

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SINO-FOREST CORPORATION**

Court File No.: CV-11-431153-00CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

**THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND
EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF
OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING
ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT
and ROBERT WONG**

Plaintiffs

- and -

**SINO-FOREST CORPORATION, ERNST & YOUNG LLP, BDO LIMITED (formerly
known as BDO MCCABE LO LIMITED), ALLEN T.Y. CHAN, W. JUDSON MARTIN,
KAI KIT POON, DAVID J. HORSLEY, WILLIAM E. ARDELL, JAMES P. BOWLAND,
JAMES M.E. HYDE, EDMUND MAK, SIMON MURRAY, PETER WANG, GARRY J.
WEST, PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE
SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES
CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC
WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD
FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE
SECURITIES (USA) LLC and MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED (successor by merger to Banc of America Securities LLC)**

Defendants

Proceeding under the *Class Proceedings Act*, 1992

AFFIDAVIT OF MIKE P. DEAN

I, Mike P. Dean, of City of Markham, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Senior Vice-President of Ernst & Young, Inc., which entity is licensed as a corporate trustee in bankruptcy. By virtue of that position, I am also a partner in Ernst & Young LLP. I am a Chartered Accountant, a licenced Trustee in Bankruptcy and a chartered insolvency and restructuring professional.
2. In my more than 15 years of professional restructuring and insolvency experience, I have had carriage of numerous engagements in which Ernst & Young Inc. acted as court-appointed monitor in CCAA proceedings supervised by this Honourable Court (among others), or was appointed under the *Bankruptcy and Insolvency Act* (“BIA”) as a trustee, and I have advised debtors, creditors and other stakeholders with respect to Canadian and cross-border restructuring and financing issues as well as in respect of investigations of offences under the *BIA* and other federal and provincial statutes, all in a variety of industries. Past engagements have included the Royal Crest Group, the asset-backed commercial paper (ABCP) restructuring (involving liabilities with a combined face value of approximately \$32 billion), JTI-MacDonald, Bell Canada International, Slater Steel, Oxford Automotive and Laidlaw, among others. In my capacity as an insolvency and restructuring specialist, I have been involved in this matter on behalf of Ernst & Young LLP as a creditor of Sino-Forest Corporation (“Sino-Forest”).
3. I am not an audit partner of Ernst & Young LLP. I do not practise as an auditor.
4. Where my statements are based upon my information and belief, I believe such statements to be true and I have stated below the source for my information and belief.

5. I have read the affidavit of Charles Wright sworn in these proceedings on January 10, 2013 in support of this motion to approve the Ernst & Young Settlement (the “Wright Affidavit”).

Nature of the Motion

6. The Ad Hoc Committee of Purchasers of the Applicant’s Securities, including the plaintiffs in the action commenced against Sino-Forest in the Ontario Superior Court of Justice bearing (Toronto) Court File No. CV-11-431153-CP (the “Ontario Plaintiffs” and the “Ontario Class Action”, respectively) bring this motion to approve the Ernst & Young Settlement. The Ernst & Young Settlement is defined in the Plan of Compromise and Reorganization of the Applicant under the CCAA dated December 3, 2012 (the “Plan”), which was approved by order of this Honourable Court dated December 10, 2012 (the “Sanction Order”).

7. The Ernst & Young Settlement includes the provisions at Article 11.1 of the Plan and contemplates the release sought on this motion of all claims against Ernst & Young LLP, Ernst & Young Global Limited and any of its member firms, and any person or entity affiliated with or connected thereto (“Ernst & Young”, as more fully defined in the Plan), including all claims that have been asserted or that could have been asserted against Ernst & Young in these class proceedings (the “Ernst & Young Claims” and the “Ernst & Young Release”, as more fully defined in the Plan).

Ernst & Young

8. Ernst & Young LLP is a firm of chartered accountants carrying on business in Canada as a limited liability partnership. Ernst & Young LLP delivered auditors’ reports with respect to the consolidated financial statements of Sino-Forest Corporation (“Sino-Forest”, the “Applicant” or the “Company”) for fiscal years ended December 31, 2007 through 2010 inclusive, and with

respect to the consolidated financial statements of two of Sino-Forest's subsidiaries (Sino-Wood Partners, Limited and Sino-Panel (Asia) Inc.) for fiscal years ended December 31, 2007 and 2008.

9. From time to time, Ernst & Young LLP consented to the incorporation by reference of its auditors' reports with respect to the consolidated financial statements of Sino-Forest in certain prospectuses and debt offering memoranda of the Company. In addition to audit services, Ernst & Young LLP also provided other professional services to Sino-Forest and its direct and indirect subsidiaries (the "Sino-Forest Subsidiaries"). Ernst & Young LLP resigned as Sino-Forest's auditor effective April 4, 2012.

The Class Actions

10. I am familiar with various class actions involving Sino-Forest where Ernst & Young is also a defendant and the allegations made by the proposed representative plaintiffs (the "Class Actions"). I adopt the statements in the Wright Affidavit in paragraphs 30, 32-37 and 41, describing the Class Actions and to the best of my information and belief believe them to be true.

Sino-Forest Insolvency Proceedings

11. On March 30, 2012, in part due to the Class Actions, Sino-Forest sought and obtained protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") (the "Initial Order") and currently remains in CCAA insolvency proceedings in the Ontario Superior Court of Justice (the "CCAA Proceeding"). The Initial Order made in the CCAA Proceeding dated March 30, 2012, stayed the Class Actions against the company, its subsidiaries and its directors and officers.

12. On May 8, 2012, this Honourable Court made a further order, unopposed, that the stay extends to all third party defendants to the Class Actions, including Ernst & Young (the "Third

Party Stay Order”), so that all stakeholders could focus on Sino-Forest’s restructuring. The stay as against all parties has been extended from time to time. As a result, the Ontario Class Action and the Quebec Class Action are stayed as against all defendants, with one narrow exception being that the May 8, 2012 order permitted the proposed representative plaintiffs in Ontario and Quebec to proceed with certain motions relating to Pöyry (Beijing) Consulting Company and a proposed settlement with that party and related entities. Attached hereto as **Exhibit “A”** and **Exhibit “B”** are copies of the Initial Order and the Third Party Stay Order.

13. On May 14, 2012, this Honourable Court granted a claims procedure order (the “Claims Procedure Order”) in the CCAA Proceeding. The motion for the Claims Procedure Order proceeded on an unopposed basis following extensive discussions amongst the stakeholders including the Company, Ernst & Young, the Ontario Plaintiffs and the other third party defendants including the syndicate of underwriters for Sino-Forest’s various debt and equity offerings (the “Underwriters”) and Sino-Forest’s previous auditors, BDO Limited (“BDO”).

14. I am informed by counsel to Ernst & Young that Ernst & Young agreed, following extensive negotiations with the Applicant, the Monitor, the Ad Hoc Committee of Noteholders of Sino-Forest (the “Noteholders”) and other stakeholders, not to oppose the Claims Procedure Order on the basis that it provided for a full claims process in the CCAA Proceedings. The Claims Procedure Order provided for a claims bar date pursuant to which any party wishing to file a proof of claim was required to do so. The Claims Procedure Order called for claims against Sino-Forest and (although they were not Applicants) the Sino-Forest Subsidiaries (“Sino-Forest Proof of Claim”) and separately for claims against the directors and officers of Sino-Forest (“D&O Proof of Claim”, together with the Sino-Forest Proof of Claim, the “Proofs of Claim”).

Ernst & Young Proofs of Claim and Other Claims

15. Ernst & Young filed Proofs of Claim pursuant to the Claims Procedure Order and claimed as against each of Sino-Forest, the Sino-Forest Subsidiaries, and the directors and officers of each for:

- (a) Damages for:
 - (i) Breach of contract;
 - (ii) Negligent misrepresentation;
 - (iii) Fraudulent misrepresentation;
 - (iv) Inducing breach of contract (as against the Sino-Forest Subsidiaries only);
 - (v) Injury to Reputation; and
 - (vi) Vicarious Liability (as against Sino-Forest and the Sino-Forest Subsidiaries);
- (b) Contractual indemnity, pursuant to Ernst & Young's engagement letters; and
- (c) Contribution and indemnity under the *Negligence Act*, R.S.O. 1990, c. N-1 and other applicable legislation outside of Ontario (the "*Negligence Act*").

16. Attached hereto as **Exhibit "C"** and **Exhibit "D"** are the Sino-Forest Proof of Claim and the D&O Proof of Claim of Ernst & Young LLP filed pursuant to the Claims Procedure Order. The Ernst & Young Proofs of Claim fully set out the basis for the claims advanced by Ernst & Young against Sino-Forest, the Sino-Forest Subsidiaries and the directors and officers and accordingly I will not repeat those grounds here, but adopt them as true.

17. As a result of the Ernst & Young Settlement, these claims have been resolved on consent, as more particularly described below.

18. Numerous other parties also filed Proofs of Claim in accordance with the Claims Procedure Order. Significantly, the other third party defendants, being the syndicate of underwriters (the

“Underwriters”) who conducted the various Sino-Forest debt and equity offerings at the heart of the plaintiffs’ claims, as well as Sino-Forest’s former auditors, BDO Limited (formerly known as BDO McCabe Lo Limited) (“BDO”) also filed proofs of claim.

19. As I have understood the position of the Underwriters throughout the CCAA Proceedings, one component of the claim they asserted was based upon direct contractual indemnities provided to the Underwriters by certain of the Sino-Forest Subsidiaries as well as Sino-Forest, such that the Underwriters asserted unsecured creditor claims directly as against each of these entities on a contractual basis.

CCAA Process and Mediation

20. I have reviewed the Monitor’s Reports filed in this CCAA Proceeding, as well as the various affidavits of W. Judson Martin, Vice Chairman and Chief Executive Officer of Sino-Forest, filed in support of the various motions sought. Those materials, together with the submissions made in Court on numerous occasions by counsel to the Applicant, counsel to the Monitor and counsel to the Noteholders, have been consistent and clear to the effect that the timing and urgency of these CCAA Proceedings was critical to those principal stakeholders, and in their view critical to the maximization of assets for the stakeholders and the chances of a viable outcome.

21. In addition, those materials and submissions have been clear and consistent that the resolution of the claims arising out of the allegations made against Sino-Forest and its senior management, among others, have been throughout the process the gating issue in all material respects. To the best of my knowledge and belief, there have been no significant operational restructuring challenges other than those arising from the uncertainty caused by the litigation, investigations, and the subsequent CCAA proceedings.

22. This Honourable Court granted an order on July 25, 2012 that the Parties (as defined in the order and as described below) participate in a mediation process (the “Mediation Order”). A copy of the Mediation Order is attached hereto as **Exhibit “E”**. It is in the context of this CCAA Proceeding, and being advised by the Applicant, Noteholders and Monitor of the urgency of these proceedings, that the Supervising Judge, the Honourable Justice Morawetz, ordered the parties to participate in a global mediation. The Mediation Order was unopposed. Ernst & Young readily agreed to participate as Justice Morawetz requested, as did the other parties.

23. In the Mediation Order, the court ordered that the parties eligible to participate in the mediation were the Applicant, the Ontario Plaintiffs, the Third Party Defendants, the Monitor, the Noteholders and any insurers providing coverage. At paragraph 5, the Mediation Order provides that the Mediation Parties shall participate in the Mediation in person and with representatives present “with full authority to settle the Subject Claims”. The Ontario Plaintiffs were granted thereby full authority to settle and resolve the claims. This authority was critical to Ernst & Young’s support of the mediation. Put simply, Ernst & Young, and the other parties, needed to have the certainty that the counterparties with whom they were negotiating had the ability to consummate and complete a settlement in the CCAA context if terms could be reached.

24. The Mediation Order (along with all other orders and endorsements in the CCAA Proceedings) is available on the Monitor’s website.

25. By further order of the Court dated July 30, 2012, Justice Morawetz ordered that the parties participating in the mediation have access to a data room established by the Company in furtherance of its previous sales process, to which data room would be added additional materials and information by the Company (the “Data Room Order”). The Court specifically required the

parties to enter into a confidentiality agreement with the Applicant on terms acceptable to the Applicant and the Monitor, and all of the parties did so. A copy of the Data Room Order is attached hereto as **Exhibit “F”**. The Applicant, with the assistance of the court-appointed Monitor, established the data room.

26. For the purposes of the mediation, significant efforts of all the principal stakeholders were put into: voluminous mediation materials, review of the relevant materials, and preparation for and attendance at the mediation. The supervising CCAA Judge, Justice Morawetz, directed that Justice Newbould conduct the mediation, and he did so. I did not participate directly in the mediation, but am advised by counsel to Ernst & Young that all of the Parties participated.

27. While the global mediation did not result in an all-party settlement, in my opinion it was a catalyst for continued discussions and dialogue amongst the stakeholders, including negotiations between the Ontario Plaintiffs and Ernst & Young, ultimately resulting in the Ernst & Young Settlement, approval of which is sought on this motion.

28. As those discussions continued, the Ontario Plaintiffs brought a motion in the CCAA Proceedings on October 28, 2012 for an order, among other things, restricting the scope of the stay of proceedings imposed by the Initial Order so that it would not apply to the third party defendants, including Ernst & Young, and certain officers and directors. The Court dismissed that motion, by way of Endorsement dated November 6, 2012 (the “Lift Stay Endorsement”), a copy of which is attached as **Exhibit “G”**. In the Lift Stay Endorsement, the Court observed that the relevant stakeholders should focus on the Plan and Sino-Forest’s restructuring, including issues related to a then pending appeal of the Equity Claims Order. At that time, and notwithstanding the absence of a global settlement, the Court was not prepared to lift the stay to allow the Class Actions to move

ahead separately from the CCAA Proceedings. This decision allowed, and in many respects encouraged, the Parties to continue their negotiations, which they did.

29. The Ernst & Young Settlement was the direct result of the mediation and discussions as had been ordered and directed by the Supervising CCAA Judge, and central to the terms of the Ernst & Young Settlement was its inclusion in the proposed Plan being put forward by the Applicant and the Noteholders.

30. Although I was not directly involved in the mediation and negotiations described in the paragraph, I am advised by counsel to Ernst & Young that, as described in the Wright Affidavit, Ernst & Young and the Ontario Plaintiffs worked literally around the clock, to achieve the terms of an agreement as between them as reflected in the Minutes of Settlement. Clifford Lax, Q.C., an experienced senior counsel and mediator, was engaged to facilitate this bilateral mediation. The mediation was conducted over the course of two lengthy days and nights, continuing into the early hours of the morning.

31. Given the complexity of the claims, the nature of the resolution of the claims and the terms of the Minutes of Settlement, significant amendments to the (then draft) Plan were required to give effect to the Ernst & Young Settlement. Those amendments were ultimately negotiated, agreed upon, approved by the creditors of Sino-Forest and sanctioned by the Court. The Applicant, the Monitor, and the Noteholders were strongly of the view that such amendments must be made urgently, if they were to be included in the Plan, in view of the importance (discussed above) of an expedited restructuring to preserve asset value. A second stage of negotiations, principally with the Noteholders and with the involvement of the Applicant and overseen by the Monitor, was

therefore required to articulate and implement the required amendments to the proposed Plan. I was directly involved in these negotiations, which were intense and complicated..

The Ernst & Young Settlement

32. The Minutes of Settlement have been filed in this proceeding and have been publicly available since shortly after the terms were agreed.

33. The Ernst & Young Settlement provides for the payment of CAD\$117,000,000.00 as a Settlement Fund, being the full monetary contribution by Ernst & Young to settlement of the Ernst & Young Claims.

34. The Ernst & Young Settlement is conditional upon the terms set out in the Minutes of Settlement and Schedule "B" thereto, including a global release in these CCAA Proceeding and a Chapter 15 proceeding to be brought in the United States Bankruptcy Court. The Ernst & Young Settlement is also conditional upon the following steps, as set out at Article 11.1 of the Plan:

- (a) the granting of the Sanction Order, sanctioning the Plan including the terms of the Ernst & Young Settlement;
- (b) the issuance of the Settlement Trust Order;
- (c) any other orders necessary to give effect to the Ernst & Young Settlement;
- (d) the fulfillment of all conditions precedent in the Ernst & Young Settlement;
and
- (e) all orders being final orders and not subject to further appeal or challenge.

35. The condition in the Minutes of Settlement that the Plan include the framework for the Ernst & Young Settlement and the Ernst & Young Release, and that the Plan with those elements be approved by Sino-Forest's creditors and the Court, was critical to Ernst & Young.

36. Attached hereto as **Exhibits “H”, “I” and “J”** are copies of the Thirteenth Report of the Monitor, the Supplement to the Thirteenth Report of the Monitor and the Second Supplement to the Thirteenth Report of the Monitor without attachments, setting out the result of the vote of the meeting of creditors of Sino-Forest held December 3, 2012.

37. The Plan, as ultimately approved by 99% in number and greater than 99% in value of those Affected Creditors (as defined in the Plan) voting, voted in favour of the Plan, (as reported by the Monitor in the Supplement to its Thirteen Report as Exhibit “I”) provides as follows:

- Plan Releases – pursuant to section 7.1 of the Plan, all claims against Sino-Forest, the Subsidiaries and the named directors and officers are fully, finally irrevocably released, discharged and barred on the Plan Implementation Date. This includes, but is not limited to, all of the claims referred to above asserted by Ernst & Young in its Proofs of Claims against Sino-Forest, the Sino-Forest Subsidiaries, and the directors and officers of each of them;
- Also pursuant to section 7.1, the Plan extinguishes and bars any entitlements of Ernst & Young to receive distributions of any kind (including Newco shares, notes and litigation trust interests) under the Plan;
- The Plan in effect transfers to Newco, a new corporation to be incorporated and owned and/or controlled by the Sino-Forest Noteholders, all of the assets of Sino-Forest free and clear from any and all claims. These assets specifically included the shares of the Sino-Forest Subsidiaries, against which entities Ernst & Young had its outstanding claims;
- In section 11.1, the Plan provides (that upon the various conditions precedent being satisfied), including receipt by the Monitor of a certificate from Ernst & Young confirming that it has paid the settlement amount to the Settlement Trust in accordance with the Ernst & Young Settlement, the Ernst & Young Release is in full force and effect in accordance with the Plan.

38. It is important to note the scope of releases in the Plan referred to above. The only Applicant in the CCAA Proceedings is Sino-Forest itself. The Plan, as sanctioned by this Honourable Court, includes numerous other third party releases – specifically in favour of the Sino-Forest subsidiaries (who are non-applicants) and the directors and officers of Sino-Forest and its subsidiaries. To the

best of my information and belief, no party is challenging or has challenged those third party releases.

39. The fact and terms of the Ernst & Young Settlement were disclosed prior to the finalization of the Plan voted on at the creditors' meeting to other stakeholders including (in addition to the Applicant and the Monitor) the Underwriters and BDO, Sino-Forest's former auditors. The Plan as voted also included the framework for future potential settlements with third party defendants including the underwriters at Article 11.2, using the same mechanics that apply to the Ernst & Young Settlement. Following the meeting of creditors, the Plan was amended to include BDO in Article 11.2.

40. I believe that the Ernst & Young Settlement was very much the catalyst for the inclusion in the Plan of these additional provisions, which in turn led to the withdrawal of objections by the Underwriters and BDO to the terms of the Plan and indeed their support for the Plan ultimately sanctioned.

41. The Plan was sanctioned by this Honourable Court by way of the Plan Sanction Order. The Plan Sanction Order implements the Plan and expressly provides (at paragraph 40) for the Ernst & Young Settlement to become effective upon the satisfaction of various enumerated conditions precedent, including the approval sought by way of this motion. In like form, the Plan Sanction Order provides for the implementation of other third party settlements (i.e. the underwriters and BDO) on analogous terms if negotiated and approved by the court.

42. The Ernst & Young Settlement provides significant benefit to these CCAA Proceedings:

- (a) Ernst & Young agreed to support the Plan;

- (b) Ernst & Young's support has materially simplified and accelerated the Plan approval and implementation process:
- (i) Ernst & Young has agreed that its claims against Sino-Forest and the Sino-Forest Subsidiaries are released, which claims were significant and material as stated above. In particular, the Proofs of Claim filed by Ernst & Young set out extensive claims that were asserted directly against the Sino-Forest Subsidiaries. None of these claims were addressed in the Equity Claims Order;
 - (ii) Ernst & Young has agreed to waive any leave to appeal to the Supreme Court of Canada in respect of the dismissal of its appeal by the Court of Appeal for Ontario of the Equity Claims Order;
 - (iii) By agreeing to release all these claims, Ernst & Young has eliminated:
 - (1) Dilution of the Noteholders' recovery if Ernst & Young were ultimately to obtain judgments or settlements in respect of those claims;
 - (2) The expense and management time otherwise to be incurred by Newco and the Subsidiaries in litigating these claims; and
 - (3) What might otherwise have been a significant extension of the timelines to complete the restructuring of Sino-Forest;
- (c) Ernst & Young has agreed not to receive any distributions of any kind under the Plan, as have the other Third Party Defendants. Without that agreement, the Unresolved Claims Reserve would have materially increased, with the potential for a corresponding dilution of consideration paid to the Affected Creditors. In addition, I expect that it would have taken a considerable period of time for the resolution of claims related to the Unresolved Claims Reserve. Considerable time and resources would have been engaged to determine the appropriate level of the significant holdbacks. Those in turn would have needed to be structured and, given their size, carefully funded to a level which might have impaired the ongoing

operations of the business in the hands of the Noteholders, including at the Sino-Forest Subsidiary level where the timber rights assets are held;

- (d) Although the allocation of the settlement funds has yet to be determined, any portion allocated to the equity holders of Sino-Forest will significantly increase the recovery to a class of stakeholders that would not otherwise receive any amount under the Plan; and
- (e) Ernst & Young agreed to not pursue its objections generally to the Plan and its sanction, and agreed to not pursue all of its appeal rights in that regard.

43. Ernst & Young's claims against Sino-Forest and the Sino-Forest Subsidiaries are discussed above. The consensual release of those claims by Ernst & Young, as confirmed on the Plan Sanction hearing, allowed and permitted the Sino-Forest Subsidiaries to be in a position to contribute their assets to the overall restructuring, unencumbered by pending claims totalling billions of dollars. As noted in the Monitor's Thirteenth Report and the supplements thereto, this structure was a centrepiece of the entire Plan. Sino-Forest itself is merely a holding company and its only assets are the shares of the Sino-Forest Subsidiaries. Sino-Forest itself has no other assets. The ability of the Sino-Forest Subsidiaries to be in a position to contribute their assets was therefore very important.

44. The transactional aspects of the Plan are in many ways quite straightforward. Simply put, the Plan extinguishes all claims against the Company and transfers its assets to the Noteholders. What made a very straightforward circumstance more complicated was the existence of all of the intertwining claims. It follows that the resolution of those claims, allowing for the transfer of the Sino-Forest assets to the Company's new holding company without protracted litigation involving the determination of all of those claims (and the risks associated therewith), immensely simplified and accelerated the restructuring process ultimately leading to the sanction referred to above.

45. I have been present in Court during argument in respect of many of the motions and steps that have been brought in the CCAA Proceedings. On numerous occasions, counsel for each of the Applicant, the Noteholders and the Monitor have urged upon this Honorable Court the imperative of speed and the urgency with which the restructuring must be completed if a going-concern outcome was to be achieved in order that asset value could be maximized for the stakeholders of Sino-Forest. In my view, it is beyond question that the consensual resolution of all of the claims, as are facilitated by the terms of the Ernst & Young Settlement, and the corresponding withdrawal for the purposes of Plan approval and implementation of the opposition of the other third party defendants, being the Underwriters and BDO, have contributed materially to the speed with which the Plan has already been sanctioned and with which the restructuring can now be completed.

46. The Ernst & Young Settlement is the direct result of the mediation efforts directed and ordered by the supervising CCAA Judge, Mr. Justice Morawetz, on the urging of the Applicant and supported by the Monitor, to unlock the impasse and advance the restructuring efforts generally. The fact of the settlement is, as I understand it, precisely the objective the supervising judge observed to be imperative to a successful restructuring and that is undoubtedly one of the reasons why this Honourable Court made the Mediation Order and other related orders.

Possible Opposition to the Ernst & Young Settlement

47. I am aware that this motion may be opposed by certain parties, including Invesco Canada Ltd., Northwest & Ethical Investments LP and Comité Syndicale Nationale de Retraite Batirente Inc. (collectively, the "Funds"), (all of whom opposed the sanction order made in this CCAA Proceeding).

48. I am advised by counsel to Ernst & Young LLP that the Funds (other than Invesco, who was not a named plaintiff), represented by the same counsel who act for them on this motion, commenced their own Ontario proposed class action as against Ernst & Young, Sino-Forest and others, and that the proposed class action was one of the competing actions that was the subject of the carriage motion before the Honourable Justice Perell. Carriage was ultimately granted to counsel for the Ontario Plaintiffs. Accordingly, the Funds have not only been aware of, but indeed were active participants in, the Ontario Class Action from the outset.

49. In addition, the Funds are no strangers to the CCAA Proceedings. I was present in court on December 7, 2012 for the Plan sanction hearing, when counsel for the Funds advised the Court that they had been monitoring the CCAA Proceedings throughout, but had seen no need to participate, make submissions or file materials until they learned of the Ernst & Young Settlement. At that time, the Funds filed a Notice of Appearance in the CCAA Proceedings. Attached hereto as **Exhibit "K"** is a copy of the Funds' Notice of Appearance.

50. This statement by Fund counsel was made in response to a question from the CCAA Judge as to why, notwithstanding the implementation of various steps in the CCAA Proceedings that affected them, the Funds had not appeared or participated in the CCAA Proceedings, let alone objected, if they saw fit to do so.

51. The Funds had the opportunity to participate, but did not participate, in steps and orders including those listed below, which may have affected their interests. I am advised by counsel to Ernst & Young and believe that these steps and orders may affect the ability of the Funds to maintain standing to oppose the Ernst & Young Settlement at this time. These steps and orders include:

- (a) **Third Party Stay Order dated May 8, 2012** – In addition to staying the various Class Actions, at paragraph 3, the Third Party Stay Order provides that the Applicant is authorized to enter into agreements with the plaintiffs and defendants in the Ontario Class Action and in the Quebec Class Action providing for, among other things, the tolling of certain limitation periods. Pursuant to paragraph 4, the Third Party Stay Order is without prejudice to the right of the parties in the Ontario Class Action to move or vary the Third Party Stay Order on or after September 1, 2012;
- (b) **Claims Procedure Order dated May 14, 2012** – The Claims Procedure Order established a claims bar date and a procedure for the determination and/or resolution of claims against the Applicant and others. At paragraph 17, the Claims Procedure Order provides that any person that does not file a proof of claim in accordance with the order is barred from making or enforcing such claim as against any other person who could claim contribution or indemnity from the Applicant. This would include claims by the Funds against Ernst & Young for which Ernst & Young could claim indemnity from Sino-Forest. The Claims Procedure Order provides at paragraphs 27 and 28 that the Ontario Plaintiffs (as defined therein) are authorized to file one Proof of Claim in respect of the substance of the matters set out in the Ontario Class Action and that the Quebec Plaintiffs are similarly authorized to file one Proof of Claim in respect of the substance of the matters set out in the Quebec Class Action. The proposed class in each of the Ontario and Quebec Class Actions includes the Funds. I am advised by counsel to Ernst & Young that the Funds did not object to or oppose the Claims Procedure Order,

either when it was sought or at any time thereafter. Accordingly, the Ontario Plaintiffs were authorized to (and did) file a Proof of Claim in a representative capacity in respect of the claims of the Funds;

- (c) **Mediation Order dated July 25, 2012** – As stated above, at paragraph 3, the court ordered that the parties eligible to participate in the mediation were the Applicant, the Ontario Plaintiffs, the Third Party Defendants, the Monitor, the Noteholders and any insurers providing coverage. I am advised by counsel to Ernst & Young that the Funds did not seek to be named as a Party to the mediation. The Mediation Order provides that the Mediation Parties shall participate in the Mediation in person and with representatives present “with full authority to settle the Subject Claims”. The Ontario Plaintiffs were granted thereby full authority to settle and resolve the claims, including the claims of the Funds;
- (d) **Data Room Order dated July 30, 2012** – The Data Room Order provided for the production, via a data room protected by confidentiality agreements, of certain documents for the purposes of the Mediation. The Data Room Order provided at paragraph 2 that the documents would be made available to the Mediation Parties, as defined above, but no other parties.

52. The Funds did not object, oppose or indeed take any position in respect of any of these steps or orders.

SUMMARY AND CONCLUSION

53. The Ernst & Young Settlement was the product of a process that began early on in the CCAA Proceedings, in recognition of the substantial impact that the Class Actions had on Sino-Forest.

The process:

- (a) began with the almost immediate participation of the Ontario Plaintiffs (augmented by Siskinds' representation as well of the Quebec Class Action Plaintiffs);
- (b) was augmented early on in these proceedings through recognition by the stakeholders that a resolution of the Class Action litigation, if achievable, would be very much in the best interests of the restructuring process;
- (c) led to the Third Party Stay Order;
- (d) necessarily involved a representative status on the part of the Ontario Plaintiffs, reflected in the orders of this Honourable Court;
- (e) involved from there a closely integrated series of steps by which the Ontario Action Plaintiffs:
 - (i) filed a Proof of Claim in the proceedings on behalf of the entire proposed class;
 - (ii) participated in the claims process;
 - (iii) made the strategic decision on behalf of the class not to oppose the Applicant's motion seeking an order specifying that the shareholder claims were equity claims, as that term is defined in the CCAA;
 - (iv) negotiated certain protections and structure within the Plan in relation to the Noteholder claims advanced in the Class Action litigation;

- (v) sought from time to time to lift the stay with a view to advancing the Ontario Class Action, which steps were ultimately unsuccessful in light of the central role the litigation played in the restructuring of Sino-Forest;
- (f) led to a court-mandated mediation process, in which the Ontario Plaintiffs participated as representatives of the Class with authority to settle claims, directed towards resolving the Class Actions in the context of the CCAA Proceedings;
- (g) resulted in the Parties continuing to attempt, after the unsuccessful formal mediation, to achieve a global resolution;
- (h) involved Ernst & Young and the Ontario Plaintiffs continuing, on a bilateral basis but otherwise consistent with the processes put in place by the CCAA Court, to pursue a settlement that could facilitate the CCAA restructuring, and ultimately succeeding in doing so in late November of 2012;
- (i) led to an important negotiation to incorporate the framework of the Ernst & Young Settlement and the Ernst & Young Release within the Plan so as to:
 - (i) eliminate indemnification claims by Ernst & Young into the Sino-Forest estate, including at the subsidiary level;
 - (ii) facilitate a reduced or eliminated claims process so as to permit prompt Plan implementation;
 - (iii) create a template for further settlements of the Class Actions in a context in which other defendants, notably the Underwriters and BDO gave up their indemnification claims and facilitated a similar, and important, contribution to bringing the restructuring to a conclusion;
- (j) involved, as a result, a significant concession on the part of Ernst & Young by which it:
 - (i) gave up the indemnification claims;

- (ii) gave up its further leave to appeal rights from the Equity Claims Order;
 - (iii) in order to facilitate the expedited restructuring of the Applicant, took the step of permitting the balance of the Plan to be implemented without completion of the settlement approval process;
 - (iv) voted in favour of the Plan;
 - (v) supported the Plan Sanction Order; and
- (k) in the result a fund of CAD\$117,000,000 is available in respect of Ernst & Young Claims, all for the benefit of certain Sino-Forest stakeholders and in such a way as to reduce down substantially the scope of the Class Actions.


54. The Ernst & Young Settlement is one where:

- (a) the claims to be released are rationally related to the purpose of the Plan;
- (b) the release of those claims is necessary for the success of the Plan;
- (c) Ernst & Young is contributing in a tangible and realistic way; and
- (d) the Plan benefits both Sino-Forest and its creditors generally.

55. If the approval order sought is granted, this Honourable Court will retain continuing supervisory jurisdiction over the implementation of the settlement and specifically the allocation and distribution of the amounts in the Settlement Trust.

56. It is as against all of these factors that I believe that the Ernst & Young Settlement is fair and reasonable and Ernst & Young asks that it be approved by this Honourable Court pursuant to both the CCAA and the *Class Proceedings Act*.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on this
11th day of January, 2013

A blue ink signature consisting of several overlapping loops and a horizontal stroke.

Commissioner for Taking Affidavits
Shara N. Roy

}

A black ink signature in a cursive style, appearing to read 'Mike P. Dean'.

MIKE P. DEAN

TAB A

*This is EXHIBIT "A" Referred to in the
Affidavit of
MIKE P. DEAN*

Sworn the 11th day of January, 2013

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke.

A Commissioner For Taking Affidavits (or as may be)



Court File No CV-12-9667-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)
JUSTICE MORAWETZ)
FRIDAY, THE 30th
DAY OF MARCH, 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SINO-FOREST CORPORATION

INITIAL ORDER

THIS APPLICATION, made by Sino-Forest Corporation (the "Applicant"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of W. Judson Martin sworn March 30, 2012 and the Exhibits thereto (the "Martin Affidavit") and the Pre-Filing Report of the Proposed Monitor, FTI Consulting Canada Inc. ("FTI") (the "Monitor's Pre-Filing Report"), and on being advised that there are no secured creditors who are likely to be affected by the charges created herein, and on hearing the submissions of counsel for the Applicant, the Applicant's directors, FTI, the *ad hoc* committee of holders of notes issued by the Applicant (the "Ad Hoc Noteholders"), and no one else appearing for any other party, and on reading the consent of FTI to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application, the Application Record and the Monitor's Pre-Filing Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

4. THIS COURT ORDERS that the Applicant shall be entitled to seek any ancillary or other relief from this Court in respect of any of its subsidiaries in connection with the Plan or otherwise in respect of these proceedings.

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses, whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges;
- (c) the fees and disbursements of the directors and counsel to the directors, at their standard rates and charges; and
- (d) such other amounts as are set out in the March 29 Forecast (as defined in the Monitor's Pre-Filing Report and attached as Exhibit "DD" to the Martin Affidavit).

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. THIS COURT ORDERS that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Support Agreement (as defined below), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding US\$500,000 in any one transaction or US\$1,000,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. THIS COURT ORDERS that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the

disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

RESTRUCTURING SUPPORT AGREEMENT

14. THIS COURT ORDERS that the Applicant and the Monitor are authorized and directed to engage in the following procedures to notify noteholders of the restructuring support agreement dated as of March 30, 2012 (the "Support Agreement") between, among others, the Applicant and certain noteholders (the "Initial Consenting Noteholders"), appended as Exhibit "B" to the Martin Affidavit, to enable any additional noteholders to execute a Joinder Agreement in the form attached as Schedule "C" to the Support Agreement and to become bound thereby as Consenting Noteholders (as defined in the Support Agreement):

- (a) the Monitor shall without delay post a copy of the Support Agreement on its website at <http://cfoanada.fticonsulting.com/sfc> (the "Monitor's Website"); and
- (b) the notice to be published by the Monitor pursuant to paragraph 51 of this Order shall include a statement in form and substance acceptable to the Applicant, the Monitor and counsel to the Ad Hoc Noteholders, each acting reasonably, notifying noteholders of the Support Agreement and of the deadline of 5:00 p.m. (Toronto time) on May 15, 2012 (the "Consent Date") by which any noteholder (other than an Initial Consenting Noteholder) who wishes to become entitled to the Early Consent Consideration pursuant to the Support Agreement (if such Early Consent Consideration becomes payable pursuant to the terms thereof) must execute and return the Joinder Agreement to the Applicant, and shall direct noteholders to the Monitor's Website where a copy of the Support Agreement (including the Joinder Agreement) can be obtained.

15. THIS COURT ORDERS that any noteholder (other than an Initial Consenting Noteholder) who wishes to become a Consenting Noteholder and become entitled to the Early Consent Consideration (if such Early Consent Consideration becomes payable pursuant to the terms thereof, and subject to such noteholder demonstrating its holdings to the Monitor in accordance with the Support Agreement) must execute a Joinder Agreement and return it to the Applicant and the Noteholder Advisors (as defined below) in accordance with the instructions set out in the Support Agreement such that it is received by the Applicant and the Noteholder Advisors prior to the Consent Deadline and, upon so doing, such noteholder shall become a Consenting Noteholder and shall be bound by the terms of the Support Agreement.

16. THIS COURT ORDERS that as soon as practicable after the Consent Deadline, the Applicant shall provide to the Monitor copies of all executed Joinder Agreements received from noteholders prior to the Consent Deadline.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

17. THIS COURT ORDERS that until and including April 29, 2012, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

18. THIS COURT ORDERS that until and including the Stay Period, no Proceeding shall be commenced or continued by any noteholder, indenture trustee or security trustee (each in respect of the notes issued by the Applicant, collectively, the "Noteholders") against or in respect of any of the Applicant's subsidiaries listed on Schedule "A" (each a "Subsidiary Guarantor", and collectively, the "Subsidiary Guarantors"), except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way by a Noteholder against or in respect of any Subsidiary Guarantors are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

19. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued, except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, (iv) prevent the registration of a claim for lien, or (v) prevent the exercise of any termination rights of the Consenting Noteholders under the Support Agreement.

20. THIS COURT ORDERS that during the Stay Period, all rights and remedies of the Noteholders against or in respect of the Subsidiary Guarantors are hereby stayed and suspended and shall not be commenced, proceeded with or continued, except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower any Subsidiary Guarantor to carry on any business which such Subsidiary Guarantor is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

21. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

22. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant or exercising any other remedy provided under such agreement or arrangements, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

23. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

24. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such

obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the affected creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

25. THIS COURT ORDERS that the Applicant shall (i) indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, and (ii) make payments of amounts for which its directors and officers may be liable as obligations they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

26. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property (other than the Applicant's assets which are subject to the Personal Property Security Act registrations on Schedule "B" hereto (the "Excluded Property")), which charge shall not exceed an aggregate amount of \$3,200,000, as security for the indemnity provided in paragraph 25 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 40 herein.

27. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 25 of this Order.

APPOINTMENT OF MONITOR

28. THIS COURT ORDERS that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor

in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

29. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Applicant in its preparation of the Applicant's cash flow statements, as required from time to time;
- (d) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan, as applicable;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (h) carry out and fulfill its obligations under the Support Agreement in accordance with its terms; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

30. THIS COURT ORDERS that without limiting paragraph 29 above, in carrying out its rights and obligations in connection with this Order, the Monitor shall be entitled to take such reasonable steps and use such services as it deems necessary in discharging its powers and obligations, including, without limitation, utilizing the services of FTI Consulting (Hong Kong) Limited ("FTI HK").

31. THIS COURT ORDERS that the Monitor shall not take possession of the Property (or any property or assets of the Applicant's subsidiaries) and shall take no part whatsoever in the management or supervision of the management of the Business (or any business of the Applicant's subsidiaries) and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof (or of any business, property or assets, or any part thereof, of any subsidiary of the Applicant).

32. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property (or any property of any subsidiary of the Applicant) that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property (or of any property of any subsidiary of the Applicant) within the meaning of any Environmental Legislation, unless it is actually in possession.

33. THIS COURT ORDERS that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any

responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

34. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

35. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Applicant, counsel to the directors, Houlhan Lokey Capital Inc. (the "Financial Advisor"), FTI HK, counsel to the Ad Hoc Noteholders and the financial advisor to the Ad Hoc Noteholders (together with counsel to the Ad Hoc Noteholders, the "Noteholder Advisors") shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant, whether incurred prior to or subsequent to the date of this Order, as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicant, counsel to the directors, the Financial Advisor, FTI HK, and the Noteholder Advisors on a weekly basis or otherwise in accordance with the terms of their engagement letters.

36. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

37. THIS COURT ORDERS that the Monitor, counsel to the Monitor, the Applicant's counsel, counsel to the directors, the Financial Advisor, FTI HK, and the Noteholder Advisors shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property (other than the Excluded Property), which charge shall not exceed an aggregate amount of \$15,000,000 as security for their professional fees and disbursements incurred at their respective standard rates and charges in respect of such services, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. THIS COURT ORDERS that the priorities of the Directors' Charge and the Administration Charge, as between them, shall be as follows:

First – Administration Charge (to the maximum amount of \$15,000,000); and

Second – Directors' Charge (to the maximum amount of \$3,200,000).

39. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge or the Administration Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

40. THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property (other than the Excluded Property) and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

41. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the beneficiaries of the Directors' Charge and the beneficiaries of the Administration Charge, or further Order of this Court.

42. THIS COURT ORDERS that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees"), shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or

other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Applicant pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

APPROVAL OF FINANCIAL ADVISOR AGREEMENT

44. THIS COURT ORDERS that the letter agreement dated as of December 22, 2012 with respect to the Financial Advisor in the form attached as Exhibit "CC" to the Martin Affidavit (the "Financial Advisor Agreement") and the retention of the Financial Advisor under the terms thereof, including the payments to be made to the Financial Advisor thereunder, are hereby approved.

45. THIS COURT ORDERS that the Applicant is authorized and directed to make the payments contemplated in the Financial Advisor Agreement in accordance with the terms and conditions thereof.

POSTPONEMENT OF ANNUAL GENERAL MEETING

46. THIS COURT ORDERS that the Applicant be and is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

FOREIGN PROCEEDINGS

47. THIS COURT ORDERS that the Monitor is hereby authorized and empowered to act as the foreign representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside of Canada.

48. THIS COURT ORDERS that the Monitor is hereby authorized, as the foreign representative of the Applicant and of the within proceedings, to apply for foreign recognition of these proceedings, as necessary, in any jurisdiction outside of Canada, including as "Foreign Main Proceedings" in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code*.

49. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Barbados, the British Virgin Islands, Cayman Islands, Hong Kong, the People's Republic of China or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

50. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and any other Order issued in these proceedings.

SERVICE AND NOTICE

51. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the Globe and Mail and the Wall Street Journal a notice containing the information prescribed under the CCAA, (ii) within seven days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

52. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

53. THIS COURT ORDERS that the Applicant, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on the Monitor's Website.

GENERAL

54. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

55. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

56. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

57. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

A handwritten signature in black ink, appearing to read "J. A. Power", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 2 - 2012

Handwritten initials, possibly "NM", in black ink.

Schedule "A"

1. Sino-Panel Holdings Limited (BVI)
2. Sino-Global Holdings Inc. (BVI)
3. Sino-Wood Partners, Limited (HK)
4. Grandeur Winway Limited (BVI)
5. Sinowin Investments Limited (BVI)
6. Sinowood Limited (Cayman Islands)
7. Sino-Forest Bio-Science Limited (BVI)
8. Sino-Forest Resources Inc. (BVI)
9. Sino-Plantation Limited (HK)
10. Suri-Wood Inc. (BVI)
11. Sino-Forest Investments Limited (BVI)
12. Sino-Wood (Guangxi) Limited (HK)
13. Sino-Wood (Jiangxi) Limited (HK)
14. Sino-Wood (Guangdong) Limited (HK)
15. Sino-Wood (Fujian) Limited (HK)
16. Sino-Panel (Asia) Inc. (BVI)
17. Sino-Panel (Guangxi) Limited (BVI)
18. Sino-Panel (Yunnan) Limited (BVI)
19. Sino-Panel (North East China) Limited (BVI)
20. Sino-Panel [Xiangxi] Limited (BVI)
21. Sino-Panel [Hunan] Limited (BVI)
22. SFR (China) Inc. (BVI)
23. Sino-Panel [Suzhou] Limited (BVI)
24. Sino-Panel (Gaoyao) Ltd. (BVI)
25. Sino-Panel (Guangzhou) Limited (BVI)
26. Sino-Panel (North Sea) Limited (BVI)
27. Sino-Panel (Guizhou) Limited (BVI)
28. Sino-Panel (Huaihua) Limited (BVI)
29. Sino-Panel (Qinzhou) Limited (BVI)
30. Sino-Panel (Yongzhou) Limited (BVI)
31. Sino-Panel (Fujian) Limited (BVI)
32. Sino-Panel (Shaoyang) Limited (BVI)
33. Amplemax Worldwide Limited (BVI)
34. Ace Supreme International Limited (BVI)
35. Express Point Holdings Limited (BVI)
36. Glory Billion International Limited (BVI)
37. Smart Sure Enterprises Limited (BVI)
38. Expert Bonus Investment Limited (BVI)
39. Dynamic Profit Holdings Limited (BVI)
40. Alliance Max Limited (BVI)
41. Brain Force Limited (BVI)
42. General Exoel Limited (BVI)
43. Poly Market Limited (BVI)
44. Prime Kinetic Limited (BVI)
45. Trillion Edge Limited (BVI)
46. Sino-Panel (China) Nursery Limited (BVI)

47. Sino-Wood Trading Limited (BVI)
48. Homix Limited (BVI)
49. Sino-Panel Trading Limited (BVI)
50. Sino-Panel (Russia) Limited (BVI)
51. Sino-Global Management Consulting Inc. (BVI)
52. Value quest International Limited (BVI)
53. Well Keen Worldwide Limited (BVI)
54. Harvest Wonder Worldwide Limited (BVI)
55. Cheer Gold Worldwide Limited (BVI)
56. Regal Win Capital Limited (BVI)
57. Rich Choice Worldwide Limited (BVI)
58. Sino-Forest International (Barbados) Corporation
59. Mandra Forestry Holdings Limited (BVI)
60. Mandra Forestry Finance Limited (BVI)
61. Mandra Forestry Anhui Limited (BVI)
62. Mandra Forestry Hubei Limited (BVI)
63. Sino-Capital Global Inc. (BVI)
64. Elite Legacy Limited (BVI)

Schedule "B"

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 3/29/2012
File Currency Date: 03/28/2012
Family(ies): 6
Page(s): 8

SEARCH : Business Debtor : SINO-FOREST CORPORATION

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 3/29/2012
File Currency Date: 03/28/2012
Family(ies): 6
Page(s): 8

SEARCH : Business Debtor : SINO-FOREST CORPORATION

FAMILY : 1 OF 6 ENQUIRY PAGE : 1 OF 8
SEARCH : BD : SINO-FOREST CORPORATION

00 FILE NUMBER : 609324408 EXPIRY DATE : 27SEP 2015 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20040927 1631 1793 0430 REG TYP: P PPSA REG PERIOD: 10
02 IND DOB : IND NAME:
03 BUS NAME: SINO-FOREST CORPORATION OCN :

04 ADDRESS : 90 BURNHAMTHORPE ROAD WEST, SUITE 1208
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L5B3C3
05 IND DOB : IND NAME:
06 BUS NAME: OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT ;
LAW DEBENTURE TRUST COMPANY OF NEW YORK
09 ADDRESS : 767 THIRD AVENUE, 31ST FLOOR
CITY : NEW YORK PROV: NY POSTAL CODE: 10017
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10	YEAR MAKE	X	X	MODEL	V.I.N.
11					
12					

GENERAL COLLATERAL DESCRIPTION
13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR PURSUANT TO
14 A PLEDGE AGREEMENT AND SHARE CHARGE.
15
16 AGENT: AIRD & BERLIS LLP #2
17 ADDRESS : 181 BAY STREET, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

FAMILY : 1 OF 6
SEARCH : BD : SINO-FOREST CORPORATION

ENQUIRY PAGE : 2 OF 8

FILE NUMBER 609324408

01 CAUTION : PAGE 001 OF 1 TOT MV SCHED: 20090720 1614 1793 6085 REGISTRATION NUM REG TYPE
21 REFERENCE FILE NUMBER : 609324408
22 AMEND PAGE; NO PAGE; CHANGE; A AMNDMNT REN YEARS; CORR PER:
23 REFERENCE DEBTOR/ IND NAME;
24 TRANSFEROR: BUS NAME: SINO-FOREST CORPORATION

25 OTHER CHANGE;
26 REASON: TO AMEND SECURED PARTY ADDRESS AND TO AMEND GENERAL COLLATERAL
27 /DESCR: DESCRIPTION TO DELETE THE WORDS "PURSUANT TO A PLEDGE AGREEMENT" AND
28 : SHARE CHARGE"
02/05 IND/TRANSFEREE;
03/06 BUS NAME/TRFEE;

OCN:

04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR;

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :
LAW DEBENTURE TRUST COMPANY OF NEW YORK
09 ADDRESS : 400 MADISON AVENUE, 4TH FLOOR
CITY : NEW YORK PROV : NY POSTAL CODE : 10017
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

10
11
12
13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR
14
15
16 NAME : AIRD & BERLIS LLP
17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754
CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

FAMILY : 1 OF 6 ENQUIRY PAGE : 3 OF 8
SEARCH : BD : SINO-FOREST CORPORATION

FILE NUMBER 609324408
REGISTRATION NUM REG TYPE
01 CAUTION : PAGE TOT 20090720 1616 1793 6087
21 REFERENCE FILE NUMBER : 609324408
22 AMEND PAGE; NO PAGE; CHANGE: B RENEWAL REN YEARS: 1 CORR PER;
23 REFERENCE DEBTOR/ IND NAME;
24 TRANSFEROR; BUS NAME: SINO-FOREST CORPORATION

25 OTHER CHANGE;
26 REASON;
27 /DESCR;
28 :
02/05 IND/TRANSFEE;
03/06 BUS NAME/TRFEE;

OCN:

04/07 ADDRESS:
CITY: PROV: POSTAL CODE:
29 ASSIGNOR;

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

09 ADDRESS :
CITY : PROV : POSTAL CODE :
CONS. MV DATE OF NO FIXED
GOODS INVTRY EQUIP ACCTS OTHER INCL AMOUNT MATURITY OR MAT DATE

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16 NAME : AIRD & BERLIS LLP
17 ADDRESS : 181 BAY STREET, SUITE 1800, BOX# 754
CITY : TORONTO PROV : ON POSTAL CODE : M5J2T9

FAMILY : 2 OF 6 ENQUIRY PAGE : 4 OF 8
 SEARCH : BD : SINO-FOREST CORPORATION

00 FILE NUMBER : 650314305 EXPIRY DATE : 03DEC 2013 STATUS :
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
 REG NUM : 20081203 1055 1793 9576 REG TYP: P PPSA REG PERIOD: 5
 02 IND DOB : IND NAME:
 03 BUS NAME: SINO-FOREST CORPORATION

OCN ;
 04 ADDRESS : 1208-90 BURNHAMTHORPE RD W
 CITY : MISSISSAUGA PROV: ON POSTAL CODE: L5B3C3
 05 IND DOB : IND NAME:
 06 BUS NAME:

OCN ;
 07 ADDRESS :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 XEROX CANADA LTD

09 ADDRESS : 33 BLOOR ST. E. 3RD FLOOR
 CITY : TORONTO PROV: ON POSTAL CODE: M4W3H1
 CONS, MV DATE OF OR NO FIXED
 GOODS INVTRY, EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 X X X X X
 YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

16 AGENT: XEROX CANADA LTD
 17 ADDRESS : 33 BLOOR ST. E. 3RD FLOOR
 CITY : TORONTO PROV: ON POSTAL CODE: M4W3H1

FAMILY : 3 OF 6 ENQUIRY PAGE : 5 OF 8
SEARCH : BD : SINO-FOREST CORPORATION

00 FILE NUMBER : 655022304 EXPIRY DATE : 20JUL 2015 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20090720 1615 1793 6086 REG TYP: P PPSA REG PERIOD: 6
02 IND DOB : IND NAME:
03 BUS NAME: SINO-FOREST CORPORATION

OCN :
04 ADDRESS : 90 BURNHAMTHORPE ROAD WEST, SUITE 1208
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L5B3C3

05 IND DOB : IND NAME:
06 BUS NAME: OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
LAW DEBENTURE TRUST COMPANY OF NEW YORK

09 ADDRESS : 400 MADISON AVENUE, 4TH FLOOR
CITY : NEW YORK PROV: NY POSTAL CODE: 10017
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 YEAR MAKE X X MODEL V.I.N.
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GENERAL COLLATERAL DESCRIPTION
13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR
14
15

16 AGENT: AIRD & BERLIS LLP - SUSAN PAK
17 ADDRESS : 181 BAY STREET, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

FAMILY : 4 OF 6 ENQUIRY PAGE : 6 OF 8
SEARCH : BD ; SINO-FOREST CORPORATION

00 FILE NUMBER : 659079036 EXPIRY DATE : 03FEB 2016 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20100203 1535 1793 2023 REG TYP: P PPSA REG PERIOD: 6
02 IND DOB : IND NAME:
03 BUS NAME: SINO-FOREST CORPORATION

OCN :
04 ADDRESS : 90 BURNHAMTHORPE ROAD WEST, SUITE 1208
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L5B3C3

05 IND DOB : IND NAME:
06 BUS NAME:
OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
LAW DEBENTURE TRUST COMPANY OF NEW YORK

09 ADDRESS : 400 MADISON AVENUE, 4TH FLOOR
CITY : NEW YORK PROV: NY POSTAL CODE: 10017
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 YEAR MAKE X X MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION
13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR
14
15

16 AGENT: AIRD & BERLIS LLP (SPAK - 102288)
17 ADDRESS : 181 BAY STREET, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

FAMILY : 5 OF 6 ENQUIRY PAGE : 7 OF 8
 SEARCH : BD : SINO-FOREST CORPORATION

00 FILE NUMBER : 665186985 EXPIRY DATE : 15OCT 2020 STATUS :
 01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
 REG NUM : 20101015 1215 1793 1245 REG TYP: P PPSA REG PERIOD: 10
 02 IND DOB : IND NAME:
 03 BUS NAME: SINO-FOREST CORPORATION

OCN :
 04 ADDRESS : 90 BURNHAMTHORPE ROAD WEST, SUITE 1208
 CITY : MISSISSAUGA PROV: ON POSTAL CODE: L5B3C3
 05 IND DOB : IND NAME:
 06 BUS NAME:

OCN :
 07 ADDRESS :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 LAW DEBENTURE TRUST COMPANY OF NEW YORK
 09 ADDRESS : 400 MADISON AVENUE, 4TH FLOOR
 CITY : NEW YORK PROV: NY POSTAL CODE: 10017
 CONS. MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 YEAR MAKE X X MODEL V.I.N.

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 GENERAL COLLATERAL DESCRIPTION
 13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR.
 14
 15
 16 AGENT: AIRD & BERLIS LLP (RMK-106760)
 17 ADDRESS : 181 BAY STREET, SUITE 1800
 CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

FAMILY : 6 OF 6 ENQUIRY PAGE : 8 OF 8
 SEARCH : BD : SINO-FOREST CORPORATION

00 FILE NUMBER ; 665928963 EXPIRY DATE ; 17NOV 2016 STATUS ;
 01 CAUTION FILING ; PAGE ; 01 OF 001 MV SCHEDULE ATTACHED ;
 REG NUM ; 20101117 1007 1462 0113 REG TYP; P PPSA REG PERIOD; 6
 02 IND DOB ; IND NAME;
 03 BUS NAME: SINO-FOREST CORPORATION

OCN :
 04 ADDRESS : 1208-90 BURNHAMTHORPE RD W
 CITY ; MISSISSAUGA PROV: ON POSTAL CODE: L5B3C3
 05 IND DOB ; IND NAME;
 06 BUS NAME:

OCN :
 07 ADDRESS :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 XEROX CANADA LTD

09 ADDRESS : 33 BLOOR ST. E, 3RD FLOOR
 CITY : TORONTO PROV: ON POSTAL CODE: M4W3H1
 CONS, MV DATE OF OR NO FIXED
 GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
 10 X X X X
 YEAR MAKE MODEL V.I.N.

11
 12
 GENERAL COLLATERAL DESCRIPTION

13
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 16 AGENT: PPSA CANADA INC. - (3992)
 17 ADDRESS : 110 SHEPPARD AVE EAST, SUITE 303
 CITY : TORONTO PROV: ON POSTAL CODE: M2N6Y8

Schedule "A"

IN THE MATTER OF THE *COMPANIES CREDITORS' ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE
MATTER OF SINO-FOREST CORPORATION

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

INITIAL ORDER

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Robert W. Staley (LSUC #27115J)
Kevin Zych (LSUC #33129T)
Derek J. Bell (LSUC #43420J)
Jonathan Bell (LSUC #55457P)
Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

TAB B

*This is EXHIBIT "B" Referred to in the
Affidavit of
MIKE P. DEAN*

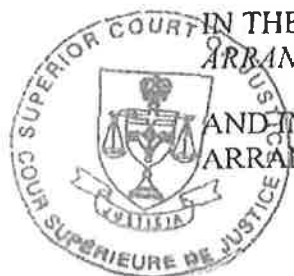
Sworn the 11th day of January, 2013

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal line.

A Commissioner For Taking Affidavits (or as may be)

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) TUESDAY, THE 8th
)
JUSTICE MORAWETZ) DAY OF MAY, 2012



IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE AND
ARRANGEMENT OF SINO-FOREST CORPORATION

ORDER
(Third Party Stay)

THIS MOTION, made by Sino-Forest Corporation (the "Applicant") for an order addressing the scope of the stay of proceedings herein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Applicant's Notice of Motion and the materials summarized in Schedule "A" to the factum dated May 7, 2012, filed on behalf of the Monitor, as amended, including the affidavit of W. Judson Martin sworn April 23, 2012 (the "**Judson Affidavit**"), and on hearing the submissions of counsel for FTI Consulting Canada Inc. in its capacity as monitor (the "**Monitor**"), in the presence of counsel for the Applicant, the Applicant's directors and officers named as defendants (the "**Directors**") in the Ontario Class Action (as defined in the Judson Affidavit), Ernst & Young LLP, the plaintiffs in the Ontario Class Action, the underwriters named as defendants in the Ontario Class Action (the "**Underwriters**") and BDO Limited and those other parties present, no one appearing for the other parties served with the Applicant's Motion Record, although duly served as appears from the affidavit of service, filed:

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

THIRD PARTY STAY AND TOLLING AGREEMENT

2. **THIS COURT ORDERS** that no Proceeding (as defined in the initial order granted by this Court on March 30, 2012 (as the same may be amended from time to time, the “**Initial Order**”)) against or in respect of the Applicant, the Business or the Property (each as defined in the Initial Order), including without limitation the Ontario Class Action and any litigation in which the Applicant and the Directors, or any of them, are defendants, shall be commenced or continued as against any other party to such Proceeding or between or amongst such other parties (cross-claims and third party claims if any), until and including the expiration of the Stay Period (as defined in the Initial Order and as the same may be extended from time to time), provided that, notwithstanding the foregoing and anything to the contrary in the Initial Order, there shall be no stay of any Proceeding against Pöyry (Beijing) Consulting Co. Limited and/or any affiliate, any other Pöyry entity, representative or agent.

3. **THIS COURT ORDERS** that the Applicant is authorized to enter into agreements among the plaintiffs and defendants in the Ontario Class Action and in the action styled as Guining Liu v. Sino-Forest Corporation et al., bearing (Quebec) Court File No. 200-06-000132-111 (the “**Quebec Class Action**”), providing for, among other things, the tolling of certain limitation periods, as it sees fit, subject to the Monitor’s approval.

MISCELLANEOUS

4. **THIS COURT ORDERS** that this order is subject to any further order of the court on a motion of any party, and is without prejudice to the right of the parties in the Ontario Class Action to move or vary this order on or after September 1, 2012.

5. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Barbados, the

British Virgin Islands, Cayman Islands, Hong Kong, the People's Republic of China or in any other foreign jurisdiction, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:



MAY 11 2012

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SINO-FOREST CORPORATION

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

(PROCEEDING COMMENCED AT TORONTO)

ORDER

BENNETT JONES LLP
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 3400
Toronto ON M5X 1A4

Rob Stanley (LSUC # 27115J)
Kevin Zych (LSUC #33129T)
Derek Bell (LSUC #43420J)
Jonathan Bell (LSUC #55457P)

Lawyers for the Applicant

TAB C