, having been nominated by President Hu Jintao in 2003. The State Council is appointed by the National People's Congress. China has a unicameral Congress called the National People's Congress or Quanguo Renmin Daibiao Dahui. The National People's Congress has 2,987 members who are elected by municipal, regional, provincial people's congresses and People's Liberation Army to serve five-year terms. China is made up of 23 provinces (including Taiwan), five autonomous regions (including Tibet) and five municipalities.

The Chinese Communist Party is the main political party in addition to eight smaller parties that are controlled by the Chinese Communist Party. The Chinese Communist Party is not opposed by any political group, although it has identified subversive groups, including the China Democracy Party and the Falungong spiritual movement. The Judicial Branch consists of the Supreme People's Court, Local Peoples Courts and Special Peoples Courts. The judges of the Supreme People's Court are appointed by the National People's Congress. The Local Peoples Court consists of higher, intermediate and basic courts while the Special Peoples Courts consists primarily of military, maritime, railway transport and forestry courts. The Chinese legal system is based on a civil law system influenced by Soviet and continental legal principles.

Economic System

Economic Structure. While China's economy has historically been a planned economy, since 1978 it has been transitioning to a more market-oriented economy. Government reforms have included phasing out of collectivized agriculture, liberalization of prices and state owned enterprises, creation of stock markets, and the opening of trade and investment to foreigners. Currently, these economic reform measures adopted by the Chinese government have had a positive effect on the economic development of China and have contributed to the tenfold increase in GDP since 1978. The Chinese government exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Recently, the Chinese government implemented a number of measures, such as placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposit rates.

Recent Economic Performance. Beginning in 2004, the Chinese government commenced the implementation of a number of measures to control inflation in China, which include the tightening of the money supply, the raising of

interest rates and more stringent controls over certain industries. The expansionary monetary stance since end 2008, however, has increased inflation expectations. According to the World Bank China Quarterly Update from June 2010, inflation has picked up somewhat, but core inflation remains low. Inflation is likely to remain contained this year by the absence of price pressures globally.

China's economic growth has remained strong. After bottoming out in early 2009 amidst the global economic crisis, sequential GDP growth was strong on the back of massive domestic policy stimulus, pushing GDP up 11.9 percent on a year ago in the first quarter of 2010. Leading indicators and industrial production data suggest some moderation (year on year) in the second quarter, to a still rapid pace. The China Quarterly Update reported modestly stronger than expected growth through March 2010, but predicts more pronounced deceleration in growth later in 2010. The report forecasts overall GDP growth of 9.5% for 2010 and 8.5% for 2011. *Source:*

(http://siteresources.worldbank.org/CHINAEXTN/Resources/318949-1268688634523/Quarterly_June_2010.pdf).

In terms of the overall turmoil in the global economy and the Eurozone sovereign debt crisis, the China Quarterly Update concludes that the renewed increase in risks to the global economy matters for China. However, sound macroeconomic fundamentals, absence of dependence on foreign capital flows and still binding capital controls mean that the impact of any potential global turmoil on China is likely limited to real economic impact via weaker trade. Domestically, the dynamics between economic developments and policy responses imply substantial risks and uncertainties, amplified by the types of instruments used, including with regard to the real estate sector. But, overall growth prospects remain solid and much less uncertain than a year ago. The risks related to rapidly rising housing prices have subsided because of the recent property tightening. Nonetheless, probably the most serious macroeconomic and financial risks are still those stemming from the monetary stimulus, including underlying pressure on asset prices, strains on local government finances, and nonperforming loans. Goods price inflation may rise if actual output continues to outgrow potential output. *Source:* (http://siteresources.worldbank.org/CHINAEXTN/Resources/318949-1268688634523/Quarterly_June_2010.pdf).

CHINA: KEY ECONOMIC INDICATORS

	2002 Year	2003 Year	2004 Year	2005 Year	2006 Year	2007 Year	2008 Year	2009f Year	Q1	2008				2008		2009	
										Q2	Q3	Q4	Nov	Dec	Jan	Feb	
Output, Employment and Prices																	
GDP (% change y-y)	9.1	10.0	10.1	10.4	11.6	11.9	9.0	6.5	10.6	10.1	9.0	6.8					
Industrial production index(1)	10.0	12.8	11.5	11.6	12.9	13.5	9.3	6.8	16.2	15.9	13.0	6.4	5.4	5.7	3.8	3.8	
Unemployment (%)(2)	4.0	4.3	4.2	4.2	4.1	4.0	4.2	5.0	4.0	4.0	4.0	4.2					
Real wages (% change y-y)	15.5	12.0	10.5	12.6	12.7	13.3											
Consumer price index (% change y-y)	0.8	1.2	3.9	1.8	1.5	4.8	5.9	0.5	6.9	8.4	9.7	2.5	2.4	1.2	1.0	-1.6	
Public Sector																	
Government balance (% GDP)	3.0	2.5	1.5	1.2	1.0	0.6	0.4	3.2									
Domestic public sector debt (% GDP)(3)	18.3	18.6	18.0	17.5	17.2	17.3	17.6	19.2									

Edgar Filing: SunOpta Inc. - Form 3

Foreign Trade, BOP and External Debt																
Trade balance (\$US billion)	44.1	44.8	59.0	102.1	177.5	262.0	297.3	327.3	41.4	58.2	83.3	114.3	40.1	39.0	39.1	4.8
Exports of goods (\$US billion)	325.6	438.4	593.4	762	969	1218	1429	1344	306	360	408	354	115	111	90	64
(% change y-y)(4)	22.4	34.6	35.4	28.4	27.2	25.7	17.3	-5.9	21.4	22.4	23.0	4.3	-2.2	-2.8	-17.5	-25.7
Key export (% change y-y)(5)	23.9	35.8	37.0	29.0	28.5	26.2	16.8		21.4	21.5	22.1	4.2	-2.3	-3.2	-17.4	
Imports of goods (\$US billion)	281.5	393.6	534.4	660	791	956	1131	1017	264	302	324	240	74	72	51	60
(% change y-y)(4)	21.2	39.8	35.8	17.7	19.9	20.8	18.4	-10.1	28.6	32.4	25.7	-8.9	-18.0	-21.3	43.1	-23.8
Current account balance (\$US billion)	35.4	45.9	68.7	160.8	253.3	371.8	416.0	425.0								
(% GDP)	2.4	2.8	3.6	7.2	9.5	11.0	9.6	8.8								
Foreign direct investment (US\$ billion)(6)	49.3	47.1	54.9	72.4	72.7	83.5	108.3	70.0	27.4	25.0	22.0	33.9	5.3	21.9	7.5	
External debt (\$US billion)	186.4	208.7	248.9	281.0	323.0	373.6										
(% GDP)	13.0	12.6	12.8	12.2	11.6	10.8										
Short-term debt (\$US billion)	65.7	88.1	115.8	156.1	183.6	220.1										
Debt service ratio																
(% exports of g&s)	7.8	7.1	3.3	3.1	2.1	2.0										
Foreign Exchange Reserves,																
gross (\$US billion)	292.0	409.2	615.5	822	1074	1533	1950	2376	1688	1815	1912	1952	1891	1952		
(months of imports of g&s)	10.5	10.6	12.0	14.9	16.3	19.2	19.6	25.8	19.2	18.0	17.7	24.4	25.3	27.1		
Financial Markets																
Domestic credit (% change y-y)	29.3	19.6	8.8	9.3	15.7	16.1	15.9		14.8	14.1	14.5	18.8	16.0	18.8	21.3	24.2
Short-term interest rate (% p.a.)(8)	2.7	2.7	3.3	3.3	3.3	3.3	2.8	3.3	4.1	4.1	4.1	2.8	3.1	2.8	2.8	2.8
Exchange rate (RMB/US\$, eop)	8.3	8.3	8.3	8.08	7.82	7.37	6.84	6.80	7.08	6.90	6.83	6.84	6.83	6.84	6.84	
Real effective exchange rate (2000=100)	101.9	95.2	92.7	98.7	97.2	98.8	111.6		99.4	101.0	108.7	110.5	113.2	110.5	110.1	
(% change y-y)	2.8	6.6	2.6	8.0	1.5	1.7	12.9		4.8	5.5	9.4	11.9	17.3	12.9	12.9	

Stock market index (Dec. 19, 1990=100)(9)	1358.0	1497.0	1266.5	1161	2675	5262	1821	3473	2736	2294	1821	1871	1821	1991	2083
Memo: Nominal GDP (US\$ billion)	1453.8	1641.0	1931.7	2303	2780	3461	4327	4803							

Source: World Bank Key Indicators, East Asia and Pacific Quarterly Update, April 2008 for years 2002 through 2004; East Asia and Pacific Update, April 2009 for years 005 through present

f = Forecast

(1) Annual data are not comparable with the quarterly and monthly data. Annual data cover all industrial enterprises while the quarterly and monthly ones only refer to those enterprises with sales value above RMB5 million.

(2) Official unemployment only, not including laid-off workers

(3) Includes treasury bond, policy financial bond and other financial bond (end-period outstanding)

(4) Nominal growth rate

(5) Manufactured exports

(6) Gross FDI

(7) The East Asia and Pacific Quarterly Update, December 2008, does not include this category.

(8) Central Bank loans to financial institutions, less than 20 days

(9) Shanghai Stock Exchange A-Share Price Composite

Inflation

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009f
Consumer Price Index	-1.4	0.4	0.7	-0.8	1.2	3.9	1.8	1.5	4.8	5.9	0.5

Source: USCBC, World Bank Key Indicators, East Asia and Pacific Quarterly Update, December 2008.

f = Forecast

Exchange Rates

Explanation of Responses:

Edgar Filing: SunOpta Inc. - Form 3

Since mid-2008, the value of China's currency, the renminbi (RMB), has been pegged to the dollar. However, in June 2010, the Chinese central bank announced that it would proceed further with reform of the currency, signaling a willingness to allow greater fluctuation in the RMB's value. *Source: (<http://www.nytimes.com/2010/06/20/business/global/20yuan.html?fta=y>).*

The table below shows annual average reference exchange rates for RMB from 2000-2008.

	2000	2001	2002	2003	2004	2005	2006	2007	2008
				(RMB per units of foreign currency)					
US(\$100)	827.84	827.70	827.70	827.70	827.68	819.17	797.18	760.40	694.51
HK(\$100)	106.18	106.08	106.07	106.24	106.23	105.30	102.62	97.46	89.19
JPY(¥100)	7.6864	6.8075	6.6237	7.1466	7.6552	7.4484	6.8570	6.4632	6.7427

Source: National Bureau of Statistics of China, China Statistical Yearbook 2009 (<http://www.stats.gov.cn/tjsj/ndsj/2009/indexeh.htm>).

As of December 1996, China has accepted the restrictions of Article VIII of the International Monetary Fund's Articles of Agreement, liberalizing foreign exchange in current account transactions. *Source: (Wenhua, Shan,*

The international law of EU investment in China, 9/22/02 Chinese J. Int'l L. 555 foreign exchange in China otherwise remains regulated.

Markets for Chinese Securities

The following table sets out the size of the Shanghai and Shenzhen Stock Exchanges as well as the Hong Kong Stock Exchange, Hong Kong Growth Enterprise Market and Hong Kong listed H-shares at December 31, 2009:

	No. of Listed Companies	No. of Newly Listed Companies in 2009	Market Cap (RMB Mil.)
China			
Shanghai Stock Exchange	870	9	18,465,522.6
Shenzhen Stock Exchange	830	90	5,928,389.3
(HK\$bn)			
Hong Kong			
Hong Kong Stock Exchange	1,145	58	17,769.3
Hong Kong Growth Enterprise Market	174	5	105.0
Hong Kong listed H-Shares	116	6	4,686.4

Source: CEIC, Hong Kong Exchanges and Clearing Limited, Hong Kong Exchange, World Federation of Exchanges.

The following table sets out the yearly closing value of indices for the A-share, B-share and H-share markets as well as the Hong Kong Stock Exchange for the last ten years.

Date	China A-Share(1) (RMB)	China B-Share(2) (RMB)	Hong Kong Stock Exchange(3) HK(\$)	Hong Kong Listed H-Share(4) HK(\$)
December 31, 2009	14706.9	4559.36	21872.5	12794.1
December 31, 2008	6907.07	2064.43	14387.5	7891.8
December 31, 2007	18658.2	5479.51	27812.7	16124.7
December 31, 2006	679.53	3824.76	19964.7	10340.4
December 31, 2005	3063.22	1523.06	14876.4	5330.34
December 31, 2004	3270.86	1620.22	14230.1	4741.32
December 31, 2003	3620.89	2071.25	12575.9	5020.18
December 31, 2002	3055.91	1142.21	9321.29	1990.44
December 31, 2001	3617.45	1574.59	11397.2	1757.75
December 31, 2000	5466.85	938.36	15095.5	1624.13
December 31, 1999	3898.37	559.96	16962.1	1972.6

Source: Bloomberg

- (1) Bloomberg, SIASA, SSE A-Share Index

- (2) Bloomberg, SIBSB, SSE B-Share Index

- (3) Bloomberg, HSI, Hang Seng Index; see also <http://www.hkex.com.hk/index.htm> for reference to index name.

- (4) Bloomberg, HSCEI, Hang Seng China ENT Index; see also <http://www.hkex.com.hk/index.htm> for reference to index name.

Background and Development

Currently, there are two stock exchanges in mainland China, the Shanghai and Shenzhen Stock Exchanges, and there is one stock exchange in Hong Kong, the Hong Kong Stock Exchange. The Shanghai and Shenzhen Stock Exchanges are supervised by the CSRC.

The Shanghai Securities Exchange commenced trading on December 19, 1990, the Shenzhen Stock Exchange commenced trading on July 3, 1991, and the Hong Kong Stock Exchange commenced trading on April 2, 1986. The mainland stock exchanges divide listed shares into two classes: A-shares and B-shares.

A-shares are traded in RMB on the Shenzhen and Shanghai Stock Exchanges. A-shares are issued by companies incorporated in mainland China. A-shares may only be purchased by domestic investors and Qualified Foreign Institutional Investors or QFIIs. QFIIs are large investment houses that must conform to strict requirements in order to qualify for the QFII status. For example, QFIIs must hold funds for a minimum of one year before they may be repatriated.

B-shares are traded in foreign currency on the Shenzhen and Shanghai Stock Exchanges. B-shares are issued by companies incorporated in mainland China. B-shares were originally intended to be available only to foreign investors or foreign institutions. However, since February 2001, B-shares have been available to domestic individual investors who trade through legal foreign currency accounts.

A-shares represent a common stock ownership interest in the issuer and are traded on the Shanghai and Shenzhen Stock Exchanges in Chinese currency. All repatriations of gains and income on A-shares require the approval of Chinese State Administration of Foreign Exchange (SAFE) and principal invested pursuant to the A-share Quota currently may not be repatriated for at least one year. B-shares are traded on the Shenzhen and Shanghai Stock Exchanges in Hong Kong dollars and U.S. dollars, respectively.

Edgar Filing: SunOpta Inc. - Form 3

H-shares are traded in Hong Kong dollars on the Hong Kong Stock Exchange. H-shares are issued by companies incorporated in mainland China which meet Hong Kong's listing and disclosure requirements in order to be listed on the Hong Kong Stock Exchange. H-shares may be traded by foreigners and domestic residents alike and are often the vehicle for extending a Chinese privatization to foreign investors. Chinese companies may list both A-shares and H-shares, but pricing may be inconsistent because they are not traded in the same currency and are not fungible.

Red Chip shares are traded in Hong Kong dollars on the Hong Kong Stock Exchange. Red Chip companies are incorporated outside mainland China, but often have a majority of their business interests in mainland China or are controlled by mainland Chinese interests, by way of direct or indirect shareholding and/or representation on the board of directors. Red Chips also may be traded by foreigners and domestic residents alike.

As of December 31, 2009, there were 870 companies listed on the Shanghai Stock Exchange and the market capitalization of the Shanghai market was approximately RMB18.5 trillion. As of December 31, 2009, there were 830 listed companies on the Shenzhen Stock Exchange and the market capitalization of the Shenzhen markets was approximately RMB5.9 trillion. As of December 31, 2009, there were 1,145 companies and 6,441 securities listed on the Hong Kong Stock Exchange with aggregate market capitalization of approximately HK\$17,874.3 billion, making it one of the largest stock markets in Asia. In 2009, average daily turnover as at [] on the Hong Kong Stock Exchange was approximately HK\$62,005.97 million.

A-6

Following China's accession to the World Trade Organization (WTO) in December 2001, China has begun to open its securities industry to foreign investors under its WTO commitment, permitting limited investment by QFIIs in mainland companies. Foreign ownership generally may not exceed one-third under the current rules and foreign-invested securities companies face restrictions under PRC law on the permitted scope of their operations.

In November 2002, the Interim Measures for the Administration of Securities Investment by Qualified Foreign Institutional Investors in China (the Interim Measures) were promulgated, which allows foreign investors to participate in the A-share market through QFIIs. In September 2006, these Interim Measures were superseded by the Measures of the Administration of Securities Investment by QFIIs in China. As of February 2009, 76 QFIIs have been granted investment quotas of a total of approximately US\$10 billion.

In 2005, the CSRC began a share reform process to convert formerly non-tradeable state-owned A-shares into tradeable shares. By the end of 2007, 1,298 listed companies on the Shanghai and Shenzhen exchanges, representing the vast majority of companies with non-tradeable shares, had completed the share reform process.

On April 16, 2010, the CSRC approved the launch of stock index futures trading based on the CSI 300 index, which tracks the Shanghai and Shenzhen markets. While QFIIs were originally excluded from participating in the Chinese stock index futures market, recent announcements by Chinese officials during the China-United States Strategic and Economic Dialogue indicate that QFIIs will be permitted, upon the promulgation of new rules, to invest in Chinese stock index futures.

Regulation

The State Council Securities Committee (SCSC) and the CSRC were established in 1992 to regulate the Chinese securities markets. The SCSC was made up of officials from various government ministries related to securities issuance and trading. Its purpose was to coordinate the ministries that issue securities, formulate policies and guidelines with respect to the securities markets, and promulgate rules and regulations governing the securities markets. The CSRC reported to the SCSC and was responsible for developing market rules and regulations, supervising securities firms (especially their proprietary trading activities, and listed companies as well as their issuance, and selling of securities to the public, and overseeing the overseas listing of domestic companies.

In April 1998, the SCSC was merged into the CSRC and the CSRC today is the sole government securities and futures market regulator. The responsibilities of the CSRC include controlling the issuance, trading, and clearing of stocks, convertible bonds, and mutual funds; approving the listing of corporate bonds; supervising the trading of listed state debt and corporate bonds; managing securities and futures exchanges; and overseeing the circulation of information on securities and futures. The CSRC also processes applications to license companies in the securities and futures industries and regulates how enterprises within China may directly or indirectly market their securities outside of China. Funds and other financial products issued by securities and mutual fund companies must also be reviewed and approved by the CSRC.

Sources: China Securities Regulatory Commission, China Capital Markets Development Report (January 2008)

(<http://www.csrc.gov.cn/n575458/n4001948/n4002195/n4004115/n11407936/n11407959.files/n11407958.pdf>); Economist Intelligence Unit, China Finance: Securities Markets Overview, Industry Briefing & Forecasts, August 20, 2007; US-China Business Council,

China Briefing Book

(http://www.uschina.org/public/china/govstructure/govstructure_part6/csrc.html).

A-7

APPENDIX B

**MORGAN STANLEY INVESTMENT MANAGEMENT
PROXY VOTING POLICY AND PROCEDURES**

I. POLICY STATEMENT

Morgan Stanley Investment Management's (MSIM) policy and procedures for voting proxies (Policy) with respect to securities held in the accounts of clients applies to those MSIM entities that provide discretionary investment management services and for which an MSIM entity has authority to vote proxies. This Policy is reviewed and updated as necessary to address new and evolving proxy voting issues and standards.

The MSIM entities covered by this Policy currently include the following: Morgan Stanley Investment Advisors Inc., Morgan Stanley AIP GP LP, Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Morgan Stanley Investment Management Company, Morgan Stanley Asset & Investment Trust Management Co., Limited, Morgan Stanley Investment Management Private Limited (each an MSIM Affiliate and collectively referred to as the MSIM Affiliates or as we below).

Each MSIM Affiliate will use its best efforts to vote proxies as part of its authority to manage, acquire and dispose of account assets. With respect to the MSIM registered management investment companies (collectively referred to herein as the MSIM Funds), each MSIM Affiliate will vote proxies under this Policy pursuant to authority granted under its applicable investment advisory agreement or, in the absence of such authority, as authorized by the Board of Directors/Trustees of the MSIM Funds. An MSIM Affiliate will not vote proxies if the named fiduciary for an ERISA account has reserved the authority for itself, or in the case of an account not governed by ERISA, the investment management or investment advisory agreement does not authorize the MSIM Affiliate to vote proxies. MSIM Affiliates will vote proxies in a prudent and diligent manner and in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which the MSIM Affiliates manage assets, consistent with the objective of maximizing long-term investment returns (Client Proxy Standard). In certain situations, a client or its fiduciary may provide an MSIM Affiliate with a proxy voting policy. In these situations, the MSIM Affiliate will comply with the client's policy.

Proxy Research Services RiskMetrics Group ISS Governance Services (ISS) and Glass Lewis (together with other proxy research providers as we may retain from time to time, the Research Providers) are independent advisers that specialize in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided include in-depth research, global issuer analysis, and voting recommendations. While we may review and utilize the recommendations of the Research Providers in making proxy voting decisions, we are in no way obligated to follow such recommendations. In addition to research, ISS provides vote execution, reporting, and recordkeeping services.

Voting Proxies for Certain Non-U.S. Companies Voting proxies of companies located in some jurisdictions, particularly emerging markets, may involve several problems that can restrict or prevent the ability to vote such proxies or entail significant costs. These problems include, but are not limited to: (i) proxy statements and ballots being written in a language other than English; (ii) untimely and/or inadequate notice of shareholder meetings; (iii) restrictions on the ability of holders outside the issuer's jurisdiction of organization to exercise votes; (iv) requirements to vote proxies in person; (v) the imposition of restrictions on the sale of the securities for a period of time in proximity to the shareholder meeting; and (vi) requirements to provide local agents with power of attorney to facilitate our voting instructions. As a result, we vote clients' non-U.S. proxies on a best efforts basis only, after weighing the costs and benefits of voting such proxies, consistent with the Client Proxy Standard. ISS has been retained to provide assistance in connection with voting non-U.S. proxies.

II. GENERAL PROXY VOTING GUIDELINES

To promote consistency in voting proxies on behalf of its clients, we follow this Policy (subject to any exception set forth herein). The Policy addresses a broad range of issues, and provides general voting parameters on proposals that arise most frequently. However, details of specific proposals vary, and those details affect particular voting

B-1

decisions, as do factors specific to a given company. Pursuant to the procedures set forth herein, we may vote in a manner that is not in accordance with the following general guidelines, provided the vote is approved by the Proxy Review Committee (see Section III for description) and is consistent with the Client Proxy Standard. Morgan Stanley AIP GP LP will follow the procedures as described in Appendix A.

We endeavor to integrate governance and proxy voting policy with investment goals, using the vote to encourage portfolio companies to enhance long-term shareholder value and to provide a high standard of transparency such that equity markets can value corporate assets appropriately.

We seek to follow the Client Proxy Standard for each client. At times, this may result in split votes, for example when different clients have varying economic interests in the outcome of a particular voting matter (such as a case in which varied ownership interests in two companies involved in a merger result in different stakes in the outcome). We also may split votes at times based on differing views of portfolio managers.

We may abstain on matters for which disclosure is inadequate.

A. Routine Matters.

We generally support routine management proposals. The following are examples of routine management proposals:

- Approval of financial statements and auditor reports if delivered with an unqualified auditor's opinion.
- General updating/corrective amendments to the charter, articles of association or bylaws, unless we believe that such amendments would diminish shareholder rights.
- Most proposals related to the conduct of the annual meeting, with the following exceptions. We generally oppose proposals that relate to the transaction of such other business which may come before the meeting, and open-ended requests for adjournment. However, where management specifically states the reason for requesting an adjournment and the requested adjournment would facilitate passage of a proposal that would otherwise be supported under this Policy (i.e. an uncontested corporate transaction), the adjournment request will be supported.

We generally support shareholder proposals advocating confidential voting procedures and independent tabulation of voting results.

B. Board of Directors.

Edgar Filing: SunOpta Inc. - Form 3

1. *Election of directors*: Votes on board nominees can involve balancing a variety of considerations. In balancing various factors in uncontested elections, we may take into consideration whether the company has a majority voting policy in place that we believe makes the director vote more meaningful. In the absence of a proxy contest, we generally support the board's nominees for director except as follows:

(a) We consider withholding support from or voting against interested directors if the company's board does not meet market standards for director independence, or if otherwise we believe board independence is insufficient. We refer to prevalent market standards as promulgated by a stock exchange or other authority within a given market (e.g., New York Stock Exchange or Nasdaq rules for most U.S. companies, and The Combined Code on Corporate Governance in the United Kingdom). Thus, for an NYSE company with no controlling shareholder, we would expect that at a minimum a majority of directors should be independent as defined by NYSE. Where we view market standards as inadequate, we may withhold votes based on stronger independence standards. Market standards notwithstanding, we generally do not view long board tenure alone as a basis to classify a director as non-independent, although lack of board turnover and fresh perspective can be a negative factor in voting on directors.

(i) At a company with a shareholder or group that controls the company by virtue of a majority economic interest in the company, we have a reduced expectation for board independence, although we believe the presence of independent directors can be helpful, particularly in staffing the audit committee, and at times we may withhold support from or vote against a nominee on the view the board or its committees are not sufficiently independent.

B-2

(ii) We consider withholding support from or voting against a nominee if he or she is affiliated with a major shareholder that has representation on a board disproportionate to its economic interest.

(b) Depending on market standards, we consider withholding support from or voting against a nominee who is interested and who is standing for election as a member of the company's compensation, nominating or audit committee.

(c) We consider withholding support from or voting against a nominee if we believe a direct conflict exists between the interests of the nominee and the public shareholders, including failure to meet fiduciary standards of care and/or loyalty. We may oppose directors where we conclude that actions of directors are unlawful, unethical or negligent. We consider opposing individual board members or an entire slate if we believe the board is entrenched and/or dealing inadequately with performance problems, and/or acting with insufficient independence between the board and management.

(d) We consider withholding support from or voting against a nominee standing for election if the board has not taken action to implement generally accepted governance practices for which there is a "bright line" test. For example, in the context of the U.S. market, failure to eliminate a dead hand or slow hand poison pill would be seen as a basis for opposing one or more incumbent nominees.

(e) In markets that encourage designated audit committee financial experts, we consider voting against members of an audit committee if no members are designated as such. We also may not support the audit committee members if the company has faced financial reporting issues and/or does not put the auditor up for ratification by shareholders.

(f) We believe investors should have the ability to vote on individual nominees, and may abstain or vote against a slate of nominees where we are not given the opportunity to vote on individual nominees.

(g) We consider withholding support from or voting against a nominee who has failed to attend at least 75% of the nominee's board and board committee meetings within a given year without a reasonable excuse. We also consider opposing nominees if the company does not meet market standards for disclosure on attendance.

(h) We consider withholding support from or voting against a nominee who appears overcommitted, particularly through service on an excessive number of boards. Market expectations are incorporated into this analysis; for U.S. boards, we generally oppose election of a nominee who serves on more than six public company boards (excluding investment companies).

2. *Discharge of directors' duties:* In markets where an annual discharge of directors' responsibility is a routine agenda item, we generally support such discharge. However, we may vote against discharge or abstain from voting where there are serious findings of fraud or other unethical behavior for which the individual bears responsibility. The annual discharge of responsibility represents shareholder approval of actions taken by the board during the year and may make future shareholder action against the board difficult to pursue.

Edgar Filing: SunOpta Inc. - Form 3

3. *Board independence:* We generally support U.S. shareholder proposals requiring that a certain percentage (up to 66²/₃%) of the company's board members be independent directors, and promoting all-independent audit, compensation and nominating/governance committees.

4. *Board diversity:* We consider on a case-by-case basis shareholder proposals urging diversity of board membership with respect to social, religious or ethnic group.

5. *Majority voting:* We generally support proposals requesting or requiring majority voting policies in election of directors, so long as there is a carve-out for plurality voting in the case of contested elections.

6. *Proxy access:* We consider on a case-by-case basis shareholder proposals to provide procedures for inclusion of shareholder nominees in company proxy statements.

B-3

7. *Proposals to elect all directors annually*: We generally support proposals to elect all directors annually at public companies (to declassify the Board of Directors) where such action is supported by the board, and otherwise consider the issue on a case-by-case basis based in part on overall takeover defenses at a company.

8. *Cumulative voting*: We generally support proposals to eliminate cumulative voting in the U.S. market context. (Cumulative voting provides that shareholders may concentrate their votes for one or a handful of candidates, a system that can enable a minority bloc to place representation on a board.) U.S. proposals to establish cumulative voting in the election of directors generally will not be supported.

9. *Separation of Chairman and CEO positions*: We vote on shareholder proposals to separate the Chairman and CEO positions and/or to appoint a non-executive Chairman based in part on prevailing practice in particular markets, since the context for such a practice varies. In many non-U.S. markets, we view separation of the roles as a market standard practice, and support division of the roles in that context.

10. *Director retirement age and term limits*: Proposals recommending set director retirement ages or director term limits are voted on a case-by-case basis.

11. *Proposals to limit directors' liability and/or broaden indemnification of officers and directors*. Generally, we will support such proposals provided that an individual is eligible only if he or she has not acted in bad faith, gross negligence or reckless disregard of their duties.

C. Statutory auditor boards.

The statutory auditor board, which is separate from the main board of directors, plays a role in corporate governance in several markets. These boards are elected by shareholders to provide assurance on compliance with legal and accounting standards and the company's articles of association. We generally vote for statutory auditor nominees if they meet independence standards. In markets that require disclosure on attendance by internal statutory auditors, however, we consider voting against nominees for these positions who failed to attend at least 75% of meetings in the previous year. We also consider opposing nominees if the company does not meet market standards for disclosure on attendance.

D. Corporate transactions and proxy fights.

We examine proposals relating to mergers, acquisitions and other special corporate transactions (i.e., takeovers, spin-offs, sales of assets, reorganizations, restructurings and recapitalizations) on a case-by-case basis in the interests of each fund or other account. Proposals for mergers or other significant transactions that are friendly and approved by the Research Providers usually are supported if there is no portfolio manager objection. We also analyze proxy contests on a case-by-case basis.

E. Changes in capital structure.

1. We generally support the following:

- Management and shareholder proposals aimed at eliminating unequal voting rights, assuming fair economic treatment of classes of shares we hold.

- Management proposals to increase the authorization of existing classes of common stock (or securities convertible into common stock) if: (i) a clear business purpose is stated that we can support and the number of shares requested is reasonable in relation to the purpose for which authorization is requested; and/or (ii) the authorization does not exceed 100% of shares currently authorized and at least 30% of the total new authorization will be outstanding. (We consider proposals that do not meet these criteria on a case-by-case basis.)

- Management proposals to create a new class of preferred stock or for issuances of preferred stock up to 50% of issued capital, unless we have concerns about use of the authority for anti-takeover purposes.

B-4

- Management proposals to authorize share repurchase plans, except in some cases in which we believe there are insufficient protections against use of an authorization for anti-takeover purposes.
- Management proposals to reduce the number of authorized shares of common or preferred stock, or to eliminate classes of preferred stock.
- Management proposals to effect stock splits.
- Management proposals to effect reverse stock splits if management proportionately reduces the authorized share amount set forth in the corporate charter. Reverse stock splits that do not adjust proportionately to the authorized share amount generally will be approved if the resulting increase in authorized shares coincides with the proxy guidelines set forth above for common stock increases.
- Management dividend payout proposals, except where we perceive company payouts to shareholders as inadequate.

2. We generally oppose the following (notwithstanding management support):

- Proposals to add classes of stock that would substantially dilute the voting interests of existing shareholders./
- Proposals to increase the authorized or issued number of shares of existing classes of stock that are unreasonably dilutive, particularly if there are no preemptive rights for existing shareholders. However, depending on market practices, we consider voting for proposals giving general authorization for issuance of shares not subject to pre-emptive rights if the authority is limited.
- Proposals that authorize share issuance at a discount to market rates, except where authority for such issuance is de minimis, or if there is a special situation that we believe justifies such authorization (as may be the case, for example, at a company under severe stress and risk of bankruptcy).
- Proposals relating to changes in capitalization by 100% or more.

We consider on a case-by-case basis shareholder proposals to increase dividend payout ratios, in light of market practice and perceived market weaknesses, as well as individual company payout history and current circumstances. For example, currently we perceive low payouts to shareholders as a concern at some Japanese companies, but may deem a low payout ratio as appropriate for a growth company making good use of its cash, notwithstanding the broader market concern.

F. Takeover Defenses and Shareholder Rights.

1. *Shareholder rights plans*: We generally support proposals to require shareholder approval or ratification of shareholder rights plans (poison pills). In voting on rights plans or similar takeover defenses, we consider on a case-by-case basis whether the company has demonstrated a need for the defense in the context of promoting long-term share value; whether provisions of the defense are in line with generally accepted governance principles in the market (and specifically the presence of an adequate qualified offer provision that would exempt offers meeting certain conditions from the pill); and the specific context if the proposal is made in the midst of a takeover bid or contest for control.

2. *Supermajority voting requirements*: We generally oppose requirements for supermajority votes to amend the charter or bylaws, unless the provisions protect minority shareholders where there is a large shareholder. In line with this view, in the absence of a large shareholder we support reasonable shareholder proposals to limit such supermajority voting requirements.

3. *Shareholder rights to call meetings*: We consider proposals to enhance shareholder rights to call meetings on a case-by-case basis.

B-5

4. *Reincorporation*: We consider management and shareholder proposals to reincorporate to a different jurisdiction on a case-by-case basis. We oppose such proposals if we believe the main purpose is to take advantage of laws or judicial precedents that reduce shareholder rights.

5. *Anti-greenmail provisions*: Proposals relating to the adoption of anti-greenmail provisions will be supported, provided that the proposal: (i) defines greenmail; (ii) prohibits buyback offers to large block holders (holders of at least 1% of the outstanding shares and in certain cases, a greater amount, as determined by the Proxy Review Committee) not made to all shareholders or not approved by disinterested shareholders; and (iii) contains no anti-takeover measures or other provisions restricting the rights of shareholders.

6. *Bundled proposals*: We may consider opposing or abstaining on proposals if disparate issues are bundled and presented for a single vote.

G. Auditors.

We generally support management proposals for selection or ratification of independent auditors. However, we may consider opposing such proposals with reference to incumbent audit firms if the company has suffered from serious accounting irregularities and we believe rotation of the audit firm is appropriate, or if fees paid to the auditor for non-audit-related services are excessive. Generally, to determine if non-audit fees are excessive, a 50% test will be applied (i.e., non-audit-related fees should be less than 50% of the total fees paid to the auditor). We generally vote against proposals to indemnify auditors.

H. Executive and Director Remuneration.

1. We generally support the following:

- Proposals for employee equity compensation plans and other employee ownership plans, provided that our research does not indicate that approval of the plan would be against shareholder interest. Such approval may be against shareholder interest if it authorizes excessive dilution and shareholder cost, particularly in the context of high usage (run rate) of equity compensation in the recent past; or if there are objectionable plan design and provisions.
- Proposals relating to fees to outside directors, provided the amounts are not excessive relative to other companies in the country or industry, and provided that the structure is appropriate within the market context. While stock-based compensation to outside directors is positive if moderate and appropriately structured, we are wary of significant stock option awards or other performance-based awards for outside directors, as well as provisions that could result in significant forfeiture of value on a director's decision to resign from a board (such forfeiture can undercut director independence).
- Proposals for employee stock purchase plans that permit discounts up to 15%, but only for grants that are part of a broad-based employee plan, including all non-executive employees.

- Proposals for the establishment of employee retirement and severance plans, provided that our research does not indicate that approval of the plan would be against shareholder interest.

2. We generally oppose retirement plans and bonuses for non-executive directors and independent statutory auditors.

3. Shareholder proposals requiring shareholder approval of all severance agreements will not be supported, but proposals that require shareholder approval for agreements in excess of three times the annual compensation (salary and bonus) generally will be supported. We generally oppose shareholder proposals that would establish arbitrary caps on pay. We consider on a case-by-case basis shareholder proposals that seek to limit Supplemental Executive Retirement Plans (SERPs), but support such proposals where we consider SERPs to be excessive.

4. Shareholder proposals advocating stronger and/or particular pay-for-performance models will be evaluated on a case-by-case basis, with consideration of the merits of the individual proposal within the context of the particular

company and its labor markets, and the company's current and past practices. While we generally support emphasis on long-term components of senior executive pay and strong linkage of pay to performance, we consider whether a proposal may be overly prescriptive, and the impact of the proposal, if implemented as written, on recruitment and retention.

5. We consider shareholder proposals for U.K.-style advisory votes on pay on a case-by-case basis.

6. We generally support proposals advocating reasonable senior executive and director stock ownership guidelines and holding requirements for shares gained in executive equity compensation programs.

7. We generally support shareholder proposals for reasonable claw-back provisions that provide for company recovery of senior executive bonuses to the extent they were based on achieving financial benchmarks that were not actually met in light of subsequent restatements.

8. Management proposals effectively to re-price stock options are considered on a case-by-case basis. Considerations include the company's reasons and justifications for a re-pricing, the company's competitive position, whether senior executives and outside directors are excluded, potential cost to shareholders, whether the re-pricing or share exchange is on a value-for-value basis, and whether vesting requirements are extended.

I. Social, Political and Environmental Issues.

We consider proposals relating to social, political and environmental issues on a case-by-case basis to determine likely financial impacts on shareholder value, balancing concerns on reputational and other risks that may be raised in a proposal against costs of implementation. We may abstain from voting on proposals that do not have a readily determinable financial impact on shareholder value. While we support proposals that we believe will enhance useful disclosure, we generally vote against proposals requesting reports that we believe are duplicative, related to matters not material to the business, or that would impose unnecessary or excessive costs. We believe that certain social and environmental shareholder proposals may intrude excessively on management prerogatives, which can lead us to oppose them.

J. Fund of Funds.

Certain Funds advised by an MSIM Affiliate invest only in other MSIM Funds. If an underlying fund has a shareholder meeting, in order to avoid any potential conflict of interest, such proposals will be voted in the same proportion as the votes of the other shareholders of the underlying fund, unless otherwise determined by the Proxy Review Committee.

III. ADMINISTRATION OF POLICY

Edgar Filing: SunOpta Inc. - Form 3

The MSIM Proxy Review Committee (the Committee) has overall responsibility for the Policy. The Committee, which is appointed by MSIM's Chief Investment Officer of Global Equities (CIO) or senior officer, consists of senior investment professionals who represent the different investment disciplines and geographic locations of the firm, and is chaired by the director of the Corporate Governance Team (CGT). Because proxy voting is an investment responsibility and impacts shareholder value, and because of their knowledge of companies and markets, portfolio managers and other members of investment staff play a key role in proxy voting, although the Committee has final authority over proxy votes.

The CGT Director is responsible for identifying issues that require Committee deliberation or ratification. The CGT, working with advice of investment teams and the Committee, is responsible for voting on routine items and on matters that can be addressed in line with these Policy guidelines. The CGT has responsibility for voting case-by-case where guidelines and precedent provide adequate guidance.

The Committee will periodically review and have the authority to amend, as necessary, the Policy and establish and direct voting positions consistent with the Client Proxy Standard.

B-7

CGT and members of the Committee may take into account Research Providers' recommendations and research as well as any other relevant information they may request or receive, including portfolio manager and/or analyst comments and research, as applicable. Generally, proxies related to securities held in accounts that are managed pursuant to quantitative, index or index-like strategies (" Index Strategies ") will be voted in the same manner as those held in actively managed accounts, unless economic interests of the accounts differ. Because accounts managed using Index Strategies are passively managed accounts, research from portfolio managers and/or analysts related to securities held in these accounts may not be available. If the affected securities are held only in accounts that are managed pursuant to Index Strategies, and the proxy relates to a matter that is not described in this Policy, the CGT will consider all available information from the Research Providers, and to the extent that the holdings are significant, from the portfolio managers and/or analysts.

A. Committee Procedures

The Committee meets at least annually to review and consider changes to the Policy. The Committee will appoint a subcommittee (the Subcommittee) to meet as needed between Committee meetings to address any outstanding issues relating to the Policy or its implementation.

The Subcommittee will meet on an ad hoc basis to (among other functions): (1) monitor and ratify split voting (i.e., allowing certain shares of the same issuer that are the subject of the same proxy solicitation and held by one or more MSIM portfolios to be voted differently than other shares) and/or override voting (i.e., voting all MSIM portfolio shares in a manner contrary to the Policy); (2) review and approve upcoming votes, as appropriate, for matters as requested by CGT.

The Committee reserves the right to review voting decisions at any time and to make voting decisions as necessary to ensure the independence and integrity of the votes. The Committee or the Subcommittee are provided with reports on at least a monthly basis detailing specific key votes cast by CGT.

B. Material Conflicts of Interest

In addition to the procedures discussed above, if the CGT Director determines that an issue raises a material conflict of interest, the CGT Director will request a special committee to review, and recommend a course of action with respect to, the conflict(s) in question (" Special Committee ").

A potential material conflict of interest could exist in the following situations, among others:

1. The issuer soliciting the vote is a client of MSIM or an affiliate of MSIM and the vote is on a matter that materially affects the issuer.
2. The proxy relates to Morgan Stanley common stock or any other security issued by Morgan Stanley or its affiliates except if echo voting is used, as with MSIM Funds, as described herein.

3. Morgan Stanley has a material pecuniary interest in the matter submitted for a vote (e.g., acting as a financial advisor to a party to a merger or acquisition for which Morgan Stanley will be paid a success fee if completed).

If the CGT Director determines that an issue raises a potential material conflict of interest, depending on the facts and circumstances, the issue will be addressed as follows:

1. If the matter relates to a topic that is discussed in this Policy, the proposal will be voted as per the Policy.

2. If the matter is not discussed in this Policy or the Policy indicates that the issue is to be decided case-by-case, the proposal will be voted in a manner consistent with the Research Providers, provided that all the Research Providers have the same recommendation, no portfolio manager objects to that vote, and the vote is consistent with MSIM's Client Proxy Standard.

3. If the Research Providers' recommendations differ, the CGT Director will refer the matter to the Subcommittee or a Special Committee to vote on the proposal, as appropriate.

The Special Committee shall be comprised of the CGT Director, the Chief Compliance Officer or his/her designee, a senior portfolio manager (if practicable, one who is a member of the Proxy Review Committee) designated by the Proxy Review Committee, and MSIM's relevant Chief Investment Officer or his/her designee, and any other persons deemed necessary by the CGT Director. The CGT Director may request non-voting participation by MSIM's General Counsel or his/her designee. In addition to the research provided by Research Providers, the Special Committee may request analysis from MSIM Affiliate investment professionals and outside sources to the extent it deems appropriate.

C. Proxy Voting Reporting

The CGT will document in writing all Committee, Subcommittee and Special Committee decisions and actions, which documentation will be maintained by the CGT for a period of at least six years. To the extent these decisions relate to a security held by an MSIM Fund, the CGT will report the decisions to each applicable Board of Trustees/Directors of those Funds at each Board's next regularly scheduled Board meeting. The report will contain information concerning decisions made during the most recently ended calendar quarter immediately preceding the Board meeting.

MSIM will promptly provide a copy of this Policy to any client requesting it. MSIM will also, upon client request, promptly provide a report indicating how each proxy was voted with respect to securities held in that client's account.

MSIM's Legal Department is responsible for filing an annual Form N-PX on behalf of each MSIM Fund for which such filing is required, indicating how all proxies were voted with respect to such Fund's holdings.

[APPENDIX A and APPENDIX B of the Proxy Voting Policy intentionally omitted.]

Revised February 25, 2009

Morgan Stanley China A Share Fund, Inc.

PART C OTHER INFORMATION

Item 25. Financial Statements and Exhibits

- (1) Financial Statements:
Included in Part A:
Not applicable.
- Included in Part B:
Portfolio of Investments at December 31, 2009.
Statement of Assets and Liabilities at December 31, 2009.
Statement of Operations for the fiscal year ended December 31, 2009.
Statements of Changes in Net Assets for the fiscal year ended December 31, 2008 and the fiscal year ended December 31, 2009.
Financial Highlights.
Notes to Financial Statements.
Report of Independent Registered Public Accounting Firm, dated December 31, 2009.

[To be Incorporated by reference] from the Fund's Annual Report for the Year Ended December 31, 2009 filed on March 8, 2010.

- (2) Exhibits:
- (a) Articles of Amendment and Restatement**
- (b) Amended and Restated Bylaws**
- (c) Not applicable
- (d) (1) Form of Subscription Certificate*****
(2) Form of Notice of Guaranteed Delivery*****
- (e) Dividend Reinvestment Plan**
- (f) Not applicable
- (g) (1) Investment Advisory Agreement*
(2) Sub-Advisory Agreement*****
- (h) Not applicable
- (i) Not applicable
- (j) (1) Custody Agreement***
- (k) (1) Transfer Agency and Service Agreement*
(2) Administration Agreement*
(3) Form of Information Agent Agreement*****

Explanation of Responses:

(5)

Form of Subscription Agent Agreement*****

- (l) (1) Opinion and Consent of Dechert LLP*****
- (2) Opinion and Consent of Ballard Spahr Andrews & Ingersoll, LLP*****
- (3) Form of Opinion of TianYuan Law Firm, Chinese Counsel to the Fund**
- (m) Not applicable
- (n) (1) Consent of Independent Registered Public Accounting Firm*****
- (2) Consent of [], Chinese Counsel for the Fund*****
- (o) Not applicable
- (p) Not applicable
- (q) Not applicable
- (r) (1) Code of Ethics of Morgan Stanley Investment Management****
- (2) Code of Ethics of the Morgan Stanley Funds**
- (s) Powers of Attorney*****

-
- * Incorporated by reference from Pre-Effective Amendment No. 2 to the Fund's Registration Statement on Form N-2, filed on September 26, 2006.
 - ** Incorporated by reference from Pre-Effective Amendment No. 1 to the Fund's Registration Statement on Form N-2, filed on September 19, 2006.
 - *** Incorporated herein by reference to Exhibit (g)(1) to Post-Effective Amendment No. 84 to the Registration Statement on Form N-1A of Morgan Stanley Institutional Fund, Inc. filed on April 29, 2010.
 - **** Incorporated by reference from Pre-Effective Amendment No. 1 to the Fund's Registration Statement on Form N-2, filed on May 15, 2009.
 - ***** Filed herewith.
 - ***** To be filed by amendment.

Item 26. Marketing Arrangements

See Exhibit 2(h)(1) to this Registration Statement.

Item 27. Other Expenses of Issuance and Distribution

The following table sets forth the estimated expenses to be incurred in connection with the offering described in this Registration Statement.

U.S Securities and Exchange Commission Registration fees	\$	[•]
New York Stock Exchange listing fee		[•]
Printing		[•]
Auditing and accounting fees and expenses		[•]
Legal fees and expenses		[•]
Transfer Agent fees and expenses		[•]
National Association of Securities Dealers, Inc. fee		[•]
Miscellaneous		[•]

Total \$ [•]

Item 28. Persons Controlled by or Under Common Control

Not applicable.

Item 29. Number of Holders of Securities (as of [•], 2010)

Title of Class	Number of Record Holders
Shares of Common Stock, \$0.01 par value	[•]

Item 30. Indemnification

Section 2-418 of the Maryland General Corporation Law, Article SEVENTH of the Fund’s Charter, Article VII of the Fund’s Amended and Restated Bylaws, the Investment Advisory Agreement and the Administration Agreement provide for the indemnification of directors and officers of the Fund to the maximum extent permitted by Maryland Law, subject to the requirements of the Investment Company Act of 1940, as amended (the 1940 Act).

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment and which is material to the cause of action. The Fund’s Charter contains such a provision which eliminates directors’ and officers’ liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

The Registrant has agreed to indemnify the Underwriter of the Registrant’s common stock to the extent set forth in Exhibit (h)(1) to this Registration Statement.

Item 31. Business and Other Connections of Investment Adviser

The description of the business of Morgan Stanley Investment Management Inc. is set forth under the caption Management of the Fund in the Prospectus forming part of this Registration Statement.

The information as to the directors and officers of Morgan Stanley Investment Management Inc. set forth in Morgan Stanley Investment Management Inc.’s Form ADV filed with the Securities and Exchange Commission on December 15, 1981 (File No. 801-15757) and as amended through the date hereof is incorporated herein by reference.

Item 32. Location of Accounts and Records

All accounts, books and other documents required to be maintained by Section 31(a) of the 1940 Act, and the rules thereunder, are maintained at the offices of:

Explanation of Responses:

Edgar Filing: SunOpta Inc. - Form 3

- (1) the Registrant, Morgan Stanley China A Share Fund, Inc., c/o Morgan Stanley Investment Management Inc., 522 Fifth Avenue, New York, New York 1006;
- (2) State Street Bank and Trust Company is One Lincoln Street, Boston, MA 02111-2101 (records relating to its function as custodian);
- (3) HSBC Bank (China) Company Limited, HSBC Building, No. 101 of Yin Chang East Road, Pudong District, Shanghai, China (records relating to its function as custodian);
- (4) Morgan Stanley Services Company Inc., Harborside Financial Center, Plaza Two, 2nd Floor, Jersey City, New Jersey 07311 (records relating to its function as transfer agent and dividend disbursing agent); and
- (5) Morgan Stanley Investment Management Inc., 522 Fifth Avenue, New York, New York 10036 (records relating to its function as investment adviser).

Item 33. Management Services

Not applicable.

Item 34. Undertakings

- (1) Registrant undertakes to suspend the offering of its shares until it amends its prospectus if:
- (a) subsequent to the effective date of this Registration Statement, the net asset value per share declines more than 10% from its net asset value per share as of the effective date of this Registration Statement; or
 - (b) the net asset value increases to an amount greater than its net proceeds as stated in the Prospectus.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) The Registrant undertakes that:
- (a) for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective; and
 - (b) for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.
 - (c) Not applicable.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 1st day of July, 2010.

MORGAN STANLEY CHINA A SHARE FUND, INC.

By: /s/ Randy Takian
Randy Takian
President and Principal Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
(1) Principal Executive Officer		
/s/ Randy Takian Randy Takian	President and Principal Executive Officer	July 1, 2010
(2) Principal Financial Officer		
/s/ Francis J. Smith Francis J. Smith	Treasurer and Principal Financial Officer	July 1, 2010
(3) Majority of the Directors		
<u>INDEPENDENT DIRECTORS</u>		
Frank L. Bowman	Michael F. Klein	
Michael Bozic	Michael E. Nugent	
Kathleen A. Dennis	W. Allen Reed	
Manuel H. Johnson	Fergus Reid	
Joseph J. Kearns		
/s/ Carl Frischling By: Carl Frischling Attorney-In-Fact for the Independent Directors		July 1, 2010
<u>INTERESTED DIRECTOR</u>		
James F. Higgins		
/s/ Stefanie V. Chang Yu By: Stefanie V. Chang Yu Attorney-In-Fact for the		July 1, 2010

Interested Director

7

EXHIBIT INDEX

Exhibit No.	Description
(g) (2)	Sub-Advisory Agreement
(s)	Powers of Attorney
