

**TAB 12**

## UNDERWRITING AGREEMENT

May 22, 2009

Credit Suisse Securities (Canada) Inc.  
1 First Canadian Place  
Suite 2900  
Toronto, ON M5X 1C9

Dundee Securities Corporation  
2700, 1 Adelaide Street East  
Toronto, ON M5C 2V9

Merrill Lynch Canada Inc.  
BCE Place,  
181 Bay Street, Suite 400  
Toronto, Ontario  
M5J 2V8

Scotia Capital Inc.  
40 King Street West  
Scotia Plaza  
P.O. Box 4085, Station A  
Toronto, Ontario  
M5W 2X6

TD Securities Inc.  
66 Wellington Street West  
P.O. Box 1, TD Bank Tower  
Toronto, Ontario  
M5K 1A2

Dear Sirs and Mesdames:

SINO-FOREST CORPORATION, a *Canada Business Corporations Act* corporation (the "Company"), proposes to issue and sell to Credit Suisse Securities (Canada) Inc., Dundee Securities Corporation (together, the "Co-Lead Underwriters") Merrill Lynch Canada Inc., Scotia Capital Inc. and TD Securities Inc. (collectively, the "Underwriters") 30,000,000 common shares in the capital of the Company (the "Firm Shares"). The Company also proposes to issue and sell to the Underwriters not more than an additional 4,500,000 Common Shares in the capital of the Company (the "Optional Shares") if and to the extent that the Underwriters shall have determined to exercise the right to purchase such Optional Shares granted to the Underwriters in Section 3 hereof. The Firm Shares and the Optional Shares are hereinafter collectively referred to as the "Offered Shares".

We also understand that the Company is eligible to file, and will prepare and file a preliminary short form prospectus and a (final) short form prospectus and all other necessary documents in order to qualify the Offered Shares for distribution to the public in each of the provinces of Canada other than Québec (the "Offering").

The following are the terms and conditions of the agreement among the Company and the Underwriters:

1. *Definitions.* In this Agreement, unless otherwise defined herein, the following words and terms shall have the following meanings:

- (a) "1933 Act" means the United States *Securities Act of 1933*, as amended.
- (b) "1934 Act" means the United States *Securities Exchange Act of 1934*, as amended.
- (c) "Affiliates" or "affiliates" has the meaning specified in Rule 501(b) of Regulation D under the 1933 Act.
- (d) "Agreement" means this underwriting agreement between the Company and the Underwriters dated May 22, 2009, and all schedules attached hereto and any and all amendments made hereto and thereto.
- (e) "Agreements and Instruments" has the meaning specified in Section 2(tt).
- (f) "Business Day" means a day which is not a Saturday, a Sunday or a statutory or civic holiday in the City of Toronto, Ontario, the City of New York, New York or the City of Hong Kong, SAR.
- (g) "Canadian Securities Laws" means the securities laws, regulations, rules, published national and local instruments, policy statements, notices, blanket rulings and orders, discretionary rulings and orders applicable to the Company, and prescribed forms, collectively, of each of the Qualifying Jurisdictions and all rules, by-laws and regulations governing the TSX, all as the same are in effect at the date hereof and as amended, supplemented or replaced from time to time.
- (h) "CJV Conversion" has the meaning specified in Section 2(j).
- (i) "Claim" has the meaning specified in Section 9(a).
- (j) "Closing Date" has the meaning specified in Section 4.
- (k) "Closing Time" means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date, as the Company and the Underwriters, may agree.
- (l) "Co-Lead Underwriters" has the meaning set forth in the Recitals.
- (m) "Common Shares" means the common shares in the capital of the Company.
- (n) "Company" has the meaning set forth in the Recitals.
- (o) "Company Public Documents" has the meaning specified in Section 2(ii).
- (p) "Company's Auditors" means Ernst & Young LLP.
- (q) "Company's BVI and Cayman Counsel" means the law firm of Appleby in the British Virgin Islands.

- (r) "Company's Canadian Counsel" means the law firm of Aird & Berlis LLP.
- (s) "Company's Counsel" means, collectively, Company's Canadian Counsel, Company's PRC Counsel, Company's Hong Kong Counsel, Company's BVI and Cayman Counsel and Company's U.S. Counsel.
- (t) "Company's Hong Kong Counsel" means the law firm of Linklaters.
- (u) "Company's PRC Counsel" means the law firm of Jingtian & Gongcheng.
- (v) "Company's U.S. Counsel" means the law firm of Linklaters.
- (w) "Condition of the Company" means the business, affairs, operations, assets, properties, prospects, liabilities (contingent or otherwise), capital, earnings or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole.
- (x) "critical accounting policies" has the meaning specified in Section 2(nn).
- (y) "Defaulted Securities" has the meaning specified in Section 10(b).
- (z) "Directed Selling Efforts" means "directed selling efforts" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Agreement, it means, subject to the exclusions from the definition of "directed selling efforts" contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Shares, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Offering.
- (aa) "distribution" and "distribution to the public" shall have the respective meanings ascribed thereto in the Canadian Securities Laws.
- (bb) "Enterprise Income Tax Law" means the PRC Enterprise Income Tax Law enacted on March 16, 2007 and effective on January 1, 2008 and its Implementation Rules issued on December 6, 2007 and effective on January 1, 2008.
- (cc) "Environmental Laws" has the meaning specified in Section 2(ee).
- (dd) "Final International Offering Memorandum" means the final international offering memorandum prepared by the Company for use in connection with the International Offering, which consists of the Prospectus and certain additional pages, as amended or supplemented.
- (ee) "Firm Shares" has the meaning specified in the Recitals.
- (ff) "GAAP" has the meaning specified in Section 2(jj).

- (gg) "Governmental Authorizations" has the meaning specified in Section 2(d).
- (hh) "Hazardous Substance" has the meaning specified in Section 2(ff).
- (ii) "including" means including, without limitation.
- (jj) "Indemnified Party" has the meaning specified in Section 9(a).
- (kk) "Intellectual Property Rights" has the meaning specified in Section 2(f).
- (ll) "International Offering" means the distribution of the Offered Shares by the Underwriters and their affiliates outside of Canada.
- (mm) "Master Agreements" means the agreements entered into by certain Subsidiaries, pursuant to which the Company secures its supply of standing timber.
- (nn) "misrepresentation", "material fact" and "material change" mean, with respect to circumstances to which the Canadian Securities Laws of a particular Qualifying Jurisdiction are applicable, a misrepresentation, material fact, and material change as defined under the Canadian Securities Laws of that Qualifying Jurisdiction and, if not so defined or in circumstances in which the particular Canadian Securities Laws of a particular Qualifying Jurisdiction are not applicable, mean a misrepresentation, material fact and material change as defined under the *Securities Act* (Ontario).
- (oo) "NI 44-101" means National Instrument 44-101 - *Short Form Prospectus Distributions*.
- (pp) "OFAC" has the meaning specified in Section 2(dd).
- (qq) "Offered Shares" has the meaning specified in the Recitals.
- (rr) "Offering" has the meaning specified in the Recitals.
- (ss) "Offering Documents" means the Preliminary Prospectus, the Prospectus, the Supplementary Material, the Preliminary International Offering Memorandum and the Final International Offering Memorandum.
- (tt) "Option Closing Date" has the meaning specified in Section 3.
- (uu) "Option Closing Time" has the meaning specified in Section 4.
- (vv) "Optional Shares" has the meaning specified in the Recitals.
- (ww) "Original CJVs" has the meaning specified in Section 2(j).
- (xx) "Over-Allotment Option" has the meaning specified in Section 3.

- (yy) "Plantation Rights Certificates" means certificates issued under the PRC Forestry Law in respect of the right to use the plantation land and to own the planted trees (in the case of planted forestry plantations) or to the owners of the plantation trees (in the case of purchased tree plantations).
- (zz) "PRC" means the People's Republic of China (excluding Hong Kong, Macau and Taiwan for the purposes of this Agreement).
- (aaa) "PRC Limited Company Subsidiary" or "PRC Limited Company Subsidiaries" has the meaning specified in Section 2(k).
- (bbb) "PRC Subsidiaries" has the meaning specified in Section 2(k).
- (ccc) "Preliminary International Offering Memorandum" means the preliminary international offering memorandum prepared by the Company for use in connection with the International Offering, which consists of the Preliminary Prospectus and certain additional pages, as amended or supplemented.
- (ddd) "Preliminary Prospectus" means the preliminary short form prospectus of the Company dated the date of this Agreement, in English, and filed with the Securities Regulators in connection with the qualification of the Offered Shares for distribution in the Qualifying Jurisdictions, and the term "Preliminary Prospectus" shall be deemed to refer to and to include all the documents incorporated therein by reference and any amendment or restatement thereto. For avoidance of doubt, reference to "Preliminary Prospectus" shall include the Preliminary Prospectus included in the Preliminary International Offering Memorandum.
- (eee) "Prospectus" means the (final) short form prospectus of the Company, approved, signed and certified in accordance with the Canadian Securities Laws, relating to the qualification for distribution of the Offered Shares under applicable Canadian Securities Laws in the Qualifying Jurisdictions, and the term "Prospectus" shall be deemed to refer to and include all the documents incorporated therein by reference. For avoidance of doubt, reference to "Prospectus" shall include the Prospectus included in the Final International Offering Memorandum.
- (fff) "Purchase Price" has the meaning specified in Section 3.
- (ggg) "Qualified Institutional Buyer" means a "qualified institutional buyer" as that term is defined in Rule 144A.
- (hhh) "Qualifying Jurisdictions" means the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

- (iii) "Regulation D" means Regulation D adopted by the SEC under the 1933 Act.
- (jjj) "Regulation S" means Regulation S adopted by the SEC under the 1933 Act.
- (kkk) "Repayment Event" has the meaning set forth in Section 2(vv).
- (lll) "Rule 144A" means Rule 144A under the 1933 Act.
- (mmm) "SEC" means the United States Securities and Exchange Commission.
- (nnn) "Securities Regulators" means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions and in the United States, as applicable.
- (ooo) "Solvent" has the meaning specified in Section 2(t).
- (ppp) "Subsidiary" means:
- (i) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Company or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries;
  - (ii) any partnership of which the Company, or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries: (x) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; and (y) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or
  - (iii) any other person of which at least a majority of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Company, or one or more of its Subsidiaries or the Company and one or more of its Subsidiaries;
- provided that the term Subsidiary shall in any event include any cooperative joint venture corporations, the WFOEs and each of the additional entities identified in Schedules 1, 2, 3, 4, 5 and 7 but excludes Sinowood Holdings Limited, Sinowood Finance Limited, Khan Forestry Inc. and Max Grain Development Limited which are inactive.
- (qqq) "Substantial U.S. Market Interest" means "substantial U.S. market interest" as that term is defined in Regulation S.

- (rrr) "Supplementary Material" means, collectively, any amendment or supplement to the Prospectus or any other similar documents required to be filed by the Company under the Canadian Securities Laws in connection with the Offering.
- (sss) "to the best of the knowledge, information and belief of" means (unless otherwise expressly stated) a statement of the declarant's knowledge of the facts or circumstances to which such phrase relates after having made due inquiries and investigations in connection with such facts and circumstances.
- (ttt) "TSX" means the Toronto Stock Exchange.
- (uuu) "Underwriters" has the meaning set forth in the Recitals.
- (vvv) "Underwriters' Canadian Counsel" means the law firm of Stikeman Elliott LLP.
- (www) "Underwriters' Counsel" means collectively, Underwriters' Canadian Counsel, Underwriters' PRC Counsel and Underwriters' U.S. Counsel.
- (xxx) "Underwriters' PRC Counsel" means the law firm of Commerce & Finance Law Offices.
- (yyy) "Underwriters' U.S. Counsel" means the law firm of Davis Polk & Wardwell.
- (zzz) "United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
- (aaaa) "U.S. Securities Laws" means all applicable securities legislation in the United States, including, the 1933 Act, as amended, and the 1934 Act, as amended, and the rules and regulations promulgated thereunder.
- (bbbb) "WFOEs" has the meaning set forth in 2(k).

2. *Representations and Warranties.* The Company represents and warrants to the Underwriters and acknowledges that the Underwriters are relying upon such representations and warranties in connection with their execution and delivery of this Agreement, and delivery of each of the Offering Documents by the Company to the Underwriters shall constitute the representation and warranty of the Company to the Underwriters, that:

- (a) The Company is continued under the laws of Canada and is validly existing as a corporation in good standing under the laws of Canada, has the corporate power and authority to own its property and to conduct its business as described in the Offering Documents and is duly qualified to transact business and is in good standing in each jurisdiction in which the



conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

- (b) All of the subsidiaries of the Company, except those specifically excluded in Section 1(ppp), are listed on Schedule 7 hereto; there is no other company or undertaking in which any of the Company or its Subsidiaries directly or indirectly owns or controls or proposes to own or control a majority interest (whether by way of shareholding, trust arrangement or otherwise).
- (c) Each Subsidiary has been duly incorporated, amalgamated, formed or continued, as the case may be, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, amalgamation, formation or continuance, has the corporate power and authority to own its property and to conduct its business as described in the Offering Documents and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole; except as disclosed in the following item (m) all of the issued shares of capital stock of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and the shares of capital stock of each such Subsidiary owned by the Company or another Subsidiary are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims.
- (d) Each of the Company and its Subsidiaries has obtained all consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all relevant national, local or other governmental authorities and all relevant courts and other tribunals ("Governmental Authorizations") which are required for the Company or any of its Subsidiaries to own, lease, license and use its properties and assets and to conduct its business in the manner described in, and contemplated by, the Offering Documents. Except for the Governmental Authorizations whose absence would not have a material adverse effect on the Condition of the Company, all such Governmental Authorizations are in full force and effect; none of the Company and its Subsidiaries is in violation of, or default under, such Governmental Authorizations.
- (e) Each of the Company and its Subsidiaries has good and marketable title to all real property and all personal property owned by it, in each case free and clear of all liens, encumbrances and defects, except such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by it and except for the mortgages, liens, pledges or other security interests relating to the bank borrowings and

other indebtedness by the Company disclosed in the Offering Documents; and any real property and buildings held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries, in each case except as described in or contemplated in the Offering Documents.

- (f) The Company and its Subsidiaries own or possess or can acquire on reasonable terms sufficient trademarks, trade names, patent rights, copyrights, licenses, approvals, trade secrets and other similar rights (collectively, the "Intellectual Property Rights") reasonably necessary to conduct their businesses as now conducted; neither the Company nor any of its Subsidiaries has received any notice of or is otherwise aware of infringement or conflict with asserted Intellectual Property Rights of others.
- (g) This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction.
- (h) The relevant PRC Subsidiaries have duly obtained or are in the process of applying for the relevant Plantation Rights Certificates, its equivalents or other relevant approvals for their legal titles to the plantation land use rights and the planted tree plantations. The relevant PRC Subsidiaries have planted at least 61,500 hectares of planted tree plantation as of March 31, 2009.
- (i) Each of the Company and its Subsidiaries has the right to conduct business in the PRC in the manner as presently conducted and as described in the Offering Documents, and has the right to own the purchased tree plantations (as set forth in the Offering Documents) and has the right to log, transport, and sell the purchased tree plantations in accordance with the PRC laws and regulations.
- (j) The events and transactions (the "CJV Conversion") set forth in the Offering Documents relating to the conversion of the corporate form of certain PRC Subsidiaries of the Company from cooperative joint venture enterprise into wholly foreign-owned enterprise, as listed in Schedule 6 (the "Original CJVs"), have been duly effected in accordance with applicable laws and regulations, and the description of the CJV Conversion set forth therein is an accurate and fair summary of such transactions in all material respects.
- (k) Each of the Company's Subsidiaries in the PRC has been duly established as a wholly foreign owned enterprises (each, a "WFOE" and, collectively the "WFOEs") or a PRC limited company invested by WFOE (each, a "PRC

Limited Company Subsidiary" and, collectively the "PRC Limited Company Subsidiaries"; together with the WFOEs, the "PRC Subsidiaries") in compliance with applicable PRC laws and regulations.

- (l) The ownership structure of the PRC Subsidiaries as described in the Offering Documents is in compliance with any applicable laws and regulations in the PRC.
- (m) Except for Sino-Panel (China) Investments Limited, Sino-Panel (Fujian) Co., Ltd., Sino-Panel (Heilongjiang) Trading Co., Ltd. and Jiangxi Jiawei Panel Co. Ltd. whose registered capital has been subscribed in accordance with their respective government approvals, the registered capital of each of the PRC Subsidiaries has been subscribed in full and all government approvals relating to the subscription thereof have been issued and are in full force and effect; the Company will pay or cause to be paid in full the unpaid registered capital of Sino-Panel (China) Investments Limited, Sino-Panel (Fujian) Co., Ltd., Sino-Panel (Heilongjiang) Trading Co., Ltd. and Jiangxi Jiawei Panel Co. Ltd. in due course in accordance with PRC laws and regulations.
- (n) The articles of association of each of the WFOEs comply with the requirements of applicable laws of the PRC, and are in full force and effect.
- (o) Each of (i) the documents listed under "Material Contracts" in the Company's annual information form dated March 31, 2009, (ii) the Master Agreements or other contracts entered into by the Subsidiaries of the Company relating to the purchase of the rights to the trees on particular plantation land with or without a pre-emptive right to lease such plantation land, (iii) the longterm lease agreements entered into by any of the Company's Subsidiaries for tree plantations, (iv) the share purchase or other investment agreements entered into by the Company and any of its Subsidiaries, and (v) any other contracts or arrangements between any of either the Company or the Company's Subsidiaries and an authorized intermediary regarding the sales of standing timber, has been duly authorized, executed and delivered by the relevant Subsidiaries of the Company, constitutes a valid and binding agreement of each of the parties thereto, is in full force and effect and is enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction. The Company has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any such material contract and none of the Company or its Subsidiaries has received notice of any intention to terminate any such contract or agreement or repudiate or disclaim any such transaction. All descriptions of material contracts or documents in the Offering Documents, to the extent such descriptions purport to describe or summarize such contracts or documents, are true and accurate in all material respects, fairly summarize the contents of

such contracts or documents and do not omit any material information which affects the import of such descriptions.

- (p) Each of the WFOEs has obtained all necessary foreign exchange registration certificates from the State Administration of Foreign Exchange or its local counterparts and has passed foreign exchange annual inspections, except for those the absence of which would not result in a material adverse effect on the Condition of the Company. The Company, through the WFOEs, has obtained all necessary foreign exchange registration certificates from the State Administration of Foreign Exchange or its local counterparts for its investments in the PRC. No other governmental registration, authorization or filing with any governmental authority is required in the PRC in respect of the ownership by the Company of its direct or indirect equity interest in any PRC Subsidiary or in respect of the CJV Conversion, except for those that have already been obtained or those the absence of which would not result in a material adverse effect on the Condition of the Company.
- (q) Subject to compliance with the requisite procedures under the PRC laws and regulations, each PRC Subsidiary has full power and authority to effect dividend payments and remittances thereof outside the PRC in foreign currency free of deduction or withholding on account of income taxes and without the need to obtain any consent, approval, authorization, order, registration or qualification of or with any court or governmental or regulatory agency or body of or in the PRC. No wholly-owned Subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's properties or assets to the Company or any other wholly-owned Subsidiary upon the requisite approval procedures for such transferring, except for Sino-Panel (China) Investments Limited, Sino-Panel (Fujian) Co., Ltd. Sino-Panel (Heilongjiang) Trading Co., Ltd. and Jiangxi Jiawei Panel Co. Ltd. whose registered capital has been partially paid up and the dividend payments and remittances for which shall be made in proportion to the paid-up contribution of its registered capital, and except as otherwise described in the Offering Documents.
- (r) The authorized capital of the Company conforms to the description thereof contained in the Offering Documents. None of the outstanding Common Shares were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any of its Subsidiaries other than those accurately described in the Offering Documents. The description of the

Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the Offering Documents accurately and fairly describes such plans, arrangements, options and rights.

- (s) Each of the WFOEs has full power and authority to borrow shareholder loans from its foreign shareholder as contemplated and described in the Offering Documents. Except for those disclosed in the Offering Documents, no other licenses, consents, approvals, authorizations, permits, certificates or orders of or from, or filings, declarations or qualifications with or to, any governmental body, court, agency or official in the PRC are required for any WFOE to borrow shareholder loans. Each of the WFOEs will be able to repay such shareholder loans in, and remit to outside the PRC, United States dollars, except for the withholding tax required under the Enterprise Income Tax Law of the PRC and other exceptions, in each case, as disclosed in the Offering Documents, free of deduction or withholding on account of income taxes and without the need to obtain any consent, approval, authorization, order, registration or qualification of or with any court or governmental or regulatory agency or body of or in the PRC.
- (t) The Company and each Subsidiary is, and immediately after the Closing Time and immediately upon consummation of the transactions contemplated herein and in the Offering Documents will be, Solvent. As used herein, the term "Solvent" means, with respect to an entity, on a particular date, that on such date (a) the book value of the assets of such entity is greater than or equal to the total amount of liabilities (including contingent liabilities) of such entity, (b) the value of the assets of the entity is greater than the amount that will be required to pay the probable liabilities of such entity on its debt as they become absolute and mature, (c) the entity is able to realize upon its assets and pay its debts and other liabilities (including contingent obligations) as they mature, and (d) the entity does not have unreasonably small capital. Except such as would not result in a material adverse effect on the Condition of the Company, no winding up or liquidation proceedings have been commenced against the Company or any of its Subsidiaries and no proceedings have been started or, to the best of the knowledge information and belief of the Company, threatened for the purpose of, and no judgment has been rendered, declaring the Company or any of its Subsidiaries bankrupt or in any insolvency proceeding, or for any arrangement or composition for the benefit of creditors, or for the appointment of a receiver, trustee, administrator or similar officer of any of the Company and its Subsidiaries, or any of their respective properties, revenues or assets.
- (u) The Common Shares outstanding prior to the issuance of the Offered Shares have been duly authorized and are validly issued, fully paid and non-assessable.

- (v) The Common Shares are listed on the TSX under the symbol "TRE". The Company has taken no action designed, or likely, to have the effect of delisting the Common Shares from the TSX nor is the TSX contemplating such delisting.
- (w) The Offered Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Offered Shares will not be subject to any pre-emptive or similar rights and will be free and clear of any security interests, claims, liens, equity or encumbrances; and no holder of such shares will be subject to personal liability by reason of being such a holder. Except as disclosed in the Offering Documents, there are no limitations on the rights of the holders of the Offered Shares to hold, vote or transfer their shares.
- (x) The total shareholders' equity of the Company is as set forth in the Preliminary Prospectus under the caption "Consolidated Capitalization of the Corporation" as of March 31, 2009, and the actual, authorized, issued and outstanding number of Common Shares as of March 31, 2009 is as set forth in the section entitled "Supplemental Information - Description of Securities Being Distributed" in the Preliminary International Offering Memorandum and Final International Offering Memorandum, and there have been no changes to such amounts.
- (y) The execution and delivery of this Agreement by the Company, the issuance, offering and sale of Offered Shares, the use of the proceeds as described in the Offering Documents and the compliance by the Company with the other provisions of this Agreement do not:
  - (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, Securities Regulators or other third party except: (A) such as have been obtained; and (B) such as may be required (and shall be obtained as provided in this Agreement) under the Canadian Securities Laws and by the TSX;
  - (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under: (A) any indenture, mortgage, lease or other agreement or instrument to which the Company, any of its Subsidiaries or any of their respective properties is bound; (B) the charter documents or by-laws of the Company or any of its Subsidiaries, respectively; or (C) any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator, stock exchange or securities association applicable to the Company or any of its Subsidiaries; or
  - (iii) give rise to any claim against the Company, any of its Subsidiaries, or any of their assets or give rise to or accelerate the repayment of any

indebtedness or other payment or repayment obligation under any term or provision of any document or instrument referred to in sub-clause (A) or (B) of clause 2(y)(ii) above.

- (z) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the Condition of the Company, whether or not arising out of the ordinary course of business, from that set forth in the Preliminary Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement). Other than as set forth in the Offering Documents, (i) there have been no transactions entered into by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered in the aggregate, (ii) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, and (iii) neither the Company nor any of its Subsidiaries has sustained any material loss or interference with its business from fire, earthquake, flood, explosion or other calamity, whether or not covered by insurance.
- (aa) There are no legal or governmental proceedings pending or threatened to which the Company or any of its Subsidiaries is a party or to which any of the properties of the Company or any of its Subsidiaries is subject other than proceedings accurately described in the Offering Documents and proceedings that would not have a material adverse effect on the Condition of the Company.
- (bb) No labour dispute with the employees of the Company or any of its Subsidiaries exists or, to the best of the knowledge, information and belief of the Company, is imminent, and the Company is not aware of any existing or imminent labour disturbance by the employees of any of its or any of its Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, would result in any material adverse effect on the Condition of the Company.
- (cc) The Company and its Subsidiaries have not, and to the best of the knowledge, information and belief of the Company, no director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its Subsidiaries has, taken any action, directly or indirectly, that would result in a violation by such persons of the anti-corruption legislation of Canada, the PRC, Hong Kong or any other jurisdiction, or the rules and regulations thereunder, and all related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency thereof, including, without limitation, (i) making an offer, payment or promise to pay or (ii) authorizing the payment of any money, other property, gift, promise to give, or the giving of anything of value to any official, employee or agent of any governmental agency, authority or instrumentality in Canada, the PRC, Hong Kong or any other jurisdiction where either the

payment, gift or promise or the purpose of such contribution, payment, gift or promise was, is or would be prohibited under applicable law, rule or regulation of Canada, the PRC, Hong Kong or any other relevant jurisdiction or to any political party or official thereof or any candidate for political office, where either the payment, gift or promise or the purpose of such contribution, payment, gift or promise was, is or would be prohibited under applicable law, rule or regulation of Canada, the PRC, Hong Kong or any other relevant jurisdiction, except such as would not, individually or in the aggregate, have any material adverse effect on the Condition of the Company.

- (dd) Neither the Company or any of its Subsidiaries nor, to the best of the knowledge, information and belief of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company or any of its Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.
- (ee) The Company and its Subsidiaries (i) are in compliance with any and all applicable foreign, federal, provincial, state, territorial, and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants, dangerous goods or contaminants ("Environmental Laws"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Condition of the Company.
- (ff) There is not at present on, at or under any of the real properties of the Company or any of its Subsidiaries any hazardous substances, toxic substances, wastes, pollutants, dangerous goods or contaminants ("Hazardous Substance") and there has not been the discharge, deposit, leak, emission, spill or other release of any Hazardous Substance on, at, under or from any real property of the Company or any of its Subsidiaries (including relating to the collection, removal and disposal of wastes), which has resulted in or may result in any cost, damage or other liability, including the diminution in value of any property.



- (gg) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the Condition of the Company.
- (hh) The Company is eligible to file a short form prospectus under NI 44-101 in each of the Qualifying Jurisdictions and there are no reports or information that in accordance with the requirements of the Canadian Securities Laws must be made publicly available in connection with the Offering as at the date hereof that have not been made publicly available as required.
- (ii) The Company has filed each statement, report, material change report, prospectus, management information circular, annual and interim report to shareholders, annual information form, financial statements, and any other material filing required to be filed with the Securities Regulators by the Company since January 1, 2006 (collectively, the "Company Public Documents"). As of their respective filing dates, the Company Public Documents complied in all material respects with the requirements of applicable Canadian Securities Laws and none of the Company Public Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequently filed Company Public Document. The Company has not filed any confidential material change report or other confidential report with any Securities Regulators or other governmental entity which at the date hereof remains confidential.
- (jj) The financial statements, together with the related schedules and notes, included in the Offering Documents, present fairly, in all material respects, the financial position of the Company and its consolidated Subsidiaries (as defined below) at the dates indicated and the statements of income and retained earnings, comprehensive income and cash flows of the Company and its consolidated Subsidiaries for the periods specified therein; said financial statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The selected financial data and the summary financial information included in the Offering Documents present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Offering Documents. The other financial and operational information included in the Offering Documents present fairly information included therein.

- (kk) Other than as disclosed in the financial statements referred to in clause 2(jj) and in the Offering Documents, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company or any of its Subsidiaries with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, change in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of the Company or any of its Subsidiaries.
- (ll) Except as disclosed in the Offering Documents, none of the Company or any of its Subsidiaries has any contingent liabilities, in excess of the liabilities that are either reflected or reserved against in the financial statements referred to in clause (jj), which are material to the Condition of the Company.
- (mm) Except as disclosed in the Offering Documents, no material indebtedness (actual or contingent) and no material contract or arrangement is outstanding between the Company or any of its Subsidiaries and any director or executive officer of the Company or any of its Subsidiaries or any person connected with such director or executive officer (including his/her spouse or children, or any company or undertaking in which he/she holds a controlling interest). There are no material relationships or transactions between the Company or any of its Subsidiaries on the one hand and its affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which are not disclosed in the Offering Documents.
- (nn) The sections entitled "Management's Discussion and Analysis - Overview of Business - Significant Accounting Policies and Interpretation" and "Management's Discussion and Analysis - Critical Accounting Estimates" in the Offering Documents accurately and fairly describes in all material respects (i) accounting policies which the Company believes are the most important in the portrayal of the financial condition and results of operations for the Company and its consolidated Subsidiaries and which require management's most difficult, subjective or complex judgments ("critical accounting estimates"); and (ii) judgments and uncertainties affecting the application of critical accounting policies. The sections entitled "Management's Discussion and Analysis - Liquidity and Capital Resources" in the Offering Documents accurately and fairly describes in all material respects (x) all material trends, demands, commitments, events, uncertainties and risks, and the potential effects thereof, that the Company believes would materially affect its liquidity and are reasonably likely to occur; and (y) all off-balance sheet arrangements, if any, that have or are reasonably likely to have a current or future effect on the financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources of the Company and the Subsidiaries taken as a whole. Except as disclosed in the Offering Documents, there are no outstanding guarantees or other contingent obligations of the Company or

any Subsidiary that could reasonably be expected to have a material adverse effect on the Condition of the Company.

- (oo) The Company and each of its Subsidiaries maintains a system of internal controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the financial statements to be fairly presented in accordance with Canadian GAAP and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to differences; (v) the Company and each of its Subsidiaries have made and kept books, records and accounts, which in reasonable details, accurately and fairly reflect in all material respects the transactions and dispositions of assets of such entity; (vi) material information relating to the Company and its Subsidiaries is made known to those within the Company responsible for the preparation of the financial statements during the period in which the financial statements have been prepared and that such material information is disclosed to the public within the time periods required by applicable law, including Canadian Securities Laws; and (vii) all significant deficiencies and material weaknesses in the design or operation of such internal controls that could adversely affect the Company's ability to disclose to the public information required to be disclosed by it in accordance with applicable law, including Canadian Securities Laws, and all fraud, whether or not material, that involves management or employees that have a significant role in the Company's internal controls have been disclosed to the audit committee of the Company's board of directors.
- (pp) The Company's Auditors are independent public accountants as required under Canadian Securities Laws and there has not been any disagreement (within the meaning of National Instrument 51-102 - Continuous Disclosure Obligations) since January 1, 2006 with the present or any former auditors of the Company.
- (qq) The Company and its Subsidiaries carry or are entitled to the benefits of insurance, with to the best of the knowledge, information and belief of the Company, financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company has no reason to believe that it or any of its Subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a material adverse change in the Condition of the Company.

- (rr) Except as referred to in and contemplated by the Offering Documents, subsequent to the respective dates as of which information is given in such documents:
- (i) there has not been any material change in the assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Company and its Subsidiaries on a consolidated basis;
  - (ii) there has not been any material change in the capital or long-term debt of the Company and its Subsidiaries on a consolidated basis; and
  - (iii) there has not been any material change in the Condition of the Company.
- (ss) There is no person, firm or corporation which has been engaged by the Company to act for the Company and which is entitled to any brokerage or finder's fee in connection with this Agreement or any of the transactions contemplated hereunder, and in the event any such person, firm or corporation establishes a claim for any fee from the Underwriters in respect of the transactions contemplated hereunder, the Company covenants to indemnify and hold harmless the Underwriters with respect thereto and with respect to all costs reasonably incurred in the defence thereof.
- (tt) Neither the Company nor any of its Subsidiaries is, or with the giving of notice or lapse of time or both would be, (A) in violation of any provision of law, statute, rule or regulation or its charter documents, by-laws, business license, business permit or other constitutional documents, or any judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets, properties or operations or (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or any of its Subsidiaries is subject (collectively, "Agreements and Instruments") except, in each case, for such violations or defaults that would not result in a material adverse effect on the Condition of the Company; and the execution, delivery and performance of this Agreement and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Offering Documents and the consummation of the transactions contemplated herein and in the Offering Document (including the issuance and sale of the Offered Shares and the use of the proceeds from the sale of the Offered Shares as described in the Offering Documents under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder or thereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without

the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, the Agreements and Instruments, nor will such action result in any violation of the provisions of the charter documents, by-laws, business license, business permit or other constitutional documents of the Company or any of its Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its Subsidiaries.

- (uu) Other than as disclosed in the Offering Documents, the Company and each of its Subsidiaries has, on a timely basis, filed all necessary tax returns and notices and has paid or made provision for all applicable taxes of whatever nature for all tax years to the date hereof to the extent such taxes have become due or have been alleged to be due; other than as disclosed in the Offering Documents, the Company is not aware of any material tax deficiencies or material interest or penalties accrued or accruing or alleged to be accrued or accruing thereon with respect to itself or any of its Subsidiaries which have not otherwise been provided for by the Company.
- (vv) The Company is a reporting issuer under the Canadian Securities Laws of each of the Qualifying Jurisdictions and is not in default of any requirement of such Canadian Securities Laws. The Company has not taken any action to cease to be a reporting issuer in any province nor has the Company received notification from any applicable Canadian securities regulatory authority seeking to revoke the reporting issuer status of the Company.
- (ww) The delivery to the Underwriters of the Offering Documents shall constitute the representation and warranty of the Company to the Underwriters that, at the time of such delivery, the information and statements contained therein (except for statements or omissions based upon information relating to the Underwriters furnished to the Company in writing by the Underwriters expressly for use therein):
  - (i) constitute full, true and plain disclosure of all material facts relating to (x) the Company and its Subsidiaries on a consolidated basis; and (y) the Offered Shares;
  - (ii) are true and correct in all material respects and contain no misrepresentation; and

- (iii) do not omit a material fact (except for information relating solely to the Underwriters) which is necessary to make the information and statements contained therein not misleading in light of the circumstances in which they were made.
- (xx) Any statistical and market-related data included in the Offering Documents are based on or derived from sources that the Company believes to be reliable and accurate, and, to the extent required or otherwise necessary, the Company has obtained the written consent or other consent in requisite form to the use of such data from such sources.

Such delivery shall also constitute the Company's consent to the use of (a) the Preliminary Prospectus, the Prospectus or the Supplementary Material, as the case may be, by the Underwriters for the purpose of offering and selling the Offered Shares in the Qualifying Jurisdictions in accordance with the Canadian Securities Laws and (b) the Preliminary International Offering Memorandum, the Final International Offering Memorandum and any Supplementary Material by the Underwriters (and its affiliates) for the offering and sale of the Offered Shares by them outside of Canada.

3. *Agreements to Sell and Purchase.* The Company hereby agrees to sell to the Underwriters, and the Underwriters agree to purchase from the Company, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, 30,000,000 Common Shares at Cdn.\$11.00 per Share (the "Purchase Price").

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Optional Shares, and the Underwriters shall have the right to purchase up to 4,500,000 Optional Shares at the Purchase Price (the "Over-Allotment Option"). The Underwriters may exercise this right in whole or from time to time in part by giving written notice prior to 30 days after the Closing Date. Any exercise notice shall specify the number of Optional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least three Business Days after the written notice is given and may not be earlier than the closing date for the Firm Shares nor later than ten Business Days after the date of such notice and must be a day that the TSX is open for trading. Optional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Optional Shares are to be purchased (an "Option Closing Date"), the Underwriters agree to purchase the number of Optional Shares (subject to such adjustments to eliminate fractional shares as the Underwriters may determine) to be purchased on such Option Closing Date.

The Company hereby agrees that, without the prior written consent of the Co-Lead Underwriters, on behalf of the Underwriters, which consent shall not be unreasonably withheld or delayed, it will not, during the period commencing on the date of the Prospectus and ending 120 days after the Closing Date, issue, agree to issue, or announce an intention to issue any additional Common Shares or any securities convertible into or exchangeable for Common Shares (except in connection with the exchange, transfer,

conversion or exercise of rights of existing outstanding securities or existing commitments to issue securities or except in respect of the grant of options pursuant to the Company's stock option plan and the issuance of shares pursuant to the exercise thereof).

4. *Payment and Delivery.* Payment for the Firm Shares shall be made to the Company in Canadian funds immediately available in Toronto, Canada against delivery of such Firm Shares for the account of the Underwriters at 8:00 a.m., Toronto time (the "Closing Time"), on June 8, 2009 or on such other date, not later than June 30, 2009, as shall be designated in writing by the Underwriters. The date of such payment is hereinafter referred to as the "Closing Date".

Payment for any Optional Shares shall be made to the Company in Canadian funds immediately available in Toronto, Canada against delivery of such Optional Shares for the account of the Underwriters at 8:00 a.m., Toronto time (the "Option Closing Time"), on the Option Closing Date specified in the corresponding notice described in Section 3 or on such other date, in any event not later than June 30, 2009, as shall be designated in writing by the Underwriters.

The Firm Shares and Optional Shares shall be registered in such names and in such denominations as the Underwriters shall request in writing not later than one full Business Day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Optional Shares shall be delivered to the Underwriters on the Closing Date or an Option Closing Date, as the case may be.

In consideration for the Underwriters' services in (i) assisting in the preparation of the Offering Documents; (ii) forming and managing banking, selling or other groups in connection with the distribution of the Offered Shares; (iii) distributing the Offered Shares, both directly and through other registered dealers and brokers; and (iv) all other matters in connection with the issue and sale of the Offered Shares, the Company agrees to pay to the Underwriters, by certified cheque, wire transfer or the deduction of the Offering proceeds, a commission equal to 4.25% of the aggregate gross proceeds to the Company of the Firm Shares purchased by the Underwriters hereunder at the Closing Time. To the extent the Over-Allotment Option is exercised, the Company shall pay to the Underwriters, by certified cheque, wire transfer or the deduction of the Offering proceeds, a fee at the Option Closing Date equal to 4.25% of the aggregate gross proceeds to the Company of the Optional Shares purchased by the Underwriters hereunder.

The closing of the purchase and sale of the Firm Shares will be completed at the Closing Time at the offices of the Company's Canadian Counsel, or at any other place determined in writing by the Company and the Underwriters. At the Closing Time, the Company will deliver to the Underwriters (i) a global certificate representing the Firm Shares to be issued on the Closing Date registered in the name of "CDS & Co." for deposit into the book entry only system administered by CDS Clearing and Depository Services Inc. and/or such other number of certificates as directed by the Underwriters at least one Business Day prior to the Closing Date; (ii) such further documentation as may be contemplated herein or as the Underwriters or the applicable Securities Regulators or the TSX may reasonably require, against payment by the Underwriters of the purchase price therefor by certified cheque or wire transfer to the order of the Company in Canadian same

day funds or by such other method as the Company and the Underwriters may agree upon. In addition, the Company shall contemporaneously pay to the Underwriters the aforementioned 4.25% commission by wire transfer to the order of the Underwriters in Canadian same day funds, the deduction of the Offering proceeds or by such other method as the Company and the Underwriters may agree upon. The Company hereby expressly authorizes the Underwriters to deduct (x) the commission to which it is entitled pursuant to the terms hereof; and (y) any fees and expenses set forth in Section 6(c) hereof payable by the Company to the Underwriters, from any payment made by the Underwriters of the purchase price for the Firm Shares or any Optional Shares in satisfaction of the Company's obligation to pay such commission and such fees and expenses. The Underwriters shall provide at least three Business Days notice if it does not intend to deduct the aforementioned commissions, fees and expenses from the price of the Offered Shares.

In order to facilitate an efficient and timely closing at the Closing Time and the Option Closing Time, the Underwriters may choose to initiate a wire transfer of funds to the Company prior to the Closing Time or the Option Closing Time, as the case may be. If the Underwriters do so, the Company agrees that such transfer of funds to the Company prior to the Closing Time or the Option Closing Time does not constitute a waiver by the Underwriters of any of the conditions set out in this Agreement. Furthermore, the Company agrees that any such funds received from the Underwriters prior to the Closing Time or the Option Closing Time, as the case may be, will be held by the Company in trust solely for the benefit of the Underwriters until the Closing Time or the Option Closing Time as the case may be, and, if the closing, as the case may be, does not occur at the scheduled Closing Time or the Option Closing Time, as the case may be, such funds shall be immediately returned by wire transfer to Credit Suisse Securities (Canada) Inc. on behalf of the Underwriters, without interest. Upon the satisfaction of the conditions of closing at the Closing Time or Option Closing Time, as the case may be, the funds held by the Company in trust for the Underwriters shall be deemed to be delivered by the Underwriters to the Company in satisfaction of the obligation of the Underwriters under Section 12 of this Agreement and upon such delivery the trust constituted by this Section 4 shall be terminated without further formality.

5. *Conditions to the Underwriters' Obligations.* The obligations of the Company to sell the Offered Shares to the Underwriters and the obligation of the Underwriters to purchase and pay for the Offered Shares at the Closing Time are subject to the following conditions:

- (a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any change, or any development involving a prospective change, in the Condition of the Company, from that set forth in the Offering Documents provided to prospective purchasers of the Offered Shares that, in the Underwriters' judgment, is material and adverse and that makes it, in the Underwriters' judgment, impracticable to profitably market and sell the Offered Shares on the terms and in the manner contemplated in the Prospectus.
- (b) The Underwriters shall have received a legal opinion dated the Closing Date from Company's Canadian Counsel, addressed to the Underwriters and



Underwriters' Counsel, in form and substance satisfactory to the Underwriters and the Underwriters' Counsel, acting reasonably. Such opinion shall be rendered to the Underwriters at the request of the Company and shall so state therein.

- (c) The Company shall have received a legal opinion dated the Closing Date from the Company's PRC Counsel, addressed to the Company for its sole reliance and expressly consent to the Company's delivering a copy of such opinion to the Underwriters and Underwriters' Counsel, in form and substance satisfactory to the Underwriters, acting reasonably.
- (d) The Underwriters shall have received a legal opinion and disclosure letter dated the Closing Date from the Company's U.S. Counsel, addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably. Such opinion and disclosure letter shall be rendered to the Underwriters at the request of the Company, and shall so state therein.
- (e) The Company shall have received a legal opinion dated the Closing Date from the Company's Hong Kong Counsel addressed to the Company for its sole reliance and expressly consent to the Company's delivering a copy of such opinion to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably.
- (f) The Underwriters shall have received a legal opinion dated the Closing Date from the Company's BVI and Cayman Counsel in form and substance satisfactory to Underwriters and the Underwriters' Counsel, acting reasonably. Such opinion shall be rendered to the Underwriters at the request of the Company, and shall so state therein.
- (g) The Underwriters shall have received a legal opinion dated the Closing Date from Underwriters' Canadian Counsel, addressed to the Underwriters, in a form satisfactory to the Underwriters, acting reasonably.
- (h) The Underwriters shall have received legal opinions dated the Closing Date from Underwriters' PRC Counsel, addressed to the Underwriters, in a form satisfactory to the Underwriters, acting reasonably.
- (i) The Underwriters shall have received a legal opinion and disclosure letter dated the Closing Date from Underwriters' U.S. Counsel, addressed to the Underwriters, in forms satisfactory to the Underwriters, acting reasonably.
- (j) The Underwriters shall have received a certificate, or certificates, dated the Closing Date and executed by each of the Chief Executive Officer and the Chief Financial Officer of the Company, on behalf of the Company, without personal liability, to the effect that, after due inquiry:
  - (i) a receipt for the Prospectus has been issued by the Ontario Securities Commission as the principal regulator of the Company, and no order

suspending or preventing the use of the Prospectus or any amendment thereto or cease trading the Common Shares or any other securities of the Company has been issued, and no proceedings for that purpose have been instituted or threatened by any Securities Regulator;

- (ii) subsequent to the respective dates as of which information is given in the Offering Documents, there has not been any material change of any kind, any material adverse change, or any development involving a prospective material adverse change, in the Condition of the Company;
- (iii) subsequent to the respective dates as of which information is given in the Offering Documents, no transaction out of the ordinary course of business, material to the Company and its Subsidiaries on a consolidated basis, has been entered into by the Company or any of its Subsidiaries or has been approved by the management of any of them;
- (iv) the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Date with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby;
- (v) the minute books and records of the Company relating to all meetings of shareholders of the Company and the Board of Directors of the Company made available to the Underwriters' Canadian Counsel are true, correct and complete, in all material respects, with respect to all proceedings of said shareholders and Board of Directors since January 1, 2001;
- (vi) except for such non-compliance which would not, in the aggregate, result in a material adverse effect on the Condition of the Company, the Company has duly complied in all respects with all the agreements and satisfied all the conditions of this Agreement on its part to be satisfied or complied with up to the Closing Time; and
- (vii) from April 1, 2009 to June 1, 2009, there has been no material adverse change in the Company's financial position as stated in its financial statements for the period ended March 31, 2009 and the Company has undertaken acceptable procedures to provide comfort to the Underwriters with respect to certain information included in the Final International Offering Memorandum, such comfort to be set out in a certificate substantially in a form satisfactory to the Underwriters and the Underwriters' Counsel.

- (k) The Underwriters shall have received a certificate, dated the Closing Date and executed by the Secretary of the Company, on behalf of the Company, without personal liability, to the effect that, to the best of his knowledge, information and belief:
- (i) the articles and by-laws of the Company attached to the certificate are full, true and correct copies and in effect on the date of such certificate;
  - (ii) the resolutions of the board of directors of the Company relating to the Offering attached to the certificate are full, true and correct copies thereof and have not been modified or rescinded as of the date of such certificate and are all of the resolutions relating to the subject matter of the Offering; and
  - (iii) such other matters as are requested by the Underwriters,
- in form and substance satisfactory to the Underwriters.
- (l) The Underwriters shall have received on the Closing Date comfort letters of the Company's Auditors in form and substance satisfactory to Underwriters' Counsel, similar to the comfort letters to be delivered to the Underwriters pursuant to 6(j)(v) hereof, and updated to a date not less than two days prior to the Closing Date.
- (m) On the Closing Date, the Offered Shares shall be listed and posted for trading on the TSX.
- (n) On or prior to the Closing Date, all necessary and required regulatory approvals in connection with the Offering have been received by the Company.
- (o) The Company shall have delivered the definitive certificates representing the Offered Shares as specified in Section 4 hereof.
- (p) The Underwriters shall have received at the Closing Time such other certificates, statutory declarations, agreements or materials, in form and substance satisfactory to the Underwriters and the Underwriters' Counsel, as the Underwriters and the Underwriters' Counsel may reasonably request.

In addition, the obligation of the Underwriters to purchase Optional Shares hereunder are subject to the delivery to the Underwriters on the applicable Option Closing Date of such documents as the Underwriters may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Optional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Optional Shares.

6. *Covenants of the Company.* In further consideration of the agreements of the Underwriters herein contained, the Company covenants with the Underwriters as follows:

- (a) If, during the period after the date hereof and prior to the date on which all of the Offered Shares have been sold by the Underwriters, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Offering Documents in order to correct any misrepresentation or make the statements therein, in the light of the circumstances when the Offering Documents are delivered to a purchaser, not misleading or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Offering Documents to comply with Canadian Securities Laws, forthwith to prepare, file with the Securities Regulators and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Underwriters will furnish to the Company) to which Offered Shares may have been sold by the Underwriters and to any other dealers upon request, either amendments or supplements to the Offering Documents so that the statements in the Offering Documents as so amended or supplemented will not, in the light of the circumstances when the Offering Documents are delivered to a purchaser, be misleading or so that the Offering Documents, as amended or supplemented, will comply with Canadian Securities Laws.
- (b) To endeavor to qualify the Offered Shares for offer and sale under the securities laws of such jurisdictions outside of Canada as the Underwriters shall reasonably request.
- (c) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Underwriters' Counsel, the Company's Counsel, the Company's Auditors, Pöyry Forest Industry Ltd. and any other experts or advisors retained by the Company in connection with the offering of the Offered Shares and all other fees or expenses in connection with the preparing, printing and filing or other publication of all documents contemplated hereby, including all costs of printing the Offering Documents, and the mailing and delivering of copies thereof to the Underwriters, in the quantities and to the locations specified by the Underwriters, (ii) all costs and expenses related to the transfer and delivery of the Offered Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) all expenses in connection with the qualification of the Offered Shares for offer and sale under applicable securities laws as provided in clause 6(b) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any legal investment memorandum, (iv) all filing fees incurred in connection with the offering of the Offered Shares, (v) the cost of printing certificates representing the Offered Shares, (vi) the costs and charges of any transfer agent, registrar or depositary and all fees and expenses of the Canadian Depositary for Securities Limited, (vii) the costs and expenses of the Company and the Underwriters relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Offered

Shares, including, without limitation, costs related to investor lunches and conference facilities (other than conference facilities at the offices of the Underwriters), and travel and lodging expenses in connection with due diligence and marketing meetings; (viii) the qualification of the Offered Shares and the Over-Allotment Option under the Canadian Securities Laws, including listing fees on the TSX and all filing or similar fees required by the Securities Regulators; (ix) the document production charges and expenses associated with printing the Offering Documents; and (x) all other costs and expenses incident to the performance of the obligations of the Company and the Underwriters hereunder for which provision is not otherwise made in this Section 6.

- (d) The Offered Shares to be issued and sold by the Company hereunder shall be duly and validly issued by the Company and, when issued and sold by the Company, such Offered Shares shall have the attributes set out in the Offering Documents.
- (e) The Company will, by no later than May 22, 2009, prepare and file the Preliminary Prospectus in order to qualify the Offered Shares for distribution in each of the Qualifying Jurisdictions in accordance with the Canadian Securities Laws and will use reasonable commercial efforts to obtain a receipt for the Preliminary Prospectus not later than 5:00 p.m. (Toronto time) on May 22, 2009 from the Ontario Securities Commission.
- (f) The Company will prepare and file the Prospectus and will use reasonable commercial efforts to obtain a receipt for the Prospectus from the Ontario Securities Commission, in order to qualify the Offered Shares for distribution in each of the Qualifying Jurisdictions in accordance with the Canadian Securities Laws, as soon as possible, and, shall obtain such receipt, in any event, not later than 5:00 pm (Toronto time) on June 1, 2009 (or such other time and/or later date as the Company and the Underwriters may agree).
- (g) Until the date on which the distribution of the Offered Shares is completed, the Company will promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required under the Canadian Securities Laws to continue to qualify the distribution of the Offered Shares.
- (h) The Company shall deliver or cause to be delivered, to the Underwriters, without charge, in Toronto, Ontario, contemporaneously with or prior to the filing of the Preliminary Prospectus or any Supplementary Material, as the case may be:
  - (i) a copy of the Preliminary Prospectus in the English language, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;
  - (ii) a copy of any Supplementary Material required to be filed by the Company under the Canadian Securities Laws, signed as required by

the Canadian Securities Laws, including copies of documents incorporated by reference therein; and

- (iii) a copy of the Preliminary International Offering Memorandum.
- (i) The Company shall deliver or cause to be delivered to the Underwriters, without charge, as soon as possible and in any event not later than the first business day after the date that the Preliminary Prospectus or Supplementary Material is filed with the Securities Regulators, such number of commercial copies of the Preliminary Prospectus or Supplementary Material in respect thereof (including the Preliminary International Offering Memorandum) as the Underwriters reasonably require.
- (j) The Company shall deliver or cause to be delivered, to the Underwriters, without charge, in Toronto, Ontario, contemporaneously with or prior to the filing of the Prospectus or any Supplementary Material, as the case may be:
  - (i) a copy of the Prospectus in the English language, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;
  - (ii) a copy of each consent required to be filed by the Company under the Canadian Securities Laws, signed as required by the Canadian Securities Laws, including the consent of the Company's Auditors, Company's Canadian Counsel and Pöyry Forest Industry Ltd. together with copies of any other ancillary documents required to be filed by the Company under the Canadian Securities Laws;
  - (iii) a copy of any Supplementary Material required to be filed by the Company under the Canadian Securities Laws, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;
  - (iv) a copy of the Final International Offering Memorandum;
  - (v) a comfort letter or letters dated the date of the Prospectus and addressed by the Company's Auditors to the Underwriters and the directors and Chief Executive Officer and Chief Financial Officer of the Company, in form and substance satisfactory to the Underwriters and Underwriters' Counsel, acting reasonably, with respect to certain financial and accounting information relating to the Company contained in the Prospectus, which comfort letter shall be based on a review by the Company's Auditors having a cut-off date of not more than two Business Days prior to the date of the letter or letters, as applicable, and shall be in addition to the auditors' reports contained in the Prospectus and the auditors' comfort letter addressed to the Securities Regulators; and

- (vi) a letter from the TSX advising the Company that approval of the conditional listing of the Offered Shares has been granted by the TSX, subject to the satisfaction of certain conditions set out therein.
- (k) The Company shall deliver or cause to be delivered to the Underwriters, to the locations directed by the Underwriters, without charge, as soon as possible and in any event not later than the first Business Day after the date that the Prospectus is filed with the Securities Regulators, such number of commercial copies of the Prospectus and copies of the Final International Offering Memorandum, as the Underwriters require.
- (l) During the period of distribution to the public of the Offered Shares, which shall be the period from the date hereof to the date upon which the Company has received notice from the Underwriters of the completion thereof, the Company shall promptly notify the Underwriters in writing of:
  - (i) any material fact that has arisen or has been discovered which would have been required to have been stated in the Offering Documents, as the case may be, had the fact arisen or been discovered on, or prior to, the date of such document; and
  - (ii) any change in a material fact in the Offering Documents, as the case may be, or the existence of any new material fact,

which change or new material fact is, or may be of such a nature as:

- (iii) to render the Offering Documents misleading or untrue;
- (iv) would result in the Preliminary Prospectus, the Prospectus and the Supplementary Material not complying with any Canadian Securities Laws, the Preliminary International Offering Memorandum or the Final International Offering Memorandum not complying with applicable securities laws;
- (v) would reasonably be expected to have a significant effect on the market price or value of the Offered Shares or which would restrict or prevent the trading of the Offered Shares; or
- (vi) would be reasonably considered material to a prospective purchaser of the Offered Shares.

In any such case, the Company shall promptly and, in any event within applicable time limitations required by the Canadian Securities Laws, comply with all legal requirements necessary to comply with the Canadian Securities Laws in order to allow for the continued distribution of the Offered Shares in the Qualifying Jurisdictions as contemplated in Section 3 hereof.

- (m) The Company shall in good faith discuss with the Underwriters any change in circumstances (actual, proposed or prospective) which is of such a nature that there is reasonable doubt whether notice need be given to the Underwriters pursuant to Subsection 6(l), it being understood that no Supplementary Material will be filed with the Securities Regulators prior to the review and approval by the Underwriters, acting reasonably.
- (n) At the respective times of filing, the Preliminary Prospectus, the Prospectus and any Supplementary Material will comply with the requirements of the Canadian Securities Laws.
- (o) Following the execution of this Agreement, the Company will (i) prepare and file or cause to be prepared and filed all documents and take or cause to be taken all actions required under the by-laws, rules, policies and regulations of the TSX in order to issue and sell to the Underwriters the Offered Shares for distribution to the public in the Qualifying Jurisdictions and for the Offered Shares to be listed on the TSX prior to or on the Closing Date, and (ii) make all necessary filings and use its best efforts to obtain all necessary regulatory and other consents and approvals required in connection with the transactions contemplated by this Agreement.
- (p) The Company will advise the Underwriters, promptly after receiving notice thereof, of the time when any amendment or supplement to the Prospectus and any Supplementary Material has been filed and a receipt for the Prospectus has been issued by the Ontario Securities Commission, and will provide evidence satisfactory to the Underwriters of such document.
- (q) The Company will, until the end of the distribution, advise the Underwriters, promptly after receiving notice or obtaining knowledge thereof, of: (i) the issuance of any order suspending or preventing the use of the Offering Documents; (ii) the imposition of cease trading or similar orders affecting the Offered Shares or any other securities of the Company; (iii) the institution, threatening or contemplation of any proceeding for any such purpose; or (iv) any request made by any Securities Regulator for amending or supplementing the Prospectus or any Supplementary Material or any request made by any other securities regulatory authority for amending or supplementing the Final International Offering Memorandum. The Company will use its best efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible.
- (r) Prior to the filing of the Offering Documents, the Company shall allow the Underwriters to participate fully in the preparation thereof, and shall allow the Underwriters to conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfill its obligations as an underwriter and in order to enable the Underwriters to responsibly execute the certificate required to be executed by the Underwriters in the Prospectus and any Supplementary Materials.



7. *Covenants of the Underwriters.* The Underwriters covenant with the Company as follows:

- (a) They will not to make any representation or warranty as to the Company or the Offered Shares other than as set forth in the Offering Documents.
- (b) The Offered Shares shall be offered for sale by the Underwriters to the public in the Qualifying Jurisdictions in compliance with the Canadian Securities Laws upon the terms and conditions set forth herein and in the Prospectus including applicable registration requirements. The Underwriters shall cause similar undertakings to be contained in any agreements among the members of any banking, selling or other groups formed for the distribution of the Offered Shares.
- (c) If they offer to sell or sell any Offered Shares in jurisdictions other than the Qualifying Jurisdictions, such offers or sales shall be effected in accordance and compliance with the applicable laws of such jurisdictions and shall be effected in such manner so as not to require registration of the Offered Shares, or the filing of a prospectus, registration statement or any other notice or document with respect to the distribution of the Offered Shares, under the laws of any jurisdiction outside the Qualifying Jurisdictions including, without limitation, the United States and the PRC. The Underwriters shall cause similar undertakings to be contained in any agreements among the members of any banking, selling or other groups formed for the distribution of the Offered Shares.
- (d) They agree, and will require each member of the banking or selling group, if any, to agree, to observe the United States selling restrictions set forth in Section 8 hereof and the Company agrees for the benefit of the Underwriters to comply with its covenants as set forth in Section 8 hereof. The Underwriters represent and warrant that they will not offer or sell any of the Offered Shares within the United States except for offers and sales made through U.S. selling agents in accordance with Rule 144A under the 1933 Act.
- (e) They shall after the Closing Time (a) use its reasonable commercial efforts and will require each member of the banking or selling group, if any, to agree, to terminate, distribution of the Offered Shares as promptly as possible; and (b) give prompt written notice to the Company, with a copy to Company's Counsel, when, in the opinion of the Underwriters, they, and the members of such groups, have ceased distribution of the Offered Shares and of the total proceeds realized from such distribution in each of the respective Qualifying Jurisdictions in which such information is or may be required by the appropriate Securities Regulators.

8. *International Offers and Sales.*

- (a) The Underwriters intend to offer and sell the Offered Shares within and outside the United States in the International Offering on the terms and

subject to the conditions of this Section 8. In that connection, the Company hereby further represents, warrants, covenants and agrees to and with the Underwriters that:

- (i) it is not necessary in connection with the offer, sale and delivery of the Offered Shares to the Underwriters in the manner contemplated by this Agreement to register the Offered Shares under the 1933 Act.
- (ii) the Company is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest with respect to the Offered Shares.
- (iii) the Company is not, and after giving effect to the offering and sale of the Offered Shares and the application of the proceeds thereof as described in the Offering Documents will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.
- (iv) the Offering Documents, at the respective dates thereof, did, do and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such documents, at the date hereof, do not and at the Closing Time will not (and any amendment or supplement thereto or final form thereof, at the date thereof and at the Closing Time will not) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (v) the Company does not expect to be a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended, and does not anticipate becoming one in the foreseeable future.
- (vi) neither the Company nor any Affiliate of the Company, directly, or through any agent, (i) has sold, offered for sale, solicited offers to buy or otherwise negotiated, or will sell, offer for sale or solicit offers to buy or otherwise negotiate, in respect of, any security (as defined in the 1933 Act) which is or will be integrated with the sale of the Offered Shares in a manner that would require the registration under the 1933 Act of the Offered Shares or (ii) offered, solicited offers to buy or sold, or will offer, solicit offers to buy or sell, the Offered Shares by any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act.

- (vii) none of the Company, its Affiliates or any person acting on its behalf or their behalf has engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares and the Company and its Affiliates.
  - (viii) the Offered Shares satisfy the requirements set forth in Rule 144A(d)(3) under the 1933 Act.
  - (ix) during the period of one year after the Closing Date or any Option Closing Date, if later, the Company will not, and will not permit any of its Affiliates to, resell any of the Offered Shares which constitute "restricted securities" under Rule 144(a)(3) that have been reacquired by any of them.
  - (x) none of the Company, its Affiliates, and persons acting on its or their behalf (other than the Underwriters) will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the 1933 Act) which could be "integrated" (as referred to in Rule 502 under the 1933 Act) with the sale of the Offered Shares in a manner which would require the registration of the Offered Shares under the 1933 Act.
  - (xi) for the benefit of any holder of Offered Shares or potential purchaser thereof, that for so long as any of the Common Shares are outstanding and are "restricted securities" within the meaning of Section (a)(3) of Rule 144 under the 1933 Act, it will provide to any holder of Offered Shares and any prospective purchaser thereof designated by such holder for so long as such requirement is necessary in order to permit holders of Offered Shares to effect resales under Rule 144A, upon the request of such holder or purchaser, at or prior to the time of purchase, the information required to be provided to such holder or prospective purchaser by Section (d)(4) of Rule 144A unless it files reports and other information with the SEC under Section 13 or 15(d) of the 1934 Act or is exempt from such reporting requirement pursuant to Rule 12g3-2(b) under the 1934 Act.
- (b) With respect to offers and sales within the United States pursuant to the International Offering, each Underwriter agrees with the Company that:
- (i) it will solicit (and will cause its U.S. affiliate to solicit) offers for the Offered Shares in the United States only from, and will offer (and cause its U.S. affiliate to offer) the Offered Shares only to, persons who it reasonably believes to be Qualified Institutional Buyers in accordance with Rule 144A;
  - (ii) it has not offered or will not offer to sell, has not solicited or will not solicit any offer to buy, by any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933

Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act, any of the Offered Shares; and

- (iii) it is an "accredited investor" within the meaning of Regulation D under the 1933 Act.
- (c) Each of the Underwriters has not entered, and will not enter, into any contractual arrangement with respect to the distribution of the Offered Shares in the United States, except with its respective Affiliates, without the prior written consent of the Company, except that nothing in this Section 8 shall in any way restrict offers and sales in accordance with Rule 144A.
- (d) With respect to offers and sales outside the United States and Canada, pursuant to the International Offering, the Underwriters agree with the Company that:
- (i) the Underwriters understand that no action has been or will be taken in any jurisdiction (other than Canada) by the Company that would permit a public offering of the Offered Shares, or possession, or distribution of the Offering Documents or any other offering or publicity material relating to the Offered Shares in any country or jurisdiction where action for that purpose is required;
  - (ii) the Underwriters will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Offered Shares or has in its possession, or distributes the Offering Documents, in all cases at its own expense;
  - (iii) the Offered Shares have not been registered under the 1933 Act and may not be offered or sold within the United States except in accordance with Rule 144A or Regulation S under the 1933 Act or pursuant to another exemption from the registration requirements of the 1933 Act; and
  - (iv) the Underwriters have offered the Offered Shares and will offer and sell the Offered Shares in offshore transactions outside the United States as part of their distribution at any time only in accordance with Rule 903 of Regulation S or as otherwise permitted under the 1933 Act. Accordingly, none of the Underwriters, its Affiliates nor any persons acting on their behalf have engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares.
- (e) Neither the Company nor to its knowledge any affiliate, as such term is defined in Rule 501(b) under the 1933 Act, of the Company has taken, nor will the Company or any Affiliate of the Company take, directly or indirectly, any action which is designed to or which has constituted or which would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Shares.

9. *Indemnity and Contribution.*

- (a) The Company agrees to indemnify and hold harmless the Underwriters, their directors, their officers and each person, if any, who controls the Underwriters within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each affiliate of the Underwriters within the meaning of Rule 405 under the 1933 Act (each an "Indemnified Party") from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (collectively, a "Claim") caused by (i) any untrue statement or alleged untrue statement made by the Company in Section 2 hereof or in any certificate delivered to the Underwriters pursuant to this Agreement; (ii) any misrepresentation or alleged misrepresentation (for purposes of Canadian Securities Laws), or any untrue statement or alleged untrue statement of a material fact contained in any of the Offering Documents (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they are made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such misrepresentation, untrue statement or omission or alleged misrepresentation, untrue statement or omission based upon information relating to the Underwriters furnished to the Company in writing by the Underwriters expressly for use therein; (iii) the Company not complying with any requirement of Canadian Securities Laws or U.S. Securities Laws; or (iv) any order made or inquiry, investigation or proceeding (formal or informal) commenced or threatened by any officer or official of any Securities Regulator based upon the circumstances described in paragraphs 9(a)(ii) or 9(a)(iii) above which operates to prevent or restrict trading in or distribution of the Offered Shares or any other securities of the Company in any of the Qualifying Jurisdictions.
- (b) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 9(a), such Indemnified Party shall promptly notify the Company in writing of the nature of the Claim and the Company, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Company may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless i) the Company and the Indemnified Party shall have mutually agreed to the retention of such counsel or ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Indemnified Party and representation of both

parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Company shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such Indemnified Parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Underwriters, in the case of parties indemnified pursuant to Section 9(a). The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Company to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Company of the aforesaid request and (ii) the Company shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. The Company shall not, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

- (c) In the event that the Company does not assume the defence of a Claim within thirty (30) days after receiving notice thereof, the Indemnified Party shall have the right to retain his, her or its own legal counsel and the Company shall bear the reasonable fees, costs and expenses of such counsel. Notwithstanding the foregoing, in no event shall the Company be required to pay the fees and expenses of more than one set of counsel for all of the Indemnified Parties in a jurisdiction in respect of any particular Claim or related set of Claims.
- (d) The Company hereby waives its right to recover contribution from any of the Underwriters or any other Indemnified Party with respect to any liability of the Company by reason of or arising out of any misrepresentation (for the purposes of the Canadian Securities Laws or any of them) contained in the Offering Documents provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of:
  - (i) any misrepresentation (for the purposes of the Canadian Securities Laws or any of them) which is based upon or results from a statement

- or information relating solely to the Underwriters contained in such documents; or
- (ii) any failure by the Underwriters or members of their banking or selling group (if any) to provide to purchasers of the Offered Shares any document which the Company is required to provide to such purchasers and which it has provided to the Underwriters to forward to such purchasers.
  - (e) With respect to any Indemnified Party who is not a party to this Agreement, the Underwriters shall obtain and hold the rights and benefits of this Section 9 in trust for and on behalf of such Indemnified Party.
  - (f) To the extent the indemnification provided for in Section 9(a) is unavailable to an Indemnified Party or insufficient in respect of any Claims referred to therein, then the Company, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Offered Shares or (ii) if the allocation provided by clause 9(f)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 9(f)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the misrepresentation, statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Offered Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Offered Shares (net of the fee payable to the Underwriters but before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, bear to the aggregate offering price of the Offered Shares. The Underwriters shall not in any event be liable to contribute, in the aggregate, any amounts in excess of the aggregate fees actually received by the Underwriters from the Company. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the misrepresentation or alleged misrepresentation, the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation, statement or omission.
  - (g) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 9 were determined by *pro*

*rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in clause 9(f). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in clause 9(f) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, the Underwriters shall not in any event be liable to contribute, in the aggregate, any amounts in excess of the aggregate fees actually received by the Underwriters from the Company. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

- (h) The indemnity and contribution provisions contained in this Section 9 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Underwriters, any person controlling the Underwriters or any affiliate of the Underwriters or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Offered Shares.

#### 10. *Obligations of Underwriters*

- (a) Subject to the terms hereof, the obligations of the Underwriters to purchase the Offered Shares at the Closing Time or Option Closing Time, as applicable, shall be several and not joint and several and their respective obligations and rights in this regard shall be in the following percentages:

Credit Suisse Securities (Canada) Inc.	35%
Dundee Securities Corporation	35%
Merrill Lynch Canada Inc.	10%
Scotia Capital Inc.	10%
TD Securities Inc.	10%

- (b) If one or more of the Underwriters should default in its obligations to purchase its respective percentage of the Offered Shares (the "Defaulted Securities") at the Closing Time or Option Closing Time, the non-defaulting Underwriters shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all but not less than all of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Underwriters shall not have completed such arrangements within such 24-hour period, then:



- (i) if the number of Defaulted Securities is less than 10% of the number of Offered Shares to be purchased hereunder, the non-defaulting Underwriters shall be obligated, each severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations bear to the underwriting obligation of all non-defaulting Underwriters, or
  - (ii) if the number of Defaulted Securities is 10% or more of the number of Offered Shares to be purchased hereunder, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.
- (c) In the event of any default by an Underwriter as described in this Section 10, the non-defaulting Underwriter shall have the right to postpone the Closing Date or Option Closing Date for not more than three (3) Business Days in order that any changes in the arrangements or documents for the purchase and delivery of the Offered Shares may be made. Nothing in this Section 10 shall require the Company to sell less than all of the Firm Shares or Over-Allotment Shares, as applicable, or relieve any defaulting Underwriter from liability in respect of its default hereunder to the Company and to the non-defaulting Underwriters.

11. *Termination.*

- (a) In addition to any other remedies which may be available to the Underwriters, any Underwriter shall be entitled, without liability, at such Underwriter's sole discretion, to terminate and cancel such Underwriter's obligations under this Agreement by notice to the Company given prior to the Closing Time if, at or prior to the Closing Time:
  - (i) Trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the TSX, the New York Stock Exchange, the American Stock Exchange, the Nasdaq Global Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade or the London Stock Exchange;
  - (ii) Trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market;
  - (iii) A material disruption in securities settlement, payment or clearance services in the United States, Canada or London shall have occurred;
  - (iv) Any moratorium on commercial banking activities shall have been declared by Canadian, U.S. Federal or New York State authorities, UK authorities or the European Central Bank;
  - (v) The Company, subject to Section 6(a), has not obtained a receipt for the Prospectus from the Ontario Securities Commission, in order to

qualify the Offered Shares for distribution in each of the Qualifying Jurisdictions in accordance with the Securities Laws, by 5:00 pm (Toronto Time) on June 1, 2009 (or such other time and/or later date as the Company and the Underwriters may agree in writing);

- (vi) There should occur or commence, or be announced or threatened, any inquiry, action, suit, investigation or other proceeding (whether formal or informal) other than any inquiry, action, suit, investigation or other proceeding based on alleged activities of the Underwriters, or any order is issued by any governmental authority, other than an order based on the alleged activities of the Underwriters, or any law or regulation is promulgated, changed or announced or there is any change in the interpretation or administration of any law or regulation, which, in the reasonable opinion of the Underwriters (or any of them), is expected to prevent or materially suspend or restrict the trading in or the distribution of the Offered Shares, or any other securities of the Company or would be expected to have a material adverse effect on the market price or value of the Offered Shares or any other securities of the Company;
  - (vii) There should develop, occur or come into effect or existence, any event, action, state, condition or occurrence of national or international consequence, acts of hostilities, terrorism, or escalation thereof or other calamity or crisis, any changes in currency exchange rates or controls in Canada, the United States, the United Kingdom, Hong Kong, the PRC or elsewhere or any change or development involving a prospective change in national or international political, financial or economic conditions, or any law, action, regulation or other occurrence of any nature whatsoever which, in the reasonable opinion of the Underwriters (or any of them), materially adversely affects or involves, or is expected to materially adversely affect or involve, financial markets generally or the business, affairs or operations of the Company; or
  - (viii) There should occur or be discovered any material change in the Condition of the Company or any change in any material fact such as is contemplated in Section 6 hereof (other than a change related solely to the Underwriters), or the Underwriters become aware of any undisclosed material information, which, in the reasonable opinion of the Underwriters (or any of them), could be expected to have a material adverse effect on the market price or value of the Common Shares or any other securities of the Company.
- (b) All terms and conditions of this Agreement shall be construed as conditions, and any breach or failure by the Company to comply with any of such terms and conditions in all material respects shall entitle the Underwriters, or any of them, to terminate their obligations to purchase the Offered Shares by

notice to that effect given to the Company at or prior to the Closing Time. The Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance; provided, however, that to be binding on the Underwriters any such waiver or extension must be in writing and signed by all of the Underwriters.

- (c) The rights of termination contained in this Section 11 may be exercised by the Underwriters (or any of them) and are in addition to any other rights or remedies the Underwriters (or any of them) may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. A notice of termination given by an Underwriter under this Section 11 shall not be binding upon the other Underwriters. In the event that one or more, but not all of the Underwriters shall exercise the right of termination herein, the other Underwriter(s) shall have the right, but shall not be obligated, to purchase all of the Offered Shares which would otherwise have been purchased by the Underwriter(s) which has so terminated. Nothing in this Section 11 shall oblige the Company to sell to the Underwriters less than all of the Offered Shares.

12. *Effectiveness.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

13. *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

14. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any suit, action or proceeding against any party hereto or any of its assets arising out of or relating to this Agreement may be brought in a competent court of the Province of Ontario and each party hereto hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. Each party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter.

15. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

16. *Notices.* All communications hereunder shall be in writing and shall be telecopied or delivered, and shall, in the case of notice to the Company, be addressed and sent to:

Sino-Forest Corporation  
90 Burnhamthorpe Road West  
Suite 1208  
Mississauga, Ontario  
Canada, L5B 3C3

Attention: Mr. Allen T. Y. Chan  
Telecopier No.: (852) 2877-0125

And in the case of notice to the Underwriters, be addressed and sent to:

Credit Suisse Securities (Canada) Inc.  
1 First Canadian Place  
Suite 2900  
Toronto, ON M5X 1C9

Attention: Ryan Lapointe  
Telecopier No.: (416) 352-0925

Dundee Securities Corporation  
2700, 1 Adelaide Street East  
Toronto, ON M5C 2V9

Attention: David Anderson  
Telecopier No.: (416) 350-3312

The parties may change their respective addresses and telecopy numbers for notice, by notice given in the manner aforesaid. Any such notification shall be deemed to be effective when telecopied or delivered, if telecopied or delivered to the recipient on a Business Day and before 3:00 p.m. (Toronto time) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (Toronto time) on the next following Business Day.

17. *Successors.* This Agreement shall enure to the benefit of, and shall be binding upon, the Underwriters and the Company and their respective successors and legal representatives and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person.

18. *Public Announcements.* The Company agrees that it shall not make any public announcements regarding the transactions contemplated hereunder without the prior

written consent of the Underwriters, such consent not to be unreasonably withheld. The Company agrees that, following Closing, the Underwriters may, at the Underwriters expense, place "tombstone" and other advertisements relating to its role in connection with the Offering.

19. *Time of Essence.* Time shall be of the essence of this Agreement.

20. *Survival.* The respective representations, warranties, agreements, covenants, indemnities and contribution obligations of the Company and the Underwriters set forth in this Agreement shall survive the Closing Date and remain in full force and effect regardless of: (i) any investigation made by or on behalf of the Company, the Underwriters or any of their respective officers or directors; (ii) delivery of and payment for the Offered Shares; and (iii) any subsequent disposition by the Underwriters of the Offered Shares.

21. *Authority of the Co-Lead Underwriters.* The Co-Lead Underwriters are hereby authorized by the other Underwriters to act on their behalf and the Company shall be entitled to and shall act on any notice given in accordance with this Agreement or any agreement entered into by or on behalf of the Underwriters by the Co-Lead Underwriters which represent and warrant that they have irrevocable authority to bind the Underwriters, except in respect of any matters relating to termination, waiver or extension, and Sections 10 and 11, which matters may be acted on by only the Underwriter affected. The Co-Lead Underwriters shall consult with the other Underwriters concerning any matter in respect of which they act as joint representatives of the Underwriters. The obligations of the Underwriters under this Agreement shall be several and not joint and several.

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Very truly yours,

SINO-FOREST CORPORATION

By: *(Signed) David Horsley*

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Name: David Horsley

Title: Senior Vice-President and Chief  
Financial Officer

Accepted as of the date hereof

CREDIT SUISSE SECURITIES  
(CANADA) INC.

By: (Signed) Ryan Lapointe

Name: Ryan Lapointe

Title: Vice-President

DUNDEE SECURITIES CORPORATION

By: (Signed) David G. Anderson

Name: David G. Anderson

Title: Vice- Chairman

MERRILL LYNCH CANADA INC.

By: (Signed) Kosta Galanis

Name: Kosta Galanis

Title: Vice-President

SCOTIA CAPITAL INC.

By: (Signed) Andrew McLenan

Name: Andrew McLenan

Title: Director

TD SECURITIES INC.

By: (Signed) Louis G. Véronneau

Name: Louis G. Véronneau

Title: Vice-President and Director

Schedule 1List of WFOEs

1. Sino-Forest (Guangzhou) Co., Ltd. (嘉汉林业 ( 广州 ) 有限公司)
2. Sino-Forest (Heyuan) Co., Ltd. (嘉汉林业 ( 河源 ) 有限公司)
3. Sino-Forest (Anhui) Co., Ltd. (嘉汉林业 ( 安徽 ) 有限公司)
4. Sino-Forest (China) Investments Limited (嘉汉林业 ( 中国 ) 投资有限公司)
5. Sino-Forest (Guangzhou) Trading Co., Ltd. (嘉汉林业 ( 广州 ) 商贸有限公司)
6. Sino-Forest (Suzhou) Trading Co., Ltd. (嘉汉林业 ( 苏州 ) 商贸有限公司)
7. Jiafeng Wood (Suzhou) Co., Ltd. (嘉丰木业 ( 苏州 ) 有限公司)
8. Jiangxi Jiachang Forestry Development Co., Ltd. (江西嘉昌林业发展有限公司)
9. Guangxi Guijia Forestry Co., Ltd. (广西桂嘉林业有限公司)
10. Heyuan Jiahe Forestry Development Co., Ltd. (河源嘉河林业发展有限公司)
11. Gaoyao Jiayao Forestry Development Co., Ltd. (高要嘉耀林业发展有限公司)
12. Zhangzhou Jiamin Forestry Development Co., Ltd. (漳州嘉闽林业发展有限公司)
13. Sinowin Plantings (Suzhou) Co., Ltd. (嘉汉城市生态苗木 ( 苏州 ) 有限公司)
14. Sino-Maple (Shanghai) Trading Co., Ltd. (嘉汉枫情 ( 上海 ) 贸易有限公司)
15. Sino-Maple (Shanghai) Co., Ltd. (北美枫情 ( 上海 ) 商贸有限公司)
16. Sino-Panel (China) Investments Limited (嘉汉板业 ( 中国 ) 投资有限公司)
17. Sino-Panel (Fujian) Co., Ltd. (嘉汉板业 ( 福建 ) 有限公司)
18. Guangdong Jiayao Wood Products Development Co., Ltd.  
(广东嘉耀木业发展有限公司)



19. Heilongjiang Jiamu Panel Co., Ltd. (黑龙江嘉穆板业有限公司)
20. Hunan Jiayu Wood Products Co., Ltd. (湖南嘉裕木业有限公司)
21. Xiangxi Autonomous State Jiayi Forestry Development Co., Ltd.  
(湘西自治州嘉熙林业发展有限公司)
22. Hunan Jiayu Wood Products (Hongjiang) Co., Ltd.  
(湖南嘉裕木业(洪江市)有限公司)
23. Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd.  
(张家港保税区嘉盛国际贸易有限公司)
24. Shaoyang Jiading Wood Products Co., Ltd. (邵阳嘉鼎木业有限公司)
25. Sino-Panel (Gengma) Co., Ltd. (嘉汉板业(耿马)有限公司)
26. Sino-Panel (Guangxi) Development Co., Ltd. (嘉汉板业(广西)发展有限公司)
27. Sino-Panel (Luzhai) Co., Ltd. (嘉汉板业(鹿寨)有限公司)
28. Sino-Panel (Sanjiang) Co., Ltd. (嘉汉板业(三江)有限公司)
29. Sino-Panel (Beihai) Development Co., Ltd. (嘉汉板业(北海)发展有限公司)
30. Hunan Jiayu Wood Products (Zhijiang) Co., Ltd. (湖南嘉裕木业(芷江)有限公司)
31. Sino-Panel (Jianghua) Co., Ltd. (嘉汉板业(江华)有限公司)
32. Sino-Panel (Yuanling) Co., Ltd. (嘉汉板业(沅陵)有限公司)
33. Sino-Panel (Guangzhou) Trading Co., Ltd. (嘉汉板业(广州)商贸有限公司)
34. Sino-Biotechnology (Guangzhou) Co., Ltd. (嘉汉生物科技(广州)有限公司)
35. Sino-Panel (Hezhou) Co., Ltd. (嘉汉板业(贺州)有限公司)
36. Sino-Panel (Yunnan) Trading Co., Ltd. (嘉汉板业(云南)贸易有限公司)
37. Sino-Panel (Heilongjiang) Trading Co., Ltd. (嘉汉板业(黑龙江)贸易有限公司)

38. Jiangxi Jiawei Panel Co., Ltd. (江西嘉維板業有限公司)

Schedule 2List of PRC Limited Companies invested by WFOE

1. Suzhou City Lvyun Garden Engineering Co., Ltd. (苏州市绿韵园林工程有限公司)
2. Beihai Changqing Wooden Co., Ltd. (北海常青木业有限公司)
3. Suzhou City Yuejia Gardening Design Co., Ltd.<sup>1</sup> (苏州市悦家园艺设计有限公司)

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<sup>1</sup> This company is owned 30% by the same WFOE parent as Suzhou City Lvyun Garden Engineering Co., Ltd.

Schedule 3List of non-Material PRC Subsidiaries

1. Sino-Biotechnology (Guangzhou) Co., Ltd. (嘉汉生物科技(广州)有限公司)
2. Sino-Panel (Hezhou) Co., Ltd. (嘉汉板业(贺州)有限公司)
3. Sino-Panel (Sanjiang) Co., Ltd. (嘉汉板业(三江)有限公司)
4. Sino-Panel (Yunnan) Trading Co., Ltd. (嘉汉板业(云南)贸易有限公司)
5. Sino-Panel (Guangzhou) Trading Co., Ltd. (嘉汉板业(广州)商贸有限公司)
6. Sino-Panel (Guangxi) Development Co., Ltd. (嘉汉板业(广西)发展有限公司)
7. Hunan Jiayu Wood Products (Zhijiang) Co., Ltd. (湖南嘉裕木业(芷江)有限公司)
8. Sino-Panel (Yuanling) Co., Ltd. (嘉汉板业(沅陵)有限公司)
9. Sino-Panel (Jianghua) Co., Ltd. (嘉汉板业(江华)有限公司)
10. Suzhou City Lvyun Garden Engineering Co., Ltd. (苏州市绿韵园林工程有限公司)
11. Beihai Changqing Wooden Co., Ltd. (北海常青木业有限公司)
12. Sino-Panel (Fujian) Co., Ltd. (嘉汉板业(福建)有限公司)
13. Suzhou City Yuejia Gardening Design Co., Ltd. (苏州市悦家园艺术设计有限公司)
14. Sino-Panel (Heilongjiang) Trading Co., Ltd. (嘉汉板业(黑龙江)贸易有限公司)
15. Jiangxi Jiawei Panel Co., Ltd. (江西嘉维板业有限公司)

Schedule 4List of the BVI Subsidiaries

1. Suri-Wood Inc.
2. Express Point Holdings Ltd.
3. Smart Sure Enterprises Ltd.
4. Ace Supreme International Ltd.
5. Glory Billion International Ltd.
6. Amplemax Worldwide Ltd.
7. Expert Bonus Investment Ltd.
8. Sino-Panel (Yunan) Limited

Schedule 5List of Shareholders of PRC Subsidiaries

1. Sino-Wood (Jiangxi) Limited
2. Sino-Wood (Guangdong) Limited
3. Sino-Wood (Fujian) Limited
4. Sino-Forest Investments Limited
5. Grandeur Winway Ltd.
6. Sinowin Investments Ltd.
7. Sino-Forest Bio-Science Limited
8. Sino-Panel (Asia) Inc.
9. Sino-Panel (Gaoyao) Ltd.
10. SFR (China) Inc.
11. Sino-Panel (Guangxi) Ltd.
12. Sino-Panel (North Sea) Ltd.
13. Sino-Panel (Suzhou) Ltd.
14. Sino-Panel (Yunnan) Ltd.
15. Sino-Panel (Hunan) Ltd.
16. Sino-Panel (Xiangxi) Ltd.
17. Sino-Panel (North East China) Ltd.
18. Sino-Panel (Guangzhou) Ltd.
19. Sino-Panel (Huaihua) Ltd.
20. Sino-Panel (Yongzhou) Ltd.
21. Sino-Forest (China) Investments Limited (嘉汉林业 (中国) 投资有限公司)
22. Sino-Panel (China) Investments Limited (嘉汉板业 (中国) 投资有限公司)

- 23. Sinowin Plantings (Suzhou) Co., Ltd. (嘉汉城市生态苗木 ( 苏州 ) 有限公司)
- 24. Jiafeng Wood (Suzhou) Co., Ltd. (嘉丰木业 ( 苏州 ) 有限公司)



Schedule 6List of Original CJVs

1. Jiangxi Jiachang Forestry Development Co., Ltd. (江西嘉昌林业发展有限公司)
2. Guangxi Guijia Forestry Co., Ltd. (广西桂嘉林业有限公司)
3. Heyuan Jiahe Forestry Development Co., Ltd. (河源嘉河林业发展有限公司)
4. Gaoyao Jiayao Forestry Development Co., Ltd. (高要嘉耀林业发展有限公司)

\* After conversion from a CJV to a WFOE, Heyan Jiahe has been merged with Sino-Forest (Heyuan) Co., Ltd., and it is now in the process of cancelling its registration.



Schedule 7List of Subsidiaries

1. Sino-Forest (Guangzhou) Co., Ltd. (嘉汉林业 ( 广州 ) 有限公司)
2. Sino-Forest (Heyuan) Co., Ltd. (嘉汉林业 ( 河源 ) 有限公司)
3. Sino-Forest (Anhui) Co., Ltd. (嘉汉林业 ( 安徽 ) 有限公司)
4. Sino-Forest (China) Investments Limited (嘉汉林业 ( 中国 ) 投资有限公司)
5. Sino-Forest (Guangzhou) Trading Co., Ltd. (嘉汉林业 ( 广州 ) 商贸有限公司)
6. Sino-Forest (Suzhou) Trading Co., Ltd. (嘉汉林业 ( 苏州 ) 商贸有限公司)
7. Jiafeng Wood (Suzhou) Co., Ltd. (嘉丰木业 ( 苏州 ) 有限公司)
8. Jiangxi Jiachang Forestry Development Co., Ltd. (江西嘉昌林业发展有限公司)
9. Guangxi Guijia Forestry Co., Ltd. (广西桂嘉林业有限公司)
10. Heyuan Jiahe Forestry Development Co., Ltd. (河源嘉河林业发展有限公司)
11. Gaoyao Jiayao Forestry Development Co., Ltd. (高要嘉耀林业发展有限公司)
12. Zhangzhou Jiamin Forestry Development Co., Ltd. (漳州嘉闽林业发展有限公司)
13. Sinowin Plantings (Suzhou) Co., Ltd. (嘉汉城市生态苗木 ( 苏州 ) 有限公司)
14. Sino-Maple (Shanghai) Trading Co., Ltd. (嘉汉枫情 ( 上海 ) 贸易有限公司)
15. Sino-Maple (Shanghai) Co., Ltd. (北美枫情 ( 上海 ) 商贸有限公司)
16. Sino-Panel (China) Investments Limited (嘉汉板业 ( 中国 ) 投资有限公司)
17. Sino-Panel (Fujian) Co., Ltd. (嘉汉板业 ( 福建 ) 有限公司)
18. Guangdong Jiayao Wood Products Development Co., Ltd. (广东嘉耀木业发展有限公司)
19. Heilongjiang Jiamu Panel Co., Ltd. (黑龙江嘉穆板业有限公司)
20. Hunan Jiayu Wood Products Co., Ltd. (湖南嘉裕木业有限公司)
21. Xiangxi Autonomous State Jiayi Forestry Development Co., Ltd.  
(湘西自治州嘉熙林业发展有限公司)
22. Hunan Jiayu Wood Products (Hongjiang) Co., Ltd.  
(湖南嘉裕木业 ( 洪江市 ) 有限公司)

23. Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd.  
(张家港保税区嘉乐国际贸易有限公司)
24. Shaoyang Jiading Wood Products Co., Ltd. (邵阳嘉鼎木业有限公司)
25. Sino-Panel (Gengma) Co., Ltd. (嘉汉板业(耿马)有限公司)
26. Sino-Panel (Guangxi) Development Co., Ltd. (嘉汉板业(广西)发展有限公司)
27. Sino-Panel (Luzhai) Co., Ltd. (嘉汉板业(鹿寨)有限公司)
28. Sino-Panel (Sanjiang) Co., Ltd. (嘉汉板业(三江)有限公司)
29. Sino-Panel (Beihai) Development Co., Ltd. (嘉汉板业(北海)发展有限公司)
30. Hunan Jiayu Wood Products (Zhijiang) Co., Ltd. (湖南嘉裕木业(芷江)有限公司)
31. Sino-Panel (Jianghua) Co., Ltd. (嘉汉板业(江华)有限公司)
32. Sino-Panel (Yuanling) Co., Ltd. (嘉汉板业(沅陵)有限公司)
33. Sino-Panel (Guangzhou) Trading Co., Ltd. (嘉汉板业(广州)商贸有限公司)
34. Sino-Biotechnology (Guangzhou) Co., Ltd. (嘉汉生物科技(广州)有限公司)
35. Sino-Panel (Hezhou) Co., Ltd. (嘉汉板业(贺州)有限公司)
36. Sino-Panel (Yunnan) Trading Co., Ltd. (嘉汉板业(云南)贸易有限公司)
37. Sino-Panel (Heilongjiang) Trading Co., Ltd. (嘉汉板业(黑龙江)贸易有限公司)
38. Jiangxi Jiawei Panel Co., Ltd. (江西嘉维板业有限公司)
39. Suzhou City Yuejia Gardening Design Co., Ltd. (苏州市悦家园艺术设计有限公司)
40. Suzhou City Lvyun Garden Engineering Co., Ltd. (苏州市绿韵园林工程有限公司)
41. Beihai Changqing Wooden Co., Ltd. (北海常青木业有限公司)
42. Dynamic Profit Holdings Limited
43. Grandeur Winway Limited
44. SFR (China) Inc.
45. Sino-Capital Global Inc.
46. Sino-Forest Investments Limited
47. Sino-Forest Bio-Science Limited
48. Sino-Forest Resources Inc.
49. Sino-Global Holdings Inc.

50. Sino-Panel (Asia) Inc.
51. Sino-Panel (Fujian) Limited
52. Sino-Panel (Gaoyao) Ltd.
53. Sino-Panel (Guangxi) Limited
54. Sino-Panel (Guangzhou) Limited
55. Sino-Panel (Guizhou) Limited
56. Sino-Panel Holdings Limited
57. Sino-Panel (Huaihua) Limited
58. Sino-Panel (Hunan) Limited
59. Sino-Panel (North-East China) Limited
60. Sino-Panel (North Sea) Limited
61. Sino-Panel (Qinzhou) Limited
62. Sino-Panel (Shaoyang) Limited
63. Sino-Panel (Suzhou) Limited
64. Sino-Panel (Xiangxi) Limited
65. Sino-Panel (Yongzhou) Limited
66. Sino-Panel (Yunnan) Limited
67. Sinowin Investments Limited
68. Suri-Wood Inc.
69. Amplemax Worldwide Limited
70. Glory Billion International Limited
71. Smart Sure Enterprises Limited
72. Expert Bonus Investment Limited
73. Ace Supreme International Limited
74. Express Point Holdings Limited
75. Sino-Wood (Jiangxi) Limited
76. Sino-Wood (Guangdong) Limited
77. Sino-Wood (Fujian) Limited
78. Sino-Wood Partners, Limited
79. Sino-Plantation Limited
80. Sino-Wood (Guangxi) Limited
81. Sinowood Limited



**TAB 13**

## UNDERWRITING AGREEMENT

December 10, 2009

Credit Suisse Securities (Canada) Inc.  
1 First Canadian Place  
Suite 3000, P.O. Box 301  
Toronto, Ontario M5X 1C9  
Canada

TD Securities Inc.  
1 Place Ville Marie Suite 2315  
Montreal, Quebec H3B 3M5  
Canada

Dundee Securities Corporation  
2700, 1 Adelaide Street East  
Toronto, ON M5C 2V9  
Canada

RBC Dominion Securities  
P.O. Box 7500, Station "A"  
77 King Street West  
Toronto, ON M5W 1P9  
Canada

Scotia Capital Inc.  
18th Floor, Scotia Tower  
650 West Georgia Street  
Vancouver, BC V6B 4N9  
Canada

CIBC World Markets  
161 Bay St, Brookfield Place  
P.O. Box 500  
Toronto, ON M5J 2S8  
Canada

Merrill Lynch Canada Inc.  
Brookfield Place, Wellington Tower  
181 Bay Street, Suite 400  
Toronto, ON M5J 2V8  
Canada

Canaccord Financial Ltd.  
161 Bay Street, Suite 2900  
P.O. Box 516  
Toronto, ON M5J 2S1  
Canada

Maison Placements Canada Inc.  
Suite 906, 130 Adelaide Street West  
Toronto, ON M5H 3P5  
Canada

(together, the "Underwriters")

Dear Sirs and Mesdames:

SINO-FOREST CORPORATION, a *Canada Business Corporations Act* corporation (the "Company"), proposes to issue and sell to Credit Suisse Securities (Canada) Inc. ("Credit Suisse"), TD Securities Inc., (together, the "Co-Lead Underwriters"), Dundee Securities Corporation, RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., Merrill Lynch Canada Inc., Canaccord Financial Ltd., and Maison Placements Canada Inc. (collectively, the "Underwriters") 19,000,000 common shares in the capital of the Company (the "Firm Shares"). The Company also proposes to issue and sell to the Underwriters not more than an additional 2,850,000 Common Shares in the capital of the Company (the "Optional Shares") if and to the extent that the Underwriters shall have determined to exercise the right to purchase such Optional Shares granted to the Underwriters in Section 3

hereof. The Firm Shares and the Optional Shares are hereinafter collectively referred to as the "Offered Shares".

We also understand that the Company is eligible to file, and will prepare and file a preliminary short form prospectus and a (final) short form prospectus and all other necessary documents in order to qualify the Offered Shares for distribution to the public in each of the provinces of Canada (the "Offering").

The following are the terms and conditions of the agreement among the Company and the Underwriters:

1. *Definitions.* In this Agreement, unless otherwise defined herein, the following words and terms shall have the following meanings:

- (a) "1933 Act" means the United States *Securities Act of 1933*, as amended.
- (b) "1934 Act" means the United States *Securities Exchange Act of 1934*, as amended.
- (c) "Affiliates" or "affiliates" has the meaning specified in Rule 501(b) of Regulation D under the 1933 Act.
- (d) "Agreement" means this underwriting agreement between the Company and the Underwriters dated December 10, 2009, and all schedules attached hereto and any and all amendments made hereto and thereto.
- (e) "Agreements and Instruments" has the meaning specified in Section 2(ss).
- (f) "Business Day" means a day which is not a Saturday, a Sunday or a statutory or civic holiday in the City of Toronto, Ontario, the City of New York, New York or the City of Hong Kong, SAR.
- (g) "Canadian Securities Laws" means the securities laws, regulations, rules, published national and local instruments, policy statements, notices, blanket rulings and orders, discretionary rulings and orders applicable to the Company, and prescribed forms, collectively, of each of the Qualifying Jurisdictions and all rules, by-laws and regulations governing the TSX, all as the same are in effect at the date hereof and as amended, supplemented or replaced from time to time.
- (h) "Claim" has the meaning specified in Section 9(a).
- (i) "Closing Date" has the meaning specified in Section 4.
- (j) "Closing Time" means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date, as the Company and the Underwriters, may agree.
- (k) "Co-Lead Underwriters" has the meaning set forth in the Recitals.

- (l) "Common Shares" means the common shares in the capital of the Company.
- (m) "Company" has the meaning set forth in the Recitals.
- (n) "Company Public Documents" has the meaning specified in Section 2(hh).
- (o) "Company's Auditors" means Ernst & Young LLP.
- (p) "Company's BVI and Cayman Counsel" means the law firm of Appleby in the British Virgin Islands.
- (q) "Company's Canadian Counsel" means the law firm of Aird & Berlis LLP.
- (r) "Company's Counsel" means, collectively, Company's Canadian Counsel, Company's PRC Counsel, Company's Hong Kong Counsel, Company's BVI and Cayman Counsel and Company's U.S. Counsel.
- (s) "Company's Hong Kong Counsel" means the law firm of Linklaters.
- (t) "Company's PRC Counsel" means the law firm of Jingtian & Gongcheng.
- (u) "Company's U.S. Counsel" means the law firm of Linklaters.
- (v) "Condition of the Company" means the business, affairs, operations, assets, properties, prospects, liabilities (contingent or otherwise), capital, earnings or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole.
- (w) "critical accounting policies" has the meaning specified in Section 2(mm).
- (x) "Defaulted Securities" has the meaning specified in Section 10(b).
- (y) "Directed Selling Efforts" means "directed selling efforts" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Agreement, it means, subject to the exclusions from the definition of "directed selling efforts" contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Shares, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Offering.
- (z) "distribution" and "distribution to the public" shall have the respective meanings ascribed thereto in the Canadian Securities Laws.
- (aa) "Enterprise Income Tax Law" means the PRC Enterprise Income Tax Law enacted on March 16, 2007 and effective on January 1, 2008 and its



Implementation Rules issued on December 6, 2007 and effective on January 1, 2008.

- (bb) "Environmental Laws" has the meaning specified in Section 2(dd).
- (cc) "Final International Offering Memorandum" means the final international offering memorandum prepared by the Company for use in connection with the International Offering, which consists of the Prospectus in the English language and certain additional pages, as amended or supplemented.
- (dd) "Financial Information" has the meaning specified in Section 6(j)(vi).
- (ee) "Firm Shares" has the meaning specified in the Recitals.
- (ff) "GAAP" has the meaning specified in Section 2(ii).
- (gg) "Governmental Authorizations" has the meaning specified in Section 2(d).
- (hh) "Hazardous Substance" has the meaning specified in Section 2(ee).
- (ii) "including" means including, without limitation.
- (jj) "Indemnified Party" has the meaning specified in Section 9(a).
- (kk) "Intellectual Property Rights" has the meaning specified in Section 2(f).
- (ll) "International Offering" means the distribution of the Offered Shares by the Underwriters and their affiliates outside of Canada.
- (mm) "Master Agreements" means the agreements entered into by certain Subsidiaries, pursuant to which the Company secures its supply of standing timber.
- (nn) "misrepresentation", "material fact" and "material change" mean, with respect to circumstances to which the Canadian Securities Laws of a particular Qualifying Jurisdiction are applicable, a misrepresentation, material fact, and material change as defined under the Canadian Securities Laws of that Qualifying Jurisdiction and, if not so defined or in circumstances in which the particular Canadian Securities Laws of a particular Qualifying Jurisdiction are not applicable, mean a misrepresentation, material fact and material change as defined under the *Securities Act* (Ontario).
- (oo) "NI 44-101" means National Instrument 44-101 - *Short Form Prospectus Distributions*.

- (pp) "Notes" means US\$400 million of 4.25% convertible senior notes due 2016, as more particularly described in the final offering memorandum dated December 10, 2009.
- (qq) "OFAC" has the meaning specified in Section 2(cc).
- (rr) "Offered Shares" has the meaning specified in the Recitals.
- (ss) "Offering" has the meaning specified in the Recitals.
- (tt) "Offering Documents" means the Preliminary Prospectus, the Prospectus, the Supplementary Material, the Preliminary International Offering Memorandum and the Final International Offering Memorandum.
- (uu) "Option Closing Date" has the meaning specified in Section 3.
- (vv) "Option Closing Time" has the meaning specified in Section 4.
- (ww) "Optional Shares" has the meaning specified in the Recitals.
- (xx) "Over-Allotment Option" has the meaning specified in Section 3.
- (yy) "Plantation Rights Certificates" means certificates issued under the PRC Forestry Law in respect of the right to use the plantation land and to own the planted trees (in the case of planted forestry plantations) or to the owners of the plantation trees (in the case of purchased tree plantations).
- (zz) "PRC" means the People's Republic of China (excluding Hong Kong, Macau and Taiwan for the purposes of this Agreement).
- (aaa) "PRC Limited Company Subsidiary" or "PRC Limited Company Subsidiaries" has the meaning specified in Section 2(j).
- (bbb) "PRC Subsidiaries" has the meaning specified in Section 2(j).
- (ccc) "Preliminary International Offering Memorandum" means the preliminary international offering memorandum prepared by the Company for use in connection with the International Offering, which consists of the Preliminary Prospectus in the English language and certain additional pages, as amended or supplemented.
- (ddd) "Preliminary Prospectus" means the preliminary short form prospectus of the Company dated the date of this Agreement, in English and French, and filed with the Securities Regulators in connection with the qualification of the Offered Shares for distribution in the Qualifying Jurisdictions, and the term "Preliminary Prospectus" shall be deemed to refer to and to include all the documents incorporated therein by reference and any amendment or restatement thereto. For avoidance of doubt, reference to "Preliminary

Prospectus" shall include the Preliminary Prospectus included in the Preliminary International Offering Memorandum.

- (eee) "Prospectus" means the (final) short form prospectus of the Company in English and French, approved, signed and certified in accordance with the Canadian Securities Laws, relating to the qualification for distribution of the Offered Shares under applicable Canadian Securities Laws in the Qualifying Jurisdictions, and the term "Prospectus" shall be deemed to refer to and include all the documents incorporated therein by reference. For avoidance of doubt, reference to "Prospectus" shall include the Prospectus included in the Final International Offering Memorandum.
- (fff) "Purchase Price" has the meaning specified in Section 3.
- (ggg) "Qualified Institutional Buyer" means a "qualified institutional buyer" as that term is defined in Rule 144A.
- (hhh) "Qualifying Jurisdictions" means the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.
- (iii) "Regulation D" means Regulation D adopted by the SEC under the 1933 Act.
- (jjj) "Regulation S" means Regulation S adopted by the SEC under the 1933 Act.
- (kkk) "Repayment Event" has the meaning set forth in Section 2(vv).
- (lll) "Rule 144A" means Rule 144A under the 1933 Act.
- (mmm) "SEC" means the United States Securities and Exchange Commission.
- (nnn) "Securities Regulators" means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions and in the United States, as applicable.
- (ooo) "Solvent" has the meaning specified in Section 2(t).
- (ppp) "Subsidiary" means:
  - (i) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Company or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries;

- (ii) any partnership of which the Company, or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries: (x) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; and (y) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or
- (iii) any other person of which at least a majority of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Company, or one or more of its Subsidiaries or the Company and one or more of its Subsidiaries;

provided that the term Subsidiary shall in any event include the WFOEs and each of the additional entities identified in Schedules 1, 2, 3, 4, 5 and 6 but excludes Sino-Panel Corporation, Sinowood Holdings Limited, Sinowood Finance Limited, Khan Forestry Inc. and Max Gain Development Limited which have no or minimal assets or liabilities, are not engaged in any operation and are currently considered inactive.

- (qqq) "Substantial U.S. Market Interest" means "substantial U.S. market interest" as that term is defined in Regulation S.
- (rrr) "Supplementary Material" means, collectively, any amendment or supplement to the Prospectus or any other similar documents required to be filed by the Company under the Canadian Securities Laws in connection with the Offering.
- (sss) "to the best of the knowledge, information and belief of" means (unless otherwise expressly stated) a statement of the declarant's knowledge of the facts or circumstances to which such phrase relates after having made due inquiries and investigations in connection with such facts and circumstances.
- (ttt) "TSX" means the Toronto Stock Exchange.
- (uuu) "Underwriters" has the meaning set forth in the Recitals.
- (vvv) "Underwriters' Canadian Counsel" means the law firm of Stikeman Elliott LLP.
- (www) "Underwriters' Counsel" means collectively, Underwriters' Canadian Counsel, Underwriters' PRC Counsel and Underwriters' U.S. Counsel.
- (xxx) "Underwriters' PRC Counsel" means the law firm of Commerce & Finance Law Offices.
- (yyy) "Underwriters' U.S. Counsel" means the law firm of Davis Polk & Wardwell.

- (zzz) "United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
- (aaaa) "U.S. Securities Laws" means all applicable securities legislation in the United States, including, the 1933 Act, as amended, and the 1934 Act, as amended, and the rules and regulations promulgated thereunder.
- (bbbb) "WFOEs" has the meaning set forth in 2(j).

2. *Representations and Warranties.* The Company represents and warrants to the Underwriters and acknowledges that the Underwriters are relying upon such representations and warranties in connection with their execution and delivery of this Agreement, and delivery of each of the Offering Documents by the Company to the Underwriters shall constitute the representation and warranty of the Company to the Underwriters, that:

- (a) The Company is continued under the laws of Canada and is validly existing as a corporation in good standing under the laws of Canada, has the corporate power and authority to own its property and to conduct its business as described in the Offering Documents and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole.
- (b) All of the subsidiaries of the Company, except those specifically excluded in Section 1(ppp), are listed on Schedule 6 hereto; there is no other company or undertaking in which any of the Company or its Subsidiaries directly or indirectly owns or controls or proposes to own or control a majority interest (whether by way of shareholding, trust arrangement or otherwise).
- (c) Each Subsidiary has been duly incorporated, amalgamated, formed or continued, as the case may be, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, amalgamation, formation or continuance, has the corporate power and authority to own its property and to conduct its business as described in the Offering Documents and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole; except as disclosed in the following item (m) all of the issued shares of capital stock of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and the shares of capital stock of each such Subsidiary owned by the Company or another Subsidiary are owned directly or indirectly by the Company, free and clear of all liens,

encumbrances, equities or claims other than as set forth in the Offering Documents.

- (d) Each of the Company and its Subsidiaries has obtained all consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all relevant national, local or other governmental authorities and all relevant courts and other tribunals ("Governmental Authorizations") which are required for the Company or any of its Subsidiaries to own, lease, license and use its properties and assets and to conduct its business in the manner described in, and contemplated by, the Offering Documents. Except for the Governmental Authorizations whose absence would not have a material adverse effect on the Condition of the Company, all such Governmental Authorizations are in full force and effect; none of the Company and its Subsidiaries is in violation of, or default under, such Governmental Authorizations.
- (e) Each of the Company and its Subsidiaries has good and marketable title to all real property and all personal property owned by it, in each case free and clear of all liens, encumbrances and defects, except such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by it and except for the mortgages, liens, pledges or other security interests relating to the bank borrowings and other indebtedness by the Company disclosed in the Offering Documents; and any real property and buildings held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries, in each case except as described in or contemplated in the Offering Documents.
- (f) The Company and its Subsidiaries own or possess or can acquire on reasonable terms sufficient trademarks, trade names, patent rights, copyrights, licenses, approvals, trade secrets and other similar rights (collectively, the "Intellectual Property Rights") reasonably necessary to conduct their businesses as now conducted; neither the Company nor any of its Subsidiaries has received any notice of or is otherwise aware of infringement or conflict with asserted Intellectual Property Rights of others.
- (g) This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction.
- (h) The relevant PRC Subsidiaries have duly obtained or are in the process of applying for the relevant Plantation Rights Certificates, its equivalents or

other relevant approvals for their legal titles to the plantation land use rights and the planted tree plantations. The relevant PRC Subsidiaries have planted approximately 69,000 hectares of planted tree plantation as of September 30, 2009.

- (i) Each of the Company and its Subsidiaries has the right to conduct business in the PRC in the manner as presently conducted and as described in the Offering Documents, and has the right to own the purchased tree plantations (as set forth in the Offering Documents) and has the right to log, transport, and sell the purchased tree plantations in accordance with the PRC laws and regulations.
- (j) Each of the Company's Subsidiaries in the PRC has been duly established as a wholly foreign owned enterprises (each, a "WFOE" and, collectively the "WFOEs") or a PRC limited company invested by WFOE (each, a "PRC Limited Company Subsidiary" and, collectively the "PRC Limited Company Subsidiaries"; together with the WFOEs, the "PRC Subsidiaries") in compliance with applicable PRC laws and regulations.
- (k) The ownership structure of the PRC Subsidiaries as described in the Offering Documents is in compliance with any applicable laws and regulations in the PRC.
- (l) Except for Sino-Panel (Fujian) Co, Ltd., Sino-Panel (Heilongjiang) Trading Co., Ltd., Sino-Panel (Guangzhou) Trading Co., Ltd., Jiangxi Jiawei Panel Co., Ltd., Hunan Jiayu Wood Products Co., Ltd. and Shaoyang Jiading Wood Products Co., Ltd. whose registered capital shall be subscribed in instalments in accordance with their respective government approvals, the registered capital of each of the PRC Subsidiaries has been subscribed in full and all government approvals relating to the subscription thereof have been issued and are in full force and effect; the Company will pay or cause to be paid in full the unpaid registered capital of Sino-Panel (Fujian) Co, Ltd., Sino-Panel (Heilongjiang) Trading Co., Ltd., Sino-Panel (Guangzhou) Trading Co., Ltd., Jiangxi Jiawei Panel Co., Ltd., Hunan Jiayu Wood Products Co., Ltd. and Shaoyang Jiading Wood Products Co., Ltd. in due course in accordance with PRC laws and regulations.
- (m) The articles of association of each of the WFOEs comply with the requirements of applicable laws of the PRC, and are in full force and effect.
- (n) Each of (i) the documents listed under "Material Contracts" in the Company's annual information form dated March 31, 2009, (ii) the Master Agreements or other contracts entered into by the Subsidiaries of the Company relating to the purchase of the rights to the trees on particular plantation land with or without a pre-emptive right to lease such plantation land, (iii) the longterm lease agreements entered into by any of the Company's Subsidiaries for tree plantations, (iv) the share purchase or other investment agreements entered into by the Company and any of its

Subsidiaries, and (v) any other contracts or arrangements between any of either the Company or the Company's Subsidiaries and an authorized intermediary regarding the sales of standing timber, has been duly authorized, executed and delivered by the relevant Subsidiaries of the Company, constitutes a valid and binding agreement of each of the parties thereto, is in full force and effect and is enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction. The Company has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any such material contract and none of the Company or its Subsidiaries has received notice of any intention to terminate any such contract or agreement or repudiate or disclaim any such transaction. All descriptions of material contracts or documents in the Offering Documents, to the extent such descriptions purport to describe or summarize such contracts or documents, are true and accurate in all material respects, fairly summarize the contents of such contracts or documents and do not omit any material information which affects the import of such descriptions.

- (o) Each of the WFOEs has obtained all necessary foreign exchange registration certificates from the State Administration of Foreign Exchange or its local counterparts and has passed foreign exchange annual inspections, except for those the absence of which would not result in a material adverse effect on the Condition of the Company. The Company, through the WFOEs, has obtained all necessary foreign exchange registration certificates from the State Administration of Foreign Exchange or its local counterparts for its investments in the PRC. No other governmental registration, authorization or filing with any governmental authority is required in the PRC in respect of the ownership by the Company of its direct or indirect equity interest in any PRC Subsidiary, except for those that have already been obtained or those the absence of which would not result in a material adverse effect on the Condition of the Company.
- (p) Subject to compliance with the requisite procedures under the PRC laws and regulations, each PRC Subsidiary has full power and authority to effect dividend payments and remittances thereof outside the PRC in foreign currency free of deduction or withholding on account of income taxes and without the need to obtain any consent, approval, authorization, order, registration or qualification of or with any court or governmental or regulatory agency or body of or in the PRC. No wholly-owned Subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such Subsidiary's capital stock, from repaying to the Company any loans or advances to such Subsidiary from the Company or from transferring any of such Subsidiary's properties or assets to the Company or any other wholly-



owned Subsidiary upon the requisite approval procedures for such transferring, except for Sino-Panel (Fujian) Co, Ltd., Sino-Panel (Heilongjiang) Trading Co., Ltd., Sino-Panel (Guangzhou) Trading Co., Ltd., Jiangxi Jiawei Panel Co., Ltd., Hunan Jiayu Wood Products Co., Ltd. and Shaoyang Jiading Wood Products Co., Ltd., whose registered capital has been partially paid up and the dividend payments and remittances for which shall be made in proportion to the paid-up contribution of its registered capital, and except as otherwise described in the Offering Documents.

- (q) The authorized capital of the Company conforms to the description thereof contained in the Offering Documents. None of the outstanding Common Shares were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any of its Subsidiaries other than those accurately described in the Offering Documents, including the Notes, if issued. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the Offering Documents accurately and fairly describes such plans, arrangements, options and rights.
- (r) Each of the WFOEs has full power and authority to borrow shareholder loans from its foreign shareholder as contemplated and described in the Offering Documents. Except for those disclosed in the Offering Documents, no other licenses, consents, approvals, authorizations, permits, certificates or orders of or from, or filings, declarations or qualifications with or to, any governmental body, court, agency or official in the PRC are required for any WFOE to borrow shareholder loans. Each of the WFOEs will be able to repay such shareholder loans in, and remit to outside the PRC, United States dollars, except for the withholding tax required under the Enterprise Income Tax Law of the PRC and other exceptions, in each case, as disclosed in the Offering Documents, free of deduction or withholding on account of income taxes and without the need to obtain any consent, approval, authorization, order, registration or qualification of or with any court or governmental or regulatory agency or body of or in the PRC.
- (s) The Company and each Subsidiary is, and immediately after the Closing Time and immediately upon consummation of the transactions contemplated herein and in the Offering Documents will be, Solvent. As used herein, the term "Solvent" means, with respect to an entity, on a particular date, that on such date (a) the book value of the assets of such entity is greater than or equal to the total amount of liabilities (including contingent liabilities) of such entity, (b) the value of the assets of the entity is greater than the amount that will be required to pay the probable liabilities of such entity on its debt as they become absolute and mature, (c) the entity is able to realize upon its

assets and pay its debts and other liabilities (including contingent obligations) as they mature, and (d) the entity does not have unreasonably small capital. Except such as would not result in a material adverse effect on the Condition of the Company, no winding up or liquidation proceedings have been commenced against the Company or any of its Subsidiaries and no proceedings have been started or, to the best of the knowledge of the Company, threatened for the purpose of, and no judgment has been rendered, declaring the Company or any of its Subsidiaries bankrupt or in any insolvency proceeding, or for any arrangement or composition for the benefit of creditors, or for the appointment of a receiver, trustee, administrator or similar officer of any of the Company and its Subsidiaries, or any of their respective properties, revenues or assets.

- (t) The Common Shares outstanding prior to the issuance of the Offered Shares have been duly authorized and are validly issued, fully paid and non-assessable.
- (u) The Common Shares are listed on the TSX under the symbol "TRE". The Company has taken no action designed, or likely, to have the effect of delisting the Common Shares from the TSX nor is the TSX contemplating such delisting.
- (v) The Offered Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Offered Shares will not be subject to any pre-emptive or similar rights and will be free and clear of any security interests, claims, liens, equity or encumbrances; and no holder of such shares will be subject to personal liability by reason of being such a holder. Except as disclosed in the Offering Documents, there are no limitations on the rights of the holders of the Offered Shares to hold, vote or transfer their shares.
- (w) The total shareholders' equity of the Company is as set forth in the Preliminary Prospectus under the caption "Consolidated Capitalization of the Corporation" as of September 30, 2009, and the actual, authorized, issued and outstanding number of Common Shares as of September 30, 2009 is as set forth in the Preliminary International Offering Memorandum and Final International Offering Memorandum, and there have been no changes to such amounts.
- (x) The execution and delivery of this Agreement by the Company, the issuance, offering and sale of Offered Shares, the use of the proceeds as described in the Offering Documents and the compliance by the Company with the other provisions of this Agreement do not:
  - (i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, Securities Regulators or other third party except: (A) such as have

been obtained; and (B) such as may be required (and shall be obtained as provided in this Agreement) under the Canadian Securities Laws and by the TSX;

- (ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under: (A) any indenture, mortgage, lease or other agreement or instrument to which the Company, any of its Subsidiaries or any of their respective properties is bound; (B) the charter documents or by-laws of the Company or any of its Subsidiaries, respectively; or (C) any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator, stock exchange or securities association applicable to the Company or any of its Subsidiaries; or
  - (iii) give rise to any claim against the Company, any of its Subsidiaries, or any of their assets or give rise to or accelerate the repayment of any indebtedness or other payment or repayment obligation under any term or provision of any document or instrument referred to in sub-clause (A) or (B) of clause 2(x)(ii) above.
- (y) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the Condition of the Company, whether or not arising out of the ordinary course of business, from that set forth in the Preliminary Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement). Other than as set forth in the Offering Documents, (i) there have been no transactions entered into by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered in the aggregate, (ii) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock, and (iii) neither the Company nor any of its Subsidiaries has sustained any material loss or interference with its business from fire, earthquake, flood, explosion or other calamity, whether or not covered by insurance.
- (z) There are no legal or governmental proceedings pending or threatened to which the Company or any of its Subsidiaries is a party or to which any of the properties of the Company or any of its Subsidiaries is subject other than proceedings accurately described in the Offering Documents and proceedings that would not have a material adverse effect on the Condition of the Company.
- (aa) No labour dispute with the employees of the Company or any of its Subsidiaries exists or, to the best of the knowledge, information and belief of the Company, is imminent, and the Company is not aware of any existing or imminent labour disturbance by the employees of any of its or any of its Subsidiaries' principal suppliers, manufacturers, customers or contractors,

which, in either case, would result in any material adverse effect on the Condition of the Company.

- (bb) The Company and its Subsidiaries have not, and to the best of the knowledge of the Company, no director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its Subsidiaries has, taken any action, directly or indirectly, that would result in a violation by such persons of the anti-corruption legislation of Canada, the PRC, Hong Kong or any other jurisdiction, or the rules and regulations thereunder, and all related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency thereof, including, without limitation, (i) making an offer, payment or promise to pay or (ii) authorizing the payment of any money, other property, gift, promise to give, or the giving of anything of value to any official, employee or agent of any governmental agency, authority or instrumentality in Canada, the PRC, Hong Kong or any other jurisdiction where either the payment, gift or promise or the purpose of such contribution, payment, gift or promise was, is or would be prohibited under applicable law, rule or regulation of Canada, the PRC, Hong Kong or any other relevant jurisdiction or to any political party or official thereof or any candidate for political office, where either the payment, gift or promise or the purpose of such contribution, payment, gift or promise was, is or would be prohibited under applicable law, rule or regulation of Canada, the PRC, Hong Kong or any other relevant jurisdiction, except such as would not, individually or in the aggregate, have any material adverse effect on the Condition of the Company.
- (cc) Neither the Company or any of its Subsidiaries nor, to the best of the knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company or any of its Subsidiaries is currently subject to any U.S. sanctions administered by (a) the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC") (including but not limited to the designation as a "specially designated national or blocked person" thereunder), (b) Her Majesty's Treasury, or (c) any other relevant authority in the European Union; and the Company will not directly or indirectly use the proceeds of the Offering, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC (including but not limited to the designation as a "specially designated national or blocked person" thereunder), (b) Her Majesty's Treasury, or (c) any other relevant authority in the European Union.
- (dd) The Company and its Subsidiaries (i) are in compliance with any and all applicable foreign, federal, provincial, state, territorial, and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants, dangerous goods or contaminants ("Environmental Laws"), (ii) have

received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Condition of the Company.

- (ee) There is not at present on, at or under any of the real properties of the Company or any of its Subsidiaries any hazardous substances, toxic substances, wastes, pollutants, dangerous goods or contaminants ("Hazardous Substance") and there has not been the discharge, deposit, leak, emission, spill or other release of any Hazardous Substance on, at, under or from any real property of the Company or any of its Subsidiaries (including relating to the collection, removal and disposal of wastes), which has resulted in or may result in any cost, damage or other liability, including the diminution in value of any property.
- (ff) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the Condition of the Company.
- (gg) The Company is eligible to file a short form prospectus under NI 44-101 in each of the Qualifying Jurisdictions and there are no reports or information that in accordance with the requirements of the Canadian Securities Laws must be made publicly available in connection with the Offering as at the date hereof that have not been made publicly available as required.
- (hh) The Company has filed each statement, report, material change report, prospectus, management information circular, annual and interim report to shareholders, annual information form, financial statements, and any other material filing required to be filed with the Securities Regulators by the Company since January 1, 2006 (collectively, the "Company Public Documents"). As of their respective filing dates, the Company Public Documents complied in all material respects with the requirements of applicable Canadian Securities Laws and none of the Company Public Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequently filed Company Public Document. The Company has not filed any confidential material change report or other confidential report with any Securities

Regulators or other governmental entity which at the date hereof remains confidential.

- (ii) The financial statements, together with the related schedules and notes, included in the Offering Documents, present fairly, in all material respects, the financial position of the Company and its consolidated Subsidiaries (as defined below) at the dates indicated and the statements of income and retained earnings, comprehensive income and cash flows of the Company and its consolidated Subsidiaries for the periods specified therein; said financial statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The selected financial data and the summary financial information included in the Offering Documents present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Offering Documents. The other financial and operational information included in the Offering Documents present fairly information included therein.
- (jj) Other than as disclosed in the financial statements referred to in clause 2(ii) and in the Offering Documents, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company or any of its Subsidiaries with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, change in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of the Company or any of its Subsidiaries.
- (kk) Except as disclosed in the Offering Documents, none of the Company or any of its Subsidiaries has any contingent liabilities, in excess of the liabilities that are either reflected or reserved against in the financial statements referred to in clause (ii), which are material to the Condition of the Company.
- (ll) Except as disclosed in the Offering Documents, no material indebtedness (actual or contingent) and no material contract or arrangement is outstanding between the Company or any of its Subsidiaries and any director or executive officer of the Company or any of its Subsidiaries or any person connected with such director or executive officer (including his/her spouse or children, or any company or undertaking in which he/she holds a controlling interest). There are no material relationships or transactions between the Company or any of its Subsidiaries on the one hand and its affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which are not disclosed in the Offering Documents.
- (mm) The sections entitled "Management's Discussion and Analysis - Overview of Business - Significant Accounting Policies and Interpretation" and "Management's Discussion and Analysis - Critical Accounting Estimates" in

the Offering Documents accurately and fairly describes in all material respects (i) accounting policies which the Company believes are the most important in the portrayal of the financial condition and results of operations for the Company and its consolidated Subsidiaries and which require management's most difficult, subjective or complex judgments ("critical accounting estimates"); and (ii) judgments and uncertainties affecting the application of critical accounting policies. The sections entitled "Management's Discussion and Analysis - Liquidity and Capital Resources" in the Offering Documents accurately and fairly describes in all material respects (x) all material trends, demands, commitments, events, uncertainties and risks, and the potential effects thereof, that the Company believes would materially affect its liquidity and are reasonably likely to occur; and (y) all off-balance sheet arrangements, if any, that have or are reasonably likely to have a current or future effect on the financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources of the Company and the Subsidiaries taken as a whole. Except as disclosed in the Offering Documents, there are no outstanding guarantees or other contingent obligations of the Company or any Subsidiary that could reasonably be expected to have a material adverse effect on the Condition of the Company.

- (nn) The Company and each of its Subsidiaries maintains a system of internal controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the financial statements to be fairly presented in accordance with Canadian GAAP and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to differences; (v) the Company and each of its Subsidiaries have made and kept books, records and accounts, which in reasonable details, accurately and fairly reflect in all material respects the transactions and dispositions of assets of such entity; (vi) material information relating to the Company and its Subsidiaries is made known to those within the Company responsible for the preparation of the financial statements during the period in which the financial statements have been prepared and that such material information is disclosed to the public within the time periods required by applicable law, including Canadian Securities Laws; and (vii) all significant deficiencies and material weaknesses in the design or operation of such internal controls that could adversely affect the Company's ability to disclose to the public information required to be disclosed by it in accordance with applicable law, including Canadian Securities Laws, and all fraud, whether or not material, that involves management or employees that have a significant role in the Company's internal controls have been disclosed to the audit committee of the Company's board of directors.

- (oo) The Company's Auditors are independent public accountants as required under Canadian Securities Laws and there has not been any disagreement (within the meaning of National Instrument 51-102 - Continuous Disclosure Obligations) since January 1, 2006 with the present or any former auditors of the Company.
- (pp) The Company and its Subsidiaries carry or are entitled to the benefits of insurance, with to the best of the knowledge, information and belief of the Company, financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company has no reason to believe that it or any of its Subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a material adverse change in the Condition of the Company.
- (qq) Except as referred to in and contemplated by the Offering Documents, subsequent to the respective dates as of which information is given in such documents:
- (i) there has not been any material change in the assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Company and its Subsidiaries on a consolidated basis;
  - (ii) there has not been any material change in the capital or long-term debt of the Company and its Subsidiaries on a consolidated basis; and
  - (iii) there has not been any material change in the Condition of the Company.
- (rr) There is no person, firm or corporation which has been engaged by the Company to act for the Company and which is entitled to any brokerage or finder's fee in connection with this Agreement or any of the transactions contemplated hereunder, and in the event any such person, firm or corporation establishes a claim for any fee from the Underwriters in respect of the transactions contemplated hereunder, the Company covenants to indemnify and hold harmless the Underwriters with respect thereto and with respect to all costs reasonably incurred in the defence thereof.
- (ss) Neither the Company nor any of its Subsidiaries is, or with the giving of notice or lapse of time or both would be, (A) in violation of any provision of law, statute, rule or regulation or its charter documents, by-laws, business license, business permit or other constitutional documents, or any judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets, properties or operations or (B) in default in



the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or any of its Subsidiaries is subject (collectively, "Agreements and Instruments") except, in each case, for such violations or defaults that would not result in a material adverse effect on the Condition of the Company; and the execution, delivery and performance of this Agreement and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Offering Documents and the consummation of the transactions contemplated herein and in the Offering Document (including the issuance and sale of the Offered Shares and the use of the proceeds from the sale of the Offered Shares as described in the Offering Documents under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder or thereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, the Agreements and Instruments, nor will such action result in any violation of the provisions of the charter documents, by-laws, business license, business permit or other constitutional documents of the Company or any of its Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its Subsidiaries.

- (tt) Other than as disclosed in the Offering Documents, the Company and each of its Subsidiaries has, on a timely basis, filed all necessary tax returns and notices and has paid or made provision for all applicable taxes of whatever nature for all tax years to the date hereof to the extent such taxes have become due or have been alleged to be due; other than as disclosed in the Offering Documents, the Company is not aware of any material tax deficiencies or material interest or penalties accrued or accruing or alleged to be accrued or accruing thereon with respect to itself or any of its Subsidiaries which have not otherwise been provided for by the Company.
- (uu) The Company is a reporting issuer under the Canadian Securities Laws of each of the Qualifying Jurisdictions and is not in default of any requirement

of such Canadian Securities Laws. The Company has not taken any action to cease to be a reporting issuer in any province nor has the Company received notification from any applicable Canadian securities regulatory authority seeking to revoke the reporting issuer status of the Company.

- (vv) The delivery to the Underwriters of the Offering Documents shall constitute the representation and warranty of the Company to the Underwriters that, at the time of such delivery, the information and statements contained therein (except for statements or omissions based upon information relating to the Underwriters furnished to the Company in writing by the Underwriters expressly for use therein):
- (i) constitute full, true and plain disclosure of all material facts relating to (x) the Company and its Subsidiaries on a consolidated basis; and (y) the Offered Shares;
  - (ii) are true and correct in all material respects and contain no misrepresentation; and
  - (iii) do not omit a material fact (except for information relating solely to the Underwriters) which is necessary to make the information and statements contained therein not misleading in light of the circumstances in which they were made.
- (ww) Each of the Company, its Subsidiaries, its affiliates and, to the best knowledge of the Company, any of their respective officers, directors, supervisors, managers, agents, or employees, has not violated, its participation in the offering will not violate, and it has instituted and maintains policies and procedures designed to ensure continued compliance each of the following laws: (a) anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code section 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (b) laws and regulations imposing U.S. economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the United Nations Participation Act, and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended, or any orders or licenses issued thereunder.

- (xx) Any statistical and market-related data included in the Offering Documents are based on or derived from sources that the Company believes to be reliable and accurate, and, to the extent required or otherwise necessary, the Company has obtained the written consent or other consent in requisite form to the use of such data from such sources.

Such delivery shall also constitute the Company's consent to the use of (a) the Preliminary Prospectus, the Prospectus or the Supplementary Material, as the case may be, by the Underwriters for the purpose of offering and selling the Offered Shares in the Qualifying Jurisdictions in accordance with the Canadian Securities Laws and (b) the Preliminary International Offering Memorandum, the Final International Offering Memorandum and any Supplementary Material by the Underwriters (and its affiliates) for the offering and sale of the Offered Shares by them outside of Canada.

3. *Agreements to Sell and Purchase.* The Company hereby agrees to sell to the Underwriters, and the Underwriters agree to purchase from the Company, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, 19,000,000 Common Shares at Cdn.\$16.80 per Share (the "Purchase Price").

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Optional Shares, and the Underwriters shall have the right to purchase up to 2,850,000 Optional Shares at the Purchase Price (the "Over-Allotment Option"). The Co-Lead Underwriters, on behalf of the Underwriters, may exercise this right in whole or from time to time in part by giving written notice prior to 30 days after the Closing Date. Any exercise notice shall specify the number of Optional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least three Business Days after the written notice is given and may not be earlier than the closing date for the Firm Shares nor later than ten Business Days after the date of such notice and must be a day that the TSX is open for trading. Optional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Optional Shares are to be purchased (an "Option Closing Date"), the Underwriters agree to purchase the number of Optional Shares (subject to such adjustments to eliminate fractional shares as the Underwriters may determine) to be purchased on such Option Closing Date.

The Company hereby agrees that, without the prior written consent of the Co-Lead Underwriters, on behalf of the Underwriters, which consent shall not be unreasonably withheld or delayed, it will not, during the period commencing on the date of the Prospectus and ending 120 days after the Closing Date, issue, agree to issue, or announce an intention to issue any additional Common Shares or any securities convertible into or exchangeable for Common Shares (except in connection with the concurrent offering of the Notes, the acquisition of Mandra Forestry Holdings Limited, or except in connection with the exchange, transfer, conversion or exercise of rights of existing outstanding securities or existing commitments to issue securities or except in respect of the grant of options

pursuant to the Company's stock option plan and the issuance of shares pursuant to the exercise thereof).

4. *Payment and Delivery.* Payment for the Firm Shares shall be made to the Company in Canadian funds immediately available in Toronto, Canada against delivery of such Firm Shares for the account of the Underwriters at 8:00 a.m., Toronto time (the "Closing Time"), on December 17, 2009 or on such other date, not later than January 31, 2010 as shall be designated in writing by the Underwriters. The date of such payment is hereinafter referred to as the "Closing Date".

Payment for any Optional Shares shall be made to the Company in Canadian funds immediately available in Toronto, Canada against delivery of such Optional Shares for the account of the Underwriters at 8:00 a.m., Toronto time (the "Option Closing Time"), on the Option Closing Date specified in the corresponding notice described in Section 3 or on such other date, in any event not later than January 31, 2010 as shall be designated in writing by the Underwriters.

The Firm Shares and Optional Shares shall be registered in such names and in such denominations as the Underwriters shall request in writing not later than one full Business Day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Optional Shares shall be delivered to the Underwriters on the Closing Date or an Option Closing Date, as the case may be.

In consideration for the Underwriters' services in (i) assisting in the preparation of the Offering Documents; (ii) forming and managing banking, selling or other groups in connection with the distribution of the Offered Shares; (iii) distributing the Offered Shares, both directly and through other registered dealers and brokers; and (iv) all other matters in connection with the issue and sale of the Offered Shares, the Company agrees to pay to the Underwriters a commission equal to 4.5% of the aggregate gross proceeds to the Company of the Firm Shares purchased by the Underwriters hereunder at the Closing Time. To the extent the Over-Allotment Option is exercised, the Company shall pay to the Underwriters, by certified cheque, wire transfer or the deduction of the Offering proceeds, a fee at the Option Closing Date equal to 4.5 % of the aggregate gross proceeds to the Company of the Optional Shares purchased by the Underwriters hereunder.

The closing of the purchase and sale of the Firm Shares will be completed at the Closing Time at the offices of the Company's Canadian Counsel, or at any other place determined in writing by the Company and the Underwriters. At the Closing Time, the Company will deliver to the Underwriters (i) a global certificate representing the Firm Shares to be issued on the Closing Date registered in the name of "CDS & Co." for deposit into the book entry only system administered by CDS Clearing and Depository Services Inc. and/or such other number of certificates as directed by the Underwriters at least one Business Day prior to the Closing Date or, upon the mutual agreement of the Company and the Underwriters, Company shall deliver, or cause to be delivered, the Firm Shares pursuant to the direct registration system; (ii) such further documentation as may be contemplated herein or as the Underwriters or the applicable Securities Regulators or the TSX may reasonably require, against payment by the Underwriters of the purchase price therefor by certified cheque or wire transfer to the order of the Company in Canadian same day funds

or by such other method as the Company and the Underwriters may agree upon. In addition, the Company shall contemporaneously pay to the Underwriters the aforementioned 4.5% commission by wire transfer to the order of the Underwriters in Canadian same day funds, to be deducted from the Offering proceeds or by such other method as the Company and the Underwriters may agree upon. The Company hereby expressly authorizes the Underwriters to deduct (x) the commission to which it is entitled pursuant to the terms hereof; and (y) any fees and expenses set forth in Section 6(c) hereof payable by the Company to the Underwriters, from any payment made by the Underwriters of the purchase price for the Firm Shares or any Optional Shares in satisfaction of the Company's obligation to pay such commission and such fees and expenses. The Underwriters shall provide at least three Business Days notice if it does not intend to deduct the aforementioned commissions, fees and expenses from the price of the Offered Shares.

In order to facilitate an efficient and timely closing at the Closing Time and the Option Closing Time, the Underwriters may choose to initiate a wire transfer of funds to the Company prior to the Closing Time or the Option Closing Time, as the case may be. If the Underwriters do so, the Company agrees that such transfer of funds to the Company prior to the Closing Time or the Option Closing Time does not constitute a waiver by the Underwriters of any of the conditions set out in this Agreement. Furthermore, the Company agrees that any such funds received from the Underwriters prior to the Closing Time or the Option Closing Time, as the case may be, will be held by the Company or Company's Canadian Counsel in trust solely for the benefit of the Underwriters until the Closing Time or the Option Closing Time as the case may be, and, if the closing, as the case may be, does not occur at the scheduled Closing Time or the Option Closing Time, as the case may be, such funds shall be immediately returned by wire transfer to Credit Suisse Securities (Canada) Inc. on behalf of the Underwriters, without interest. Upon the satisfaction of the conditions of closing at the Closing Time or Option Closing Time, as the case may be, the funds held by the Company or Company's Canadian Counsel in trust for the Underwriters shall be deemed to be delivered by the Underwriters to the Company in satisfaction of the obligation of the Underwriters under Section 12 of this Agreement and upon such delivery the trust constituted by this Section 4 shall be terminated without further formality.

5. *Conditions to the Underwriters' Obligations.* The obligations of the Company to sell the Offered Shares to the Underwriters and the obligation of the Underwriters to purchase and pay for the Offered Shares at the Closing Time are subject to the following conditions:

- (a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any change, or any development involving a prospective change, in the Condition of the Company, from that set forth in the Offering Documents provided to prospective purchasers of the Offered Shares that, in the Underwriters' judgment, is material and adverse and that makes it, in the Underwriters' judgment, impracticable to profitably market and sell the Offered Shares on the terms and in the manner contemplated in the Prospectus.
- (b) The Underwriters shall have received a legal opinion dated the Closing Date from Company's Canadian Counsel, addressed to the Underwriters, in form

and substance satisfactory to the Underwriters and the Underwriters' Counsel, acting reasonably. Such opinion shall be rendered to the Underwriters at the request of the Company and shall so state therein.

- (c) The Company shall have received a legal opinion dated the Closing Date from the Company's PRC Counsel, addressed to the Company for its sole reliance and expressly consent to the Company's delivering a copy of such opinion to the Underwriters and Underwriters' Counsel, in form and substance satisfactory to the Underwriters, acting reasonably.
- (d) The Underwriters shall have received a legal opinion and disclosure letter dated the Closing Date from the Company's U.S. Counsel, addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably. Such opinion and disclosure letter shall be rendered to the Underwriters at the request of the Company, and shall so state therein.
- (e) The Company shall have received a legal opinion dated the Closing Date from the Company's Hong Kong Counsel addressed to the Company for its sole reliance and expressly consent to the Company's delivering a copy of such opinion to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably.
- (f) The Underwriters shall have received a legal opinion dated the Closing Date from the Company's BVI and Cayman Counsel in form and substance satisfactory to Underwriters and the Underwriters' Counsel, acting reasonably. Such opinion shall be rendered to the Underwriters at the request of the Company, and shall so state therein.
- (g) The Underwriters shall have received a legal opinion dated the Closing Date from Underwriters' Canadian Counsel, addressed to the Underwriters, in a form satisfactory to the Underwriters, acting reasonably.
- (h) The Underwriters shall have received legal opinions dated the Closing Date from Underwriters' PRC Counsel, addressed to the Underwriters, in a form satisfactory to the Underwriters, acting reasonably.
- (i) The Underwriters shall have received a legal opinion and disclosure letter dated the Closing Date from Underwriters' U.S. Counsel, addressed to the Underwriters, in forms satisfactory to the Underwriters, acting reasonably.
- (j) The Underwriters shall have received a certificate, or certificates, dated the Closing Date and executed by each of the Chief Executive Officer and the Chief Financial Officer of the Company, on behalf of the Company, without personal liability, to the effect that, after due inquiry:
  - (i) a receipt for the Prospectus has been issued by the Ontario Securities Commission as the principal regulator of the Company, and no order suspending or preventing the use of the Prospectus or any

- amendment thereto or cease trading the Common Shares or any other securities of the Company has been issued, and no proceedings for that purpose have been instituted or threatened by any Securities Regulator;
- (ii) subsequent to the respective dates as of which information is given in the Offering Documents, there has not been any material change of any kind, any material adverse change, or any development involving a prospective material adverse change, in the Condition of the Company;
  - (iii) subsequent to the respective dates as of which information is given in the Offering Documents, no transaction out of the ordinary course of business, material to the Company and its Subsidiaries on a consolidated basis, has been entered into by the Company or any of its Subsidiaries or has been approved by the management of any of them;
  - (iv) the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Date with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby;
  - (v) the minute books and records of the Company relating to all meetings of shareholders of the Company and the Board of Directors of the Company made available to the Underwriters' Canadian Counsel are true, correct and complete, in all material respects, with respect to all proceedings of said shareholders and Board of Directors since January 1, 2006;
  - (vi) except for such non-compliance which would not, in the aggregate, result in a material adverse effect on the Condition of the Company, the Company has duly complied in all respects with all the agreements and satisfied all the conditions of this Agreement on its part to be satisfied or complied with up to the Closing Time; and
  - (vii) from October 1, 2009 to December 17, 2009, there has been no material adverse change in the Company's financial position as stated in its financial statements for the period ended September 30, 2009 and the Company has undertaken acceptable procedures to provide comfort to the Underwriters with respect to certain information included in the Final International Offering Memorandum, such comfort to be set out in a certificate substantially in a form satisfactory to the Underwriters and the Underwriters' Counsel.
- (k) The Underwriters shall have received a certificate, dated the Closing Date and executed by the Secretary of the Company, on behalf of the Company,

without personal liability, to the effect that, to the best of his knowledge, information and belief:

- (i) the articles and by-laws of the Company attached to the certificate are full, true and correct copies and in effect on the date of such certificate;
  - (ii) the resolutions of the board of directors of the Company relating to the Offering attached to the certificate are full, true and correct copies thereof and have not been modified or rescinded as of the date of such certificate and are all of the resolutions relating to the subject matter of the Offering; and
  - (iii) such other matters as are requested by the Underwriters, in form and substance satisfactory to the Underwriters.
- (l) The Underwriters shall have received on the Closing Date comfort letters of the Company's Auditors in form and substance satisfactory to Underwriters' Counsel, similar to the comfort letters to be delivered to the Underwriters pursuant to 6(j)(viii) hereof, and updated to a date not less than two days prior to the Closing Date.
  - (m) On the Closing Date, the Offered Shares shall be listed and posted for trading on the TSX.
  - (n) On or prior to the Closing Date, all necessary and required regulatory approvals in connection with the Offering have been received by the Company.
  - (o) The Company shall have delivered the definitive certificates, where applicable representing the Offered Shares as specified in Section 4 hereof.
  - (p) The Underwriters shall have received at the Closing Time such other certificates, statutory declarations, agreements or materials, in form and substance satisfactory to the Underwriters and the Underwriters' Counsel, as the Underwriters and the Underwriters' Counsel may reasonably request.

In addition, the obligation of the Underwriters to purchase Optional Shares hereunder are subject to the delivery to the Underwriters on the applicable Option Closing Date of such documents as the Underwriters may reasonably request with respect to the good standing of the Company, the due authorization and issuance of the Optional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Optional Shares.

6. *Covenants of the Company.* In further consideration of the agreements of the Underwriters herein contained, the Company covenants with the Underwriters as follows:



- (a) If, during the period after the date hereof and prior to the date on which all of the Offered Shares have been sold by the Underwriters, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Offering Documents in order to correct any misrepresentation or make the statements therein, in the light of the circumstances when the Offering Documents are delivered to a purchaser, not misleading or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Offering Documents to comply with Canadian Securities Laws, forthwith to prepare, file with the Securities Regulators and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Underwriters will furnish to the Company) to which Offered Shares may have been sold by the Underwriters and to any other dealers upon request, either amendments or supplements to the Offering Documents so that the statements in the Offering Documents as so amended or supplemented will not, in the light of the circumstances when the Offering Documents are delivered to a purchaser, be misleading or so that the Offering Documents, as amended or supplemented, will comply with Canadian Securities Laws.
- (b) To endeavor to qualify the Offered Shares for offer and sale under the securities laws of such jurisdictions outside of Canada as the Underwriters shall reasonably request.
- (c) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Underwriters' Counsel, the Company's Counsel, the Company's Auditors, Pöyry Forest Industry Ltd. and any other experts or advisors retained by the Company in connection with the offering of the Offered Shares and all other fees or expenses in connection with the preparing, printing and filing or other publication of all documents contemplated hereby, including all costs of printing the Offering Documents, and the mailing and delivering of copies thereof to the Underwriters, in the quantities and to the locations specified by the Underwriters, (ii) all costs and expenses related to the transfer and delivery of the Offered Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) all expenses in connection with the qualification of the Offered Shares for offer and sale under applicable securities laws as provided in clause 6(b) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any legal investment memorandum, (iv) all filing fees incurred in connection with the offering of the Offered Shares, (v) the cost of printing certificates representing the Offered Shares, (vi) the costs and charges of any transfer agent, registrar or depository and all fees and expenses of the Canadian Depository for Securities Limited, (vii) the costs and expenses of the Company and the Underwriters relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Offered

Shares, including, without limitation, costs related to investor lunches and conference facilities (other than conference facilities at the offices of the Underwriters), and travel and lodging expenses in connection with due diligence and marketing meetings; (viii) the qualification of the Offered Shares and the Over-Allotment Option under the Canadian Securities Laws, including listing fees on the TSX and all filing or similar fees required by the Securities Regulators; (ix) the document production charges and expenses associated with printing the Offering Documents; and (x) all other costs and expenses incident to the performance of the obligations of the Company and the Underwriters hereunder for which provision is not otherwise made in this Section 6.

- (d) The Offered Shares to be issued and sold by the Company hereunder shall be duly and validly issued by the Company and, when issued and sold by the Company, such Offered Shares shall have the attributes set out in the Offering Documents.
- (e) Prior to the date of this Agreement, the Company will have, prepared and filed the Preliminary Prospectus in order to qualify the Offered Shares for distribution in each of the Qualifying Jurisdictions in accordance with the Canadian Securities Laws and will have obtained a receipt for the Preliminary Prospectus.
- (f) The Company will prepare and file the Prospectus and will use reasonable commercial efforts to obtain a receipt for the Prospectus from the Ontario Securities Commission, in order to qualify the Offered Shares for distribution in each of the Qualifying Jurisdictions in accordance with the Canadian Securities Laws, as soon as possible, and, shall obtain such receipt, in any event, not later than 5:00 pm (Toronto time) on December 11, 2009 (or such other time and/or later date as the Company and the Underwriters may agree).
- (g) Until the date on which the distribution of the Offered Shares is completed, the Company will promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required under the Canadian Securities Laws to continue to qualify the distribution of the Offered Shares.
- (h) The Company shall deliver or cause to be delivered, to the Underwriters, without charge, in Toronto, Ontario, contemporaneously with or prior to the filing of the Prospectus or any Supplementary Material, as the case may be:
  - (i) a copy of the Preliminary Prospectus in the English language, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;
  - (ii) a copy of any Supplementary Material required to be filed by the Company under the Canadian Securities Laws, signed as required by

the Canadian Securities Laws, including copies of documents incorporated by reference therein; and

(iii) a copy of the Preliminary International Offering Memorandum.

- (i) The Company shall have delivered or caused to be delivered to the Underwriters, without charge, as soon as possible after the date that the Preliminary Prospectus or Supplementary Material is filed with the Securities Regulators, such number of commercial copies of the Preliminary Prospectus or Supplementary Material in respect thereof (including the Preliminary International Offering Memorandum) as the Underwriters reasonably require.
- (j) The Company shall deliver or cause to be delivered, to the Underwriters, without charge, in Toronto, Ontario, contemporaneously with the filing of the Prospectus or any Supplementary Material; as the case may be:
- (i) a copy of the Prospectus in the English language, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;
- (ii) an opinion of its auditors, Ernst & Young LLP, addressed to the Underwriters, in form and substance satisfactory to the Underwriters and Underwriters' Counsel, to the effect that the French language version of the financial statements together with the related schedules and notes thereto and the related auditors' reports included in the Preliminary Prospectus and the Prospectus (all of the foregoing collectively known as the "Financial Information") is, in all material respects, complete and proper translations of the English language version thereof and such French language version is not susceptible to any materially different interpretation with respect to any material matter contained therein;
- (iii) an opinion of BCF LLP, Québec, addressed to the Underwriters in form and substance satisfactory to the Underwriters and Underwriters' counsel, to the effect that, except for the Financial Information, the French language version of each of the Preliminary Prospectus and the Prospectus is, in all material respects, a complete and proper translation of the English language version thereof, and such French language version is not susceptible to any materially different interpretation with respect to any material matter contained therein;
- (iv) an opinion of BCF LLP, Québec, addressed to the Underwriters, in form and substance satisfactory to the Underwriters and their counsel, with respect to compliance with all the laws of the Province of Québec relating to the use of the French language in connection with the distribution of Offered Shares;

- (v) a copy of each consent required to be filed by the Company under the Canadian Securities Laws, signed as required by the Canadian Securities Laws, including the consent of the Company's Auditors, Company's Canadian Counsel and Pöyry Forest Industry Ltd. together with copies of any other ancillary documents required to be filed by the Company under the Canadian Securities Laws;
  - (vi) a copy of any Supplementary Material required to be filed by the Company under the Canadian Securities Laws, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;
  - (vii) a copy of the Final International Offering Memorandum;
  - (viii) a comfort letter or letters dated the date of the Prospectus and addressed by the Company's Auditors to the Underwriters and the directors and Chief Executive Officer and Chief Financial Officer of the Company, in form and substance satisfactory to the Underwriters and Underwriters' Counsel, acting reasonably, with respect to certain financial and accounting information relating to the Company contained in the Prospectus, which comfort letter shall be based on a review by the Company's Auditors having a cut-off date of not more than two Business Days prior to the date of the letter or letters, as applicable, and shall be in addition to the auditors' reports contained in the Prospectus and the Final International Offering Memorandum and the auditors' comfort letter addressed to the Securities Regulators; and
  - (ix) a letter from the TSX advising the Company that approval of the conditional listing of the Offered Shares has been granted by the TSX, subject to the satisfaction of certain conditions set out therein.
- (k) The Company shall deliver or cause to be delivered to the Underwriters, to the locations directed by the Underwriters, without charge, as soon as possible and in any event not later than the first Business Day after the date that the Prospectus is filed with the Securities Regulators, such number of commercial copies of the Prospectus and copies of the Final International Offering Memorandum, as the Underwriters require.
- (l) During the period of distribution to the public of the Offered Shares, which shall be the period from the date hereof to the date upon which the Company has received notice from the Underwriters of the completion thereof, the Company shall promptly notify the Underwriters in writing of:
- (i) any material fact that has arisen or has been discovered which would have been required to have been stated in the Offering Documents, as the case may be, had the fact arisen or been discovered on, or prior to, the date of such document; and

- (ii) any change in a material fact in the Offering Documents, as the case may be, or the existence of any new material fact,

which change or new material fact is, or may be of such a nature as:

- (iii) to render the Offering Documents misleading or untrue;
- (iv) would result in the Preliminary Prospectus, the Prospectus and the Supplementary Material not complying with any Canadian Securities Laws, the Preliminary International Offering Memorandum or the Final International Offering Memorandum not complying with applicable securities laws;
- (v) would reasonably be expected to have a significant effect on the market price or value of the Offered Shares or which would restrict or prevent the trading of the Offered Shares; or
- (vi) would be reasonably considered material to a prospective purchaser of the Offered Shares.

In any such case, the Company shall promptly and, in any event within applicable time limitations required by the Canadian Securities Laws, comply with all legal requirements necessary to comply with the Canadian Securities Laws in order to allow for the continued distribution of the Offered Shares in the Qualifying Jurisdictions as contemplated in Section 3 hereof.

- (m) The Company shall in good faith discuss with the Underwriters any change in circumstances (actual, proposed or prospective) which is of such a nature that there is reasonable doubt whether notice need be given to the Underwriters pursuant to Subsection 6(1), it being understood that no Supplementary Material will be filed with the Securities Regulators prior to the review and approval by the Underwriters, acting reasonably.
- (n) At the respective times of filing, the Preliminary Prospectus, the Prospectus and any Supplementary Material will comply with the requirements of the Canadian Securities Laws.
- (o) Following the execution of this Agreement, the Company will (i) prepare and file or cause to be prepared and filed all documents and take or cause to be taken all actions required under the by-laws, rules, policies and regulations of the TSX in order to issue and sell to the Underwriters the Offered Shares for distribution to the public in the Qualifying Jurisdictions and for the Offered Shares to be listed on the TSX prior to or on the Closing Date, and (ii) make all necessary filings and use its best efforts to obtain all necessary regulatory and other consents and approvals required in connection with the transactions contemplated by this Agreement.

- (p) The Company will advise the Underwriters, promptly after receiving notice thereof, of the time when any amendment or supplement to the Prospectus and any Supplementary Material has been filed and a receipt for the Prospectus has been issued by the Ontario Securities Commission, and will provide evidence satisfactory to the Underwriters of such document.
  - (q) The Company will, until the end of the distribution, advise the Underwriters, promptly after receiving notice or obtaining knowledge thereof, of: (i) the issuance of any order suspending or preventing the use of the Offering Documents; (ii) the imposition of cease trading or similar orders affecting the Offered Shares or any other securities of the Company; (iii) the institution, threatening or contemplation of any proceeding for any such purpose; or (iv) any request made by any Securities Regulator for amending or supplementing the Prospectus or any Supplementary Material or any request made by any other securities regulatory authority for amending or supplementing the Final International Offering Memorandum. The Company will use its best efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible.
  - (r) Prior to the filing of the Offering Documents, the Company shall allow the Underwriters to participate fully in the preparation thereof, and shall allow the Underwriters to conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfill its obligations as an underwriter and in order to enable the Underwriters to responsibly execute the certificate required to be executed by the Underwriters in the Prospectus and any Supplementary Materials.
7. *Covenants of the Underwriters.* The Underwriters covenant with the Company as follows:
- (a) They will not to make any representation or warranty as to the Company or the Offered Shares other than as set forth in the Offering Documents.
  - (b) The Offered Shares shall be offered for sale by the Underwriters to the public in the Qualifying Jurisdictions in compliance with the Canadian Securities Laws upon the terms and conditions set forth herein and in the Prospectus including applicable registration requirements. The Underwriters shall cause similar undertakings to be contained in any agreements among the members of any banking, selling or other groups formed for the distribution of the Offered Shares.
  - (c) If they offer to sell or sell any Offered Shares in jurisdictions other than the Qualifying Jurisdictions, such offers or sales shall be effected in accordance and compliance with the applicable laws of such jurisdictions and shall be effected in such manner so as not to require registration of the Offered Shares, or the filing of a prospectus, registration statement or any other notice or document with respect to the distribution of the Offered Shares, under the

laws of any jurisdiction outside the Qualifying Jurisdictions including, without limitation, the United States and the PRC. The Underwriters shall cause similar undertakings to be contained in any agreements among the members of any banking, selling or other groups formed for the distribution of the Offered Shares.

- (d) They agree, and will require each member of the banking or selling group, if any, to agree, to observe the United States selling restrictions set forth in Section 8 hereof and the Company agrees for the benefit of the Underwriters to comply with its covenants as set forth in Section 8 hereof. The Underwriters represent and warrant that they will not offer or sell any of the Offered Shares within the United States except for offers and sales made through U.S. selling agents in accordance with Rule 144A under the 1933 Act.
- (e) They shall after the Closing Time (a) use its reasonable commercial efforts and will require each member of the banking or selling group, if any, to agree, to terminate, distribution of the Offered Shares as promptly as possible; and (b) give prompt written notice to the Company, with a copy to Company's Counsel, when, in the opinion of the Underwriters, they, and the members of such groups, have ceased distribution of the Offered Shares and of the total proceeds realized from such distribution in each of the respective Qualifying Jurisdictions in which such information is or may be required by the appropriate Securities Regulators.

8. *International Offers and Sales.*

- (a) The Underwriters intend to offer and sell the Offered Shares within and outside the United States in the International Offering on the terms and subject to the conditions of this Section 8. In that connection, the Company hereby further represents, warrants, covenants and agrees to and with the Underwriters that:
  - (i) it is not necessary in connection with the offer, sale and delivery of the Offered Shares to the Underwriters in the manner contemplated by this Agreement to register the Offered Shares under the 1933 Act.
  - (ii) the Company is a "foreign issuer" within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest with respect to the Offered Shares.
  - (iii) the Company is not, and after giving effect to the offering and sale of the Offered Shares and the application of the proceeds thereof as described in the Offering Documents will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.
  - (iv) the Offering Documents, at the respective dates thereof, did, do and will not contain any untrue statement of a material fact or omit to

state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such documents, at the date hereof, do not and at the Closing Time will not (and any amendment or supplement thereto or final form thereof, at the date thereof and at the Closing Time will not) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

- (v) the Company after giving effect to the Offering and sale of the Offered Shares and the application of the proceeds in the manner described in the Offering Documents, does not expect to be a "passive foreign investment company" within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended, for its current taxable years and does not anticipate becoming one in the foreseeable future.
- (vi) neither the Company nor any Affiliate of the Company, directly, or through any agent, (i) has sold, offered for sale, solicited offers to buy or otherwise negotiated, or will sell, offer for sale or solicit offers to buy or otherwise negotiate, in respect of, any security (as defined in the 1933 Act) which is or will be integrated with the sale of the Offered Shares in a manner that would require the registration under the 1933 Act of the Offered Shares or (ii) offered, solicited offers to buy or sold, or will offer, solicit offers to buy or sell, the Offered Shares by any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act.
- (vii) none of the Company, its Affiliates or any person acting on its behalf or their behalf has engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares.
- (viii) the Offered Shares satisfy the requirements set forth in Rule 144A(d)(3) under the 1933 Act.
- (ix) during the period of one year after the Closing Date or any Option Closing Date, if later, the Company will not, and will not permit any of its Affiliates to, resell any of the Offered Shares which constitute "restricted securities" under Rule 144(a)(3) that have been re-acquired by any of them.
- (x) for the benefit of any holder of Offered Shares or potential purchaser thereof, that for so long as any of the Common Shares are outstanding and are "restricted securities" within the meaning of Section (a)(3) of Rule 144 under the 1933 Act, it will provide to any holder of Offered Shares and any prospective purchaser thereof designated by such



holder for so long as such requirement is necessary in order to permit holders of Offered Shares to effect resales under Rule 144A, upon the request of such holder or purchaser, at or prior to the time of purchase, the information required to be provided to such holder or prospective purchaser by Section (d)(4) of Rule 144A unless it files reports and other information with the SEC under Section 13 or 15(d) of the 1934 Act or is exempt from such reporting requirement pursuant to Rule 12g3-2(b) under the 1934 Act.

- (b) With respect to offers and sales within the United States pursuant to the International Offering, each Underwriter agrees with the Company that:
- (i) it will solicit (and will cause its U.S. affiliate to solicit) offers for the Offered Shares in the United States only from, and will offer (and cause its U.S. affiliate to offer) the Offered Shares only to, persons who it reasonably believes to be Qualified Institutional Buyers in accordance with Rule 144A;
  - (ii) it has not offered or will not offer to sell, has not solicited or will not solicit any offer to buy, by any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act, any of the Offered Shares; and
  - (iii) it is an "accredited investor" within the meaning of Regulation D under the 1933 Act.
- (c) Each of the Underwriters has not entered, and will not enter, into any contractual arrangement with respect to the distribution of the Offered Shares in the United States, except with its respective Affiliates, without the prior written consent of the Company, except that nothing in this Section 8 shall in any way restrict offers and sales in accordance with Rule 144A.
- (d) With respect to offers and sales outside the United States and Canada, pursuant to the International Offering, the Underwriters agree with the Company that:
- (i) the Underwriters understand that no action has been or will be taken in any jurisdiction (other than Canada) by the Company that would permit a public offering of the Offered Shares, or possession, or distribution of the Offering Documents or any other offering or publicity material relating to the Offered Shares in any country or jurisdiction where action for that purpose is required;
  - (ii) the Underwriters will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Offered Shares or has in its possession, or distributes the Offering Documents, in all cases at its own expense;

- (iii) the Offered Shares have not been registered under the 1933 Act and may not be offered or sold within the United States except in accordance with Rule 144A or Regulation S under the 1933 Act or pursuant to another exemption from the registration requirements of the 1933 Act; and
- (iv) the Underwriters have offered the Offered Shares and will offer and sell the Offered Shares in offshore transactions outside the United States as part of their distribution at any time only in accordance with Rule 903 of Regulation S or as otherwise permitted under the 1933 Act. Accordingly, none of the Underwriters, its Affiliates nor any persons acting on their behalf have engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares.
- (e) Neither the Company nor to its knowledge any affiliate, as such term is defined in Rule 501(b) under the 1933 Act, of the Company has taken, nor will the Company or any Affiliate of the Company take, directly or indirectly, any action which is designed to or which has constituted or which would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Shares.

9. *Indemnity and Contribution.*

- (a) The Company agrees to indemnify and hold harmless the Underwriters, their directors, their officers and each person, if any, who controls the Underwriters within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each affiliate of the Underwriters within the meaning of Rule 405 under the 1933 Act (each an "Indemnified Party") from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (collectively, a "Claim") caused by (i) any untrue statement or alleged untrue statement made by the Company in Section 2 hereof or in any certificate delivered to the Underwriters pursuant to this Agreement; (ii) any misrepresentation or alleged misrepresentation (for purposes of Canadian Securities Laws), or any untrue statement or alleged untrue statement of a material fact contained in any of the Offering Documents (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they are made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such misrepresentation, untrue statement or omission or alleged misrepresentation, untrue statement or omission based upon information relating to the Underwriters furnished to the Company in writing by the Underwriters expressly for use therein; (iii) the Company not complying with any requirement of Canadian Securities Laws or U.S.

Securities Laws; or (iv) any order made or inquiry, investigation or proceeding (formal or informal) commenced or threatened by any officer or official of any Securities Regulator based upon the circumstances described in paragraphs 9(a)(ii) or 9(a)(iii) above which operates to prevent or restrict trading in or distribution of the Offered Shares or any other securities of the Company in any of the Qualifying Jurisdictions.

- (b) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 9(a), such Indemnified Party shall promptly notify the Company in writing of the nature of the Claim and the Company, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Company may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless i) the Company and the Indemnified Party shall have mutually agreed to the retention of such counsel or ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Company shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such Indemnified Parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Underwriters, in the case of parties indemnified pursuant to Section 9(a). The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested the Company to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Company of the aforesaid request and (ii) the Company shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of such settlement. The Company shall not, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such

Indemnified Party from all liability on claims that are the subject matter of such proceeding.

- (c) In the event that the Company does not assume the defence of a Claim within thirty (30) days after receiving notice thereof, the Indemnified Party shall have the right to retain his, her or its own legal counsel and the Company shall bear the reasonable fees, costs and expenses of such counsel. Notwithstanding the foregoing, in no event shall the Company be required to pay the fees and expenses of more than one set of counsel for all of the Indemnified Parties in a jurisdiction in respect of any particular Claim or related set of Claims.
- (d) The Company hereby waives its right to recover contribution from any of the Underwriters or any other Indemnified Party with respect to any liability of the Company by reason of or arising out of any misrepresentation (for the purposes of the Canadian Securities Laws or any of them) contained in the Offering Documents provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of:
- (i) any misrepresentation (for the purposes of the Canadian Securities Laws or any of them) which is based upon or results from a statement or information relating solely to the Underwriters contained in such documents; or
  - (ii) any failure by the Underwriters or members of their banking or selling group (if any) to provide to purchasers of the Offered Shares any document which the Company is required to provide to such purchasers and which it has provided to the Underwriters to forward to such purchasers.
- (e) With respect to any Indemnified Party who is not a party to this Agreement, the Underwriters shall obtain and hold the rights and benefits of this Section 9 in trust for and on behalf of such Indemnified Party.
- (f) To the extent the indemnification provided for in Section 9(a) is unavailable to an Indemnified Party or insufficient in respect of any Claims referred to therein, then the Company, in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Offered Shares or (ii) if the allocation provided by clause 9(f)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 9(f)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the misrepresentation, statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative

benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Offered Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Offered Shares (net of the fee payable to the Underwriters but before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, bear to the aggregate offering price of the Offered Shares. The Underwriters shall not in any event be liable to contribute, in the aggregate, any amounts in excess of the aggregate fees actually received by the Underwriters from the Company. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the misrepresentation or alleged misrepresentation, the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation, statement or omission.

- (g) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 9 were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in clause 9(f). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in clause 9(f) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, the Underwriters shall not in any event be liable to contribute, in the aggregate, any amounts in excess of the aggregate fees actually received by the Underwriters from the Company. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.
- (h) The indemnity and contribution provisions contained in this Section 9 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Underwriters, any person controlling the Underwriters or any affiliate of the Underwriters or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Offered Shares.

10. *Obligations of Underwriters*

- (a) Subject to the terms hereof, the obligations of the Underwriters to purchase the Offered Shares at the Closing Time or Option Closing Time, as applicable, shall be several and not joint and several and their respective obligations and rights in this regard shall be in the following percentages:

Credit Suisse Securities (Canada) Inc.	30%
TD Securities Inc.	30%
Dundee Securities Corporation	15%
RBC Dominion Securities Inc.	5%
Scotia Capital Inc.	5%
CIBC World Markets Inc.	5%
Merrill Lynch Canada Inc.	5%
Canaccord Financial Ltd.	2.5%
Maison Placements Canada Inc.	2.5%

- (b) If one or more of the Underwriters should default in its obligations to purchase its respective percentage of the Offered Shares (the "Defaulted Securities") at the Closing Time or Option Closing Time, the non-defaulting Underwriters shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all but not less than all of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Underwriters shall not have completed such arrangements within such 24-hour period, then:
- (i) if the number of Defaulted Securities is less than 10% of the number of Offered Shares to be purchased hereunder, the non-defaulting Underwriters shall be obligated, each severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations bear to the underwriting obligation of all non-defaulting Underwriters, or
- (ii) if the number of Defaulted Securities is 10% or more of the number of Offered Shares to be purchased hereunder, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.
- (c) In the event of any default by an Underwriter as described in this Section 10, the non-defaulting Underwriter shall have the right to postpone the Closing Date or Option Closing Date for not more than three (3) Business Days in order that any changes in the arrangements or documents for the purchase and delivery of the Offered Shares may be made. Nothing in this Section 10 shall require the Company to sell less than all of the Firm Shares or Over-Allotment Shares, as applicable, or relieve any defaulting Underwriter from liability in respect of its default hereunder to the Company and to the non-defaulting Underwriters.

11. *Termination.*

- (a) In addition to any other remedies which may be available to the Underwriters, any Underwriter shall be entitled, without liability, at such Underwriter's sole discretion, to terminate and cancel such Underwriter's obligations under this Agreement by notice to the Company given prior to the Closing Time if, at or prior to the Closing Time:
- (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the TSX, the New York Stock Exchange, the American Stock Exchange, the Nasdaq Global Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade or the London Stock Exchange;
  - (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market;
  - (iii) a material disruption in securities settlement, payment or clearance services in the United States, Canada or London shall have occurred;
  - (iv) any moratorium on commercial banking activities shall have been declared by Canadian, U.S. Federal or New York State authorities, UK authorities or the European Central Bank;
  - (v) the Company, subject to Section 6(a), has not obtained a receipt for the Prospectus from the Ontario Securities Commission, in order to qualify the Offered Shares for distribution in each of the Qualifying Jurisdictions in accordance with the Securities Laws, by 5:00 pm (Toronto Time) on December 11, 2009 (or such other time and/or later date as the Company and the Underwriters may agree in writing);
  - (vi) there should occur or commence, or be announced or threatened, any inquiry, action, suit, investigation or other proceeding (whether formal or informal) other than any inquiry, action, suit, investigation or other proceeding based on alleged activities of the Underwriters, or any order is issued by any governmental authority, other than an order based on the alleged activities of the Underwriters, or any law or regulation is promulgated, changed or announced or there is any change in the interpretation or administration of any law or regulation, which, in the reasonable opinion of the Underwriters (or any of them), is expected to prevent or materially suspend or restrict the trading in or the distribution of the Offered Shares, or any other securities of the Company or would be expected to have a material adverse effect on the market price or value of the Offered Shares or any other securities of the Company;
  - (vii) there should develop, occur or come into effect or existence, any event, action, state, condition or occurrence of national or

international consequence, acts of hostilities, terrorism, or escalation thereof or other calamity or crisis, any changes in currency exchange rates or controls in Canada, the United States, the United Kingdom, Hong Kong, the PRC or elsewhere or any change or development involving a prospective change in national or international political, financial or economic conditions, or any law, action, regulation or other occurrence of any nature whatsoever which, in the reasonable opinion of the Underwriters (or any of them), materially adversely affects or involves, or is expected to materially adversely affect or involve, financial markets generally or the business, affairs or operations of the Company; or

- (viii) there should occur or be discovered any material change in the Condition of the Company or any change in any material fact such as is contemplated in Section 6 hereof (other than a change related solely to the Underwriters), or the Underwriters become aware of any undisclosed material information, which, in the reasonable opinion of the Underwriters (or any of them), could be expected to have a material adverse effect on the market price or value of the Common Shares or any other securities of the Company.
- (b) All terms and conditions of this Agreement shall be construed as conditions, and any breach or failure by the Company to comply with any of such terms and conditions in all material respects shall entitle the Underwriters, or any of them, to terminate their obligations to purchase the Offered Shares by notice to that effect given to the Company at or prior to the Closing Time. The Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance; provided, however, that to be binding on the Underwriters any such waiver or extension must be in writing and signed by all of the Underwriters.
- (c) The rights of termination contained in this Section 11 may be exercised by the Underwriters (or any of them) and are in addition to any other rights or remedies the Underwriters (or any of them) may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. A notice of termination given by an Underwriter under this Section 11 shall not be binding upon the other Underwriters. In the event that one or more, but not all of the Underwriters shall exercise the right of termination herein, the other Underwriter(s) shall have the right, but shall not be obligated, to purchase all of the Offered Shares which would otherwise have been purchased by the Underwriter(s) which has so terminated. Nothing in this Section 11 shall oblige the Company to sell to the Underwriters less than all of the Offered Shares.



12. *Effectiveness.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

13. *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

14. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any suit, action or proceeding against any party hereto or any of its assets arising out of or relating to this Agreement may be brought in a competent court of the Province of Ontario and each party hereto hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. Each party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter.

15. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

16. *Notices.* All communications hereunder shall be in writing and shall be telecopied or delivered, and shall, in the case of notice to the Company, be addressed and sent to:

Sino-Forest Corporation  
90 Burnhamthorpe Road West  
Suite 1208  
Mississauga, Ontario  
Canada, L5B 3C3

Attention: Mr. Allen T. Y. Chan  
Telecopier No.: (852) 2877-0125

And in the case of notice to the Underwriters, be addressed and sent to:

Credit Suisse Securities (Canada) Inc.  
1 First Canadian Place  
Suite 2900  
Toronto, ON M5X 1C9

Attention: Ryan Lapointe  
Telecopier No.: (416) 352-0925

and

TD Securities Inc.  
1 Place Ville Marie Suite 2315  
Montreal, Quebec H3B 3M5  
Canada

Attention: Louis Véronneau  
Telecopier No.: (514) 259-1212

The parties may change their respective addresses and telecopy numbers for notice, by notice given in the manner aforesaid. Any such notification shall be deemed to be effective when telecopied or delivered, if telecopied or delivered to the recipient on a Business Day and before 3:00 p.m. (Toronto time) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (Toronto time) on the next following Business Day.

17. *Successors.* This Agreement shall enure to the benefit of, and shall be binding upon, the Underwriters and the Company and their respective successors and legal representatives and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person.

18. *Public Announcements.* The Company agrees that it shall not make any public announcements regarding the transactions contemplated hereunder without the prior written consent of the Underwriters, such consent not to be unreasonably withheld. The Company agrees that, following Closing, the Underwriters may, at the Underwriters expense, place "tombstone" and other advertisements relating to its role in connection with the Offering.

19. *Time of Essence.* Time shall be of the essence of this Agreement.

20. *Survival.* The respective representations, warranties, agreements, covenants, indemnities and contribution obligations of the Company and the Underwriters set forth in this Agreement shall survive the Closing Date and remain in full force and effect regardless of: (i) any investigation made by or on behalf of the Company, the Underwriters or any of their respective officers or directors; (ii) delivery of and payment for the Offered Shares; and (iii) any subsequent disposition by the Underwriters of the Offered Shares.

21. *Authority of the Co-Lead Underwriters.* The Co-Lead Underwriters are hereby authorized by the other Underwriters to act on their behalf and the Company shall be entitled to and shall act on any notice given in accordance with this Agreement or any agreement entered into by or on behalf of the Underwriters by the Co-Lead Underwriters

which represent and warrant that they have irrevocable authority to bind the Underwriters, except in respect of any matters relating to termination, waiver or extension, and Sections 10 and 11, which matters may be acted on by only the Underwriter affected. The Co-Lead Underwriters shall consult with the other Underwriters concerning any matter in respect of which they act as joint representatives of the Underwriters. The obligations of the Underwriters under this Agreement shall be several and not joint and several.

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Very truly yours,

SINO-FOREST CORPORATION

By: "David Horsley"

Name: David Horsley

Title: Senior Vice-President and Chief  
Financial Officer

Accepted as of the date hereof

CREDIT SUISSE SECURITIES  
(CANADA) INC.

By: "Ryan Lapointe"  
Name: Ryan Lapointe  
Title: Vice-President

TD SECURITIES INC.

By: "Louis G. Véronneau"  
Name: Louis G. Véronneau  
Title: Vice-President and Director

DUNDEE SECURITIES  
CORPORATION

By: "David G. Anderson"  
Name: David G. Anderson  
Title: Vice-Chairman

RBC DOMINION SECURITIES INC.

By: "Steven Borritt"  
Name: Steven Borritt  
Title: Vice-President

SCOTIA CAPITAL INC.

By: "Andrew McLenan"  
Name: Andrew McLenan  
Title: Director

## CIBC WORLD MARKETS INC.

By: "Alan Wallace"

Name: Alan Wallace

Title: Managing Director

## MERRILL LYNCH CANADA INC.

By: "Neil Kell"

Name: Neil Kell

Title: Director

## CANACCORD FINANCIAL LTD.

By: "Charles Shin"

Name: Charles Shin

Title: Director

MAISON PLACEMENTS CANADA  
INC.By: "John R. Ing"

Name: John R. Ing

Title: President

Schedule 1List of WFOEs

1. Sino-Forest (Guangzhou) Co., Ltd. (嘉汉林业(广州)有限公司)
2. Sino-Forest (Heyuan) Co., Ltd. (嘉汉林业(河源)有限公司)
3. Sino-Forest (Anhui) Co., Ltd. (嘉汉林业(安徽)有限公司)
4. Sino-Forest (China) Investments Limited (嘉汉林业(中国)投资有限公司)
5. Sino-Forest (Guangzhou) Trading Co., Ltd. (嘉汉林业(广州)商贸有限公司) \*
6. Sino-Forest (Suzhou) Trading Co., Ltd. (嘉汉林业(苏州)商贸有限公司)
7. Jiafeng Wood (Suzhou) Co., Ltd. (嘉丰木业(苏州)有限公司)
8. Jiangxi Jiachang Forestry Development Co., Ltd. (江西嘉昌林业发展有限公司)
9. Guangxi Guijia Forestry Co., Ltd. (广西桂嘉林业有限公司)
10. Gaoyao Jiayao Forestry Development Co., Ltd. (高要嘉耀林业发展有限公司)
11. Zhangzhou Jiamin Forestry Development Co., Ltd. (漳州嘉闽林业发展有限公司)
12. Sinowin Plantings (Suzhou) Co., Ltd. (嘉汉城市生态苗木(苏州)有限公司)
13. Sino-Maple (Shanghai) Trading Co., Ltd. (嘉汉枫情(上海)贸易有限公司)
14. Sino-Maple (Shanghai) Co., Ltd. (北美枫情(上海)商贸有限公司)
15. Sino-Panel (China) Investments Limited (嘉汉板业(中国)投资有限公司)
16. Sino-Panel (Fujian) Co., Ltd. (嘉汉板业(福建)有限公司)
17. Guangdong Jiayao Wood Products Development Co., Ltd.  
(广东嘉耀木业发展有限公司)
18. Heilongjiang Jiamu Panel Co., Ltd. (黑龙江嘉穆板业有限公司)
19. Hunan Jiayu Wood Products Co., Ltd. (湖南嘉裕木业有限公司)
20. Xiangxi Autonomous State Jiayi Forestry Development Co., Ltd.  
(湘西自治州嘉熙林业发展有限公司)

\* Sino-Forest (Guangzhou) Trading Co., Ltd. is in the process of deregistration.

21. Hunan Jiayu Wood Products (Hongjiang) Co., Ltd.  
( 湖南嘉裕木业 ( 洪江市 ) 有限公司 )
22. Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd.  
( 张家港保税区 嘉盛国际贸易有限公司 )
23. Shaoyang Jiading Wood Products Co., Ltd. ( 邵阳嘉鼎木业有限公司 )
24. Sino-Panel (Gengma) Co., Ltd. ( 嘉汉板业 ( 耿马 ) 有限公司 )
25. Sino-Panel (Guangxi) Development Co., Ltd. ( 嘉汉板业 ( 广西 ) 发展有限公司 )
26. Sino-Panel (Luzhai) Co., Ltd. ( 嘉汉板业 ( 鹿寨 ) 有限公司 )
27. Sino-Panel (Sanjiang) Co., Ltd. ( 嘉汉板业 ( 三江 ) 有限公司 )
28. Sino-Panel (Beihai) Development Co., Ltd. ( 嘉汉板业 ( 北海 ) 发展有限公司 )
29. Hunan Jiayu Wood Products (Zhijiang) Co., Ltd.  
( 湖南嘉裕木业 ( 芷江 ) 有限公司 )
30. Sino-Panel (Jianghua) Co., Ltd. ( 嘉汉板业 ( 江华 ) 有限公司 )
31. Sino-Panel (Yuanling) Co., Ltd. ( 嘉汉板业 ( 沅陵 ) 有限公司 )
32. Sino-Panel (Guangzhou) Co., Ltd. ( 嘉汉板业 ( 广州 ) 商贸有限公司 )
33. Sino-Biotechnology (Guangzhou) Co., Ltd. ( 嘉汉生物科技 ( 广州 ) 有限公司 )
34. Sino-Panel (Hezhou) Co., Ltd. ( 嘉汉板业 ( 贺州 ) 有限公司 )
35. Sino-Panel (Yunnan) Trading Co., Ltd. ( 嘉汉板业 ( 云南 ) 贸易有限公司 )
36. Sino-Panel (Heilongjiang) Trading Co., Ltd. ( 嘉汉板业 ( 黑龙江 ) 贸易有限公司 )
37. Jiangxi Jiawei Panel Co., Ltd. ( 江西嘉维板业有限公司 )



Schedule 2List of PRC Limited Companies invested by WFOE

1. Suzhou City Lvyun Garden Engineering Co., Ltd. ( 苏州市绿韵园林工程有限公司 )
2. Beihai Changqing Wooden Co., Ltd. ( 北海常青木业有限公司 )

Schedule 3List of non-Material PRC Subsidiaries

1. Sino-Biotechnology (Guangzhou) Co., Ltd. (嘉汉生物科技(广州)有限公司)
2. Sino-Panel (Hezhou) Co., Ltd. (嘉汉板业(贺州)有限公司)
3. Sino-Panel (Sanjiang) Co., Ltd. (嘉汉板业(三江)有限公司)
4. Sino-Panel (Yunnan) Trading Co., Ltd. (嘉汉板业(云南)贸易有限公司)
5. Sino-Panel (Guangxi) Development Co., Ltd. (嘉汉板业(广西)发展有限公司)
6. Hunan Jiayu Wood Products (Zhijiang) Co., Ltd.  
(湖南嘉裕木业(芷江)有限公司)
7. Sino-Panel (Yuanling) Co., Ltd. (嘉汉板业(沅陵)有限公司)
8. Sino-Panel (Jianghua) Co., Ltd. (嘉汉板业(江华)有限公司)
9. Suzhou City Lvyun Garden Engineering Co., Ltd. (苏州市绿韵园林工程有限公司)
10. Beihai Changqing Wooden Co., Ltd. (北海常青木业有限公司)
11. Sino-Panel (Fujian) Co., Ltd. (嘉汉板业(福建)有限公司)
12. Sino-Panel (Heilongjiang) Trading Co., Ltd. (嘉汉板业(黑龙江)贸易有限公司)
13. Sino-Forest (Guangzhou) Trading Co., Ltd. (嘉汉林业(广州)商贸有限公司)
14. Sino-Maple (Shanghai) Trading Co., Ltd. (嘉汉枫情(上海)贸易有限公司)

Schedule 4List of the BVI Subsidiaries

1. Suri-Wood Inc.
2. Express Point Holdings Ltd.
3. Smart Sure Enterprises Ltd.
4. Ace Supreme International Ltd.
5. Glory Billion International Ltd.
6. Amplemax Worldwide Ltd.
7. Expert Bonus Investment Ltd.
8. Sino-Panel (Yunnan) Limited

Schedule 5List of Shareholders of PRC Subsidiaries

1. Sino-Wood (Jiangxi) Limited
2. Sino-Forest Investments Limited
3. Grandeur Winway Ltd.
4. Sinowin Investments Ltd.
5. Sino-Forest Bio-Science Limited
6. Sino-Panel (Asia) Inc.
7. Sino-Panel (Gaoyao) Ltd.
8. SFR (China) Inc.
9. Sino-Panel (Guangxi) Ltd.
10. Sino-Panel (North Sea) Ltd.
11. Sino-Panel [Suzhou] Ltd.
12. Sino-Panel [(Yunnan)] Ltd.
13. Sino-Panel [Hunan] Ltd.
14. Sino-Panel [Xiangxi] Ltd.
15. Sino-Panel (North East China) Ltd.
16. Sino-Panel (Guangzhou) Ltd.
17. Sino-Panel (Huaihua) Ltd.
18. Sino-Panel (Yongzhou) Ltd.
19. Sino-Forest (China) Investments Limited (嘉汉林业(中国)投资有限公司)
20. Sino-Panel (China) Investments Limited (嘉汉板业(中国)投资有限公司)
21. Sinowin Plantings (Suzhou) Co., Ltd. (嘉汉城市生态苗木(苏州)有限公司)
22. Jiafeng Wood (Suzhou) Co., Ltd. (嘉丰木业(苏州)有限公司)

Schedule 6List of Subsidiaries

## [Company to confirm]

1. Sino-Forest (Guangzhou) Co., Ltd. (嘉汉林业 ( 广州 ) 有限公司)
2. Sino-Forest (Heyuan) Co., Ltd. (嘉汉林业 ( 河源 ) 有限公司)
3. Sino-Forest (Anhui) Co., Ltd. (嘉汉林业 ( 安徽 ) 有限公司)
4. Sino-Forest (China) Investments Limited (嘉汉林业 ( 中国 ) 投资有限公司)
5. Sino-Forest (Guangzhou) Trading Co., Ltd. (嘉汉林业 ( 广州 ) 商贸有限公司)
6. Sino-Forest (Suzhou) Trading Co., Ltd. (嘉汉林业 ( 苏州 ) 商贸有限公司)
7. Jiafeng Wood (Suzhou) Co., Ltd. (嘉丰木业 ( 苏州 ) 有限公司)
8. Jiangxi Jiachang Forestry Development Co., Ltd. (江西嘉昌林业发展有限公司)
9. Guangxi Guijia Forestry Co., Ltd. (广西桂嘉林业有限公司)
10. Gaoyao Jiayao Forestry Development Co., Ltd. (高要嘉耀林业发展有限公司)
11. Zhangzhou Jiamin Forestry Development Co., Ltd. (漳州嘉闽林业发展有限公司)
12. Sinowin Plantings (Suzhou) Co., Ltd. (嘉汉城市生态苗木 ( 苏州 ) 有限公司)
13. Sino-Maple (Shanghai) Trading Co., Ltd. (嘉汉枫情 ( 上海 ) 贸易有限公司)
14. Sino-Maple (Shanghai) Co., Ltd. (北美枫情 ( 上海 ) 商贸有限公司)
15. Sino-Panel (China) Investments Limited (嘉汉板业 ( 中国 ) 投资有限公司)
16. Sino-Panel (Fujian) Co., Ltd. (嘉汉板业 ( 福建 ) 有限公司)
17. Guangdong Jiayao Wood Products Development Co., Ltd. (广东嘉耀木业发展有限公司)
18. Heilongjiang Jiamu Panel Co., Ltd. (黑龙江嘉穆板业有限公司)
19. Hunan Jiayu Wood Products Co., Ltd. (湖南嘉裕木业有限公司)
20. Xiangxi Autonomous State Jiayi Forestry Development Co., Ltd.  
(湘西自治州嘉熙林业发展有限公司)
21. Hunan Jiayu Wood Products (Hongjiang) Co., Ltd.  
(湖南嘉裕木业 ( 洪江市 ) 有限公司)

22. Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd.  
(张家港保税区嘉樂国际贸易有限公司)
23. Shaoyang Jiading Wood Products Co., Ltd. (邵阳嘉鼎木业有限公司)
24. Sino-Panel (Gengma) Co., Ltd. (嘉汉板业 (耿马) 有限公司)
25. Sino-Panel (Guangxi) Development Co., Ltd. (嘉汉板业 (广西) 发展有限公司)
26. Sino-Panel (Luzhai) Co., Ltd. (嘉汉板业 (鹿寨) 有限公司)
27. Sino-Panel (Sanjiang) Co., Ltd. (嘉汉板业 (三江) 有限公司)
28. Sino-Panel (Beihai) Development Co., Ltd. (嘉汉板业 (北海) 发展有限公司)
29. Hunan Jiayu Wood Products (Zhijiang) Co., Ltd. (湖南嘉裕木业 (芷江) 有限公司)
30. Sino-Panel (Jianghua) Co., Ltd. (嘉汉板业 (江华) 有限公司)
31. Sino-Panel (Yuanling) Co., Ltd. (嘉汉板业 (沅陵) 有限公司)
32. Sino-Panel (Guangzhou) Trading Co., Ltd. (嘉汉板业 (广州) 商贸有限公司)
33. Sino-Biotechnology (Guangzhou) Co., Ltd. (嘉汉生物科技(广州)有限公司)
34. Sino-Panel (Hezhou) Co., Ltd. (嘉汉板业(贺州)有限公司)
35. Sino-Panel (Yunnan) Trading Co., Ltd. (嘉汉板业(云南)贸易有限公司)
36. Sino-Panel (Heilongjiang) Trading Co., Ltd. (嘉汉板业(黑龙江)贸易有限公司)
37. Jiangxi Jiawei Panel Co., Ltd. (江西嘉維板业有限公司)
38. Suzhou City Lvyun Garden Engineering Co., Ltd. (苏州市绿韵园林工程有限公司)
39. Beihai Changqing Wooden Co., Ltd. (北海常青木业有限公司)
40. Dynamic Profit Holdings Limited
41. Grandeur Winway Limited
42. SFR (China) Inc.
43. Sino-Capital Global Inc.
44. Sino-Forest Investments Limited
45. Sino-Forest Bio-Science Limited
46. Sino-Forest Resources Inc.
47. Sino-Global Holdings Inc.
48. Sino-Panel (Asia) Inc.

49. Sino-Panel (Fujian) Limited
50. Sino-Panel (Gaoyao) Ltd.
51. Sino-Panel (Guangxi) Limited
52. Sino-Panel (Guangzhou) Limited
53. Sino-Panel (Guizhou) Limited
54. Sino-Panel Holdings Limited
55. Sino-Panel (Huaihua) Limited
56. Sino-Panel [Hunan] Limited
57. Sino-Panel (North-East China) Limited
58. Sino-Panel (North Sea) Limited
59. Sino-Panel (Qinzhou) Limited
60. Sino-Panel (Shaoyang) Limited
61. Sino-Panel [Suzhou] Limited
62. Sino-Panel [Xiangxi] Limited
63. Sino-Panel (Yongzhou) Limited
64. Sino-Panel (Yunnan) Limited
65. Sinowin Investments Limited
66. Suri-Wood Inc.
67. Amplemax Worldwide Limited
68. Glory Billion International Limited
69. Smart Sure Enterprises Limited
70. Expert Bonus Investment Limited
71. Ace Supreme International Limited
72. Express Point Holdings Limited
73. Sino-Wood (Jiangxi) Limited
74. Sino-Wood (Guangdong) Limited
75. Sino-Wood (Fujian) Limited
76. Sino-Wood Partners, Limited
77. Sino-Plantation Limited
78. Sino-Wood (Guangxi) Limited
79. Sinowood Limited

**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 OR COMPROMISE OR ARRANGEMENT OF SINO-FOREST CORPORATION**

Court File No. CV-12-9667-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced in Toronto

**BOOK OF PREVIOUSLY FILED  
MATERIALS AND COURT ORDERS  
(Motion Regarding the Status of  
Shareholder Claims and Related  
Indemnity Claims under the CCAA,  
Returnable June 26, 2012)**

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