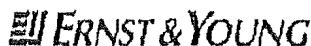


**September 28, 2010 offering memorandum engagement letter for  
Guaranteed Senior Notes due 2017**



Ernst & Young LLP  
Chartered Accountants  
Ernst & Young Tower  
222 Bay Street, P.O. Box 251  
Toronto, Ontario M5H 1J7  
Tel: 416 864 1234  
Fax: 416 864 1174  
ey.com/ea

Mr. David Horsley  
Chief Financial Officer  
Sino-Forest Corporation  
90 Burnhamthorpe Rd. W., Suite 1208  
Mississauga, Ontario L5B 3C3

28 September 2010

## Offering Memorandum

Dear Mr. Horsley:

This will confirm the engagement of Ernst & Young LLP ("we" or "EY") to perform services in respect of the Offering Memorandum for Sino-Forest Corporation (the "Company") for the offer to issue \$500,000,000 Guaranteed Senior Notes due 2017 (the "Senior Notes"). Our partners, Fred Clifford and Josephine Man, will have primary responsibility for this engagement.

Management of the Company and the underwriter bear the primary responsibility to ensure the Offering Memorandum contains no misrepresentations. Our procedures with respect to this engagement will be performed in accordance with our professional standards as set out in CICA Section 71.10 - *Auditor Involvement with Offering Documents of Public and Private Entities*, and other requirements as set out hereunder. These procedures are designed to enable us to issue our consent to the use of our auditors' report to demonstrate to readers that we have been involved with the Offering Memorandum. Our consent is to be included in the Offering Memorandum.

### Audited financial statements

We have audited the balance sheets of the Company as at 31 December 2009, 2008 and 2007, and the statements of income, retained earnings and cash flows for each of the years then ended. Our reports to the shareholders was dated 15 March 2010 on the financial statements for the years ended 31 December 2009 and 2008, and 13 March 2009 on the financial statements for the years ended 31 December 2008 and 2007. Our auditors' report for the years ended 31 December 2009 and 2008 and for the years ended 31 December 2008 and 2007 are to be incorporated by reference in the Offering Memorandum.

In order to provide our consent to the use of our auditors' report in the Offering Memorandum, it will be necessary for us to perform subsequent events review procedures with respect to the Offering Memorandum and any updates thereof, and the closing of the offering. This work is expected to be comprised of limited enquiry and review procedures designed to provide assurance that management has identified events arising after the date of the auditors' report in the Offering Memorandum that may require an adjustment to, or disclosure in, the audited financial statements or other information in the Offering Memorandum that is derived from such financial statements.

*[Handwritten signature]*  
Sept 28/10



28 September 2010 2

We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

#### Unaudited Interim financial statements

Comparative interim financial statements for the most recently completed financial period are incorporated by reference in the Offering Memorandum. In order to consent to the use of our auditors' report in the Offering Memorandum described above, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three and six month periods ended 30 June 2010 and 2009 and any other interim financial statements that may be issued and incorporated by reference in the Offering Memorandum. We have reviewed the interim consolidated financial statements for the three and six month periods ended 30 June 2010 and 2009 and provided our report thereon to the audit committee of the Company. In order for the interim financial statements for the three and six month periods ended 30 June 2010 and 2009 to be incorporated by reference in the Offering Memorandum, we will have to complete additional subsequent event review procedures.

If the Offering Memorandum is delayed, the Company may determine that it is necessary to update the interim financial statements. If such is the case, then we would have to perform additional review procedures on the updated unaudited interim financial statements.

The review procedures we carry out are significantly less extensive than an audit and would not necessarily reveal matters requiring adjustments to or disclosures in the interim financial information. Further, adjustments and disclosures may later be determined to be necessary as a result of our subsequent audit of the 2010 financial statements that include such interim periods. Accordingly, the review procedures do not result in the expression of an audit opinion on the interim financial statements.

If information comes to our attention which leads us to question whether the interim financial statements are materially in error or not in accordance with generally accepted accounting principles, we will inform you and discuss what further action is required.

If as a result of our work we are required to express a reservation in our report on our review of the unaudited interim financial statements to be incorporated by reference in the Offering Memorandum, we will provide a written report on our review thereof to be included in the Offering Memorandum.

#### Other information in the Offering Memorandum

In addition to financial statements, the Offering Memorandum includes other financial information and information of a non-financial nature. As such other information may be relevant to the financial statements and our audit or review thereof, we will perform procedures to determine whether this other financial and non-financial information is consistent with the audited and unaudited financial statements in the Offering Memorandum in accordance with the guidance in CICA Section 7500.

*JP*  
*Sept 20/10*



28 September 2010 3

If we become aware of information that, although not inconsistent with the financial statements, appears to constitute a misrepresentation when reading the Offering Memorandum, we will discuss the matter with management or with the Company's legal counsel, with the consent of management. We may wish to receive written confirmation from legal counsel of their view on the matter. In the event that the apparent inconsistency is not resolved to our satisfaction, we will advise the Audit Committee and consider whether our consent may be provided.

#### Communications required by other parties

Upon the request of the underwriter, we will issue the following letters:

#### Upon completion of the Offering Memorandum:

- A consent letter addressed to the underwriter, in which we give our consent to the use of our report in the Offering Memorandum.
- A comfort letter addressed to the Directors of the Company and the underwriter expressing assurances with respect to specified financial information included or incorporated by reference in the Offering Memorandum.

#### Upon closing of the offering:

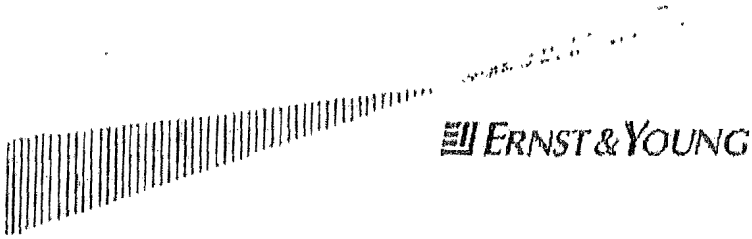
- A bring-down letter addressed to the Directors of the Company and the underwriter.

#### Auditor assistance to the underwriter

We understand that the underwriter wishes for us to perform certain procedures for the purpose of issuing a comfort letter to the underwriter relating to the Offering Memorandum. The comfort letter would make reference to our auditors' report and our review of the unaudited interim financial statements incorporated by reference in the Offering Memorandum, and set out the procedures performed at the underwriter's request and the results of performing those procedures.

We will provide a comfort letter to the underwriter which we will prepare in accordance with the guidance contained in CICA Section 7200, subject to our receipt of a letter of representation from the underwriter regarding the Offering Memorandum which is satisfactory to us. We will advise you of the matters on which the underwriter is seeking comfort and the procedures they are requesting. As the Company, not the underwriter, will bear the cost of preparing the comfort letter, we will discuss with you the practicality and effectiveness of the requested procedures in providing the desired comfort.

A handwritten signature in black ink, appearing to be 'G. P. [unclear]', with the date '28 Sept 2010' written below it.



28 September 2010 4

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter will address all of the questions that the underwriter and the underwriter's legal counsel may have. You should be aware that there could be sensitive matters that the underwriter and the underwriter's legal counsel may ask us to address in the comfort letter that could affect the outcome of the proposed offering of the convertible senior notes.

You acknowledge that we have no responsibility to you if the results of our procedures result in termination of, or change in, the proposed convertible senior notes offering. You also acknowledge that you have requested us to cooperate in every way with the underwriter and the underwriter's legal counsel, by performing the requested procedures.

You also agree to indemnify and hold harmless all members of the engagement team and Ernst & Young LLP from any claim by the underwriter and the underwriter's legal counsel, or any other third party, that arises as a result of our comfort letter.

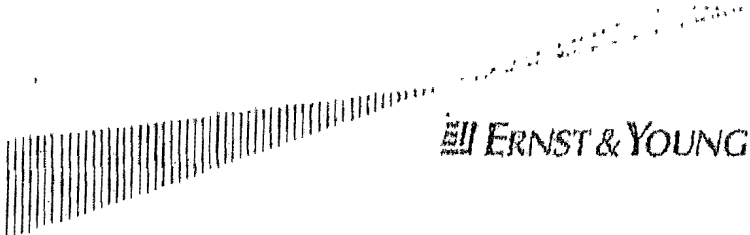
We shall advise the underwriter that information acquired by them in our comfort letter is confidential and is to be used only in connection with the convertible senior notes offering referred to above.

**Fees**

Our fees which will be billed as work progresses are based on the amount of time required. Payment in full should be made within 30 days of the date each billing is received. Hourly rates for our professionals for this engagement, in Canadian dollars, are set out below. All fees and rates quoted exclude applicable taxes. Direct out-of-pocket expenses will be invoiced to you at our cost.

<u>Level</u>	<u>Hourly rate</u>
Partner	\$650
Senior Manager	\$450
Manager	\$350
Senior	\$225
Staff	\$150

We very much appreciate the opportunity to provide services to the Company in respect of the Offering Memorandum and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. Please let us know immediately if you have any concerns about the terms of engagement as described in this letter.



28 September 2010 5

Additional terms and conditions are attached and form an integral part of this engagement letter; they govern our respective rights and obligations arising out of this engagement.

To confirm these arrangements as outlined are in accordance with your requirements and are acceptable, please sign one copy of this letter in the space provided and return it to us.

Sincerely,

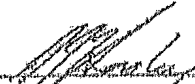
*Ernst + Young LLP*

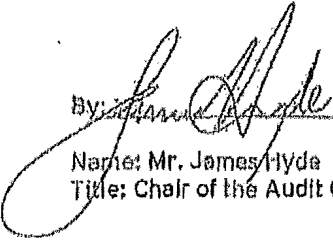
Chartered Accountants  
Licensed Public Accountants

\*\*\*\*\*

Agreed:  
Sino-Forest Corporation

Acknowledged on behalf of the  
Company's Audit Committee:

By:   
Name: Mr. David Horsley  
Title: Chief Financial Officer

By:   
Name: Mr. James Hyde  
Title: Chair of the Audit Committee

*JD  
Sept 28/10*



28 September 2010 6

## General Terms and Conditions

### Our relationship with you

1. We are a member of the global network of Ernst & Young firms ("EY Firms"), each of which is a separate legal entity.
2. We may subcontract portions of the Services to other EY Firms, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Report(s), the performance of the Services, and our other obligations under this Agreement.

### Your responsibilities

3. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

### Our reports

4. You may not rely on any draft Report.

### Notice re: Québec

5. From time to time, we may have individual partners and employees performing the Services within the Province of Québec who are members of the *Ordre des comptables agréés du Québec*. Any individual member of the *Ordre des comptables agréés du Québec* performing professional services hereunder assumes full personal civil liability arising from the practice of his or her profession, regardless of his or her status within our partnership. He or she may not invoke the liability of our partnership as a ground for excluding or limiting his or her own liability. The limitations that follow below under the heading "Limitations" shall therefore not apply to limit the personal civil liability of members of the *Ordre des comptables agréés du Québec* (and with respect to such members, such limitations shall be deemed to not be included in this Agreement).

### Limitations

6. You (and any others for whom Services are provided) may not recover from us, in contract or tort (including negligence), under statute or otherwise, any amount with respect to loss of profit, data or goodwill, or any other consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, whether or not the likelihood of such loss or damage was contemplated.
7. You (and any others for whom Services are provided) may not recover from us, in contract or tort (including negligence), under statute or otherwise, aggregate damages in excess of the greater of (i) the total fees paid to us for the Services and (ii) \$1,000,000. This limitation will not apply to losses caused by our fraud or willful misconduct or to the extent prohibited by applicable law or professional regulations.

A handwritten signature in black ink, appearing to be 'AP' followed by a stylized flourish.

8. If we are liable to you (or to any others for whom Services are provided) under this Agreement or otherwise in connection with the Services, for loss or damage to which any other persons have also contributed, our liability to you shall be several and not joint and several, solidary or *in solidum*, with such others, and shall be limited to our fair share of that total loss or damage, based on our contribution to the loss and damage relative to the others' contributions. No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
9. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services (and the parties agree that the limitation periods established by the *Limitations Act, 2002* (Ontario) or any other applicable legislation shall be varied and/or excluded accordingly). This limitation will not apply to the extent prohibited by applicable law or professional regulations.
10. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). You shall make any claim or bring proceedings only against us. The limitations in Sections 6 through 9 and this Section 10 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to rely on and enforce them.

#### Indemnity

11. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of or relating to the Services or this Agreement. On behalf of yourself and your affiliates, you release us, the other EY Firms and the EY Persons from all claims and causes of action (together, "Claims"), pending or threatened, that you or they may have arising out of the Services or this Agreement to the extent such Claims result from or arise out of any misrepresentation or fraudulent act or omission by you, your employees or agents on your behalf.

#### Confidentiality

12. We follow professional standards of confidentiality and will treat information related to you disclosed to us by you or on your behalf ("Client Information") as set forth in the Rules of Professional Conduct of provincial Institutes of Chartered Accountants or the Code of Ethics of the *Ordre des comptables agréés du Québec* (as applicable).





**April 16, 2008 audit engagement letter for Sino-Panel Asia Inc. for  
year ended December 31, 2007**



Ernst & Young LLP  
Chartered Accountants  
Pacific Centre  
700 West Georgia Street  
P.O. Box 10101  
Vancouver, British Columbia V7Y 1C7

Phone: 604 891-8200  
Fax: 604 643-5422

205

April 16, 2008

**Sino-Forest Corporation**

90 Burnhamthorpe Road W., Suite 1208

Mississauga, ON

LSB 3C3

Attention: Mr. Jamie Hyde, Chairman of the Audit Committee

Dear Mr. Hyde:

1. This engagement letter, including any additional terms that are attached, (collectively, the "Agreement") confirms the terms upon which Ernst & Young LLP ("we" or "EY") has been engaged to perform an audit and report on the consolidated financial statements of **Sino-Panel Asia Inc.** (the "Company") for the year ended December 31, 2007. The services described in this paragraph may hereafter be referred to as either "Audit Service" or "Audit Services."

***Audit Responsibilities and Limitations***

2. The objective of our audit is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with Canadian generally accepted accounting principles.
3. We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance that the consolidated financial statements taken as a whole are free of material misstatement whether caused by error, fraud or illegal acts whose consequences have a material effect on the consolidated financial statements. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of the data underlying the financial statements, the inherent limitations of internal controls, and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate the possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards. Also, an audit is not designed to detect error or fraud that is immaterial to the consolidated financial statements.

4. As part of our audit, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal controls over financial reporting. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal controls over financial reporting or to identify all significant weaknesses.
5. If we determine that there is evidence that misstatements, resulting from error, other than trivial errors, or that fraud or illegal or possibly illegal acts may exist or have occurred (other than illegal acts that are considered inconsequential), we will bring such matters to the attention of an appropriate level of management. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed and whether the communication is also made to the Audit Committee. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements, we will report this matter directly to the Audit Committee. We will also determine that the Audit Committee is adequately informed of misstatements, resulting from error, other than trivial errors and illegal or possibly illegal acts that come to our attention unless they are clearly inconsequential. In addition, we will inform the Audit Committee and appropriate members of management of significant audit adjustments and significant weaknesses in the design or implementation of internal controls to prevent or detect fraud or error noted during our audit procedures, as well as related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement and disclosure.
6. We also may communicate to the appropriate levels of management other opportunities we observe for economies in or improved controls over the Company's operations. The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities.
7. In accordance with CICA Handbook Section 5751, *Communications with Those Having Oversight of the Financial Reporting Process*, we will communicate in writing to the Audit Committee any relationships between Ernst & Young LLP, its partners and professional employees and **Sino-Panel Asia Inc.** (including related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to **Sino-Panel Asia Inc.**

**Management's Responsibilities and Representations**

8. The preparation and fair presentation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles are the responsibility of the management of the Company. Management also is responsible for establishing and maintaining effective internal controls, for properly recording transactions in the accounting records, for safeguarding assets, and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.
9. The design and implementation of internal controls to prevent and detect fraud and error are the responsibility of the Company's management, as is an assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. Management of the Company is responsible for apprising us of all known instances of fraud, suspected fraud, illegal or possibly illegal acts and allegations involving financial improprieties received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers," employees, former employees, analysts, regulators or others), and for providing us full access to information and facts relating to these instances and allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY, or other allegations of illegal acts or fraud that could have a non-trivial effect on the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company's claims of solicitor/ client privilege, litigation privilege, or otherwise), the Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of our Audit Services and may alter the form of report we may issue on the Company's financial statements; prevent us from consenting to the inclusion of previously issued auditor's reports in future Company filings; or otherwise affect our ability to continue as the Company's auditors. The Company and we will disclose any such withholding of information to the Audit Committee.
10. Management of the Company is responsible for providing us with and making available complete financial records and related data and copies of all minutes of meetings of shareholders, directors and committees of directors; information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements; information relating to any illegal or possibly illegal acts, and all facts related thereto; and information regarding all related parties and related party transactions. Failure to provide this information on a timely basis may cause us to delay our report, modify our procedures or even terminate the engagement.

11. Management of the Company is responsible for adjusting the consolidated financial statements to correct material misstatements and for affirming to us in its representation letter that the effects of any unrecorded audit differences accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.
  
12. As required by Canadian generally accepted auditing standards, we will make specific inquiries of management about the representations contained in the consolidated financial statements. Management is responsible for affirming to us in its representation letter and providing us with information regarding the recognition, measurement and disclosure of specific items, including but not limited to the following:
  - its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements or used to support amounts in the consolidated financial statements;
  - any plans or intentions that may affect the carrying value or classification of assets and liabilities;
  - information relating to the measurement and disclosure of transactions with related parties;
  - an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with CICA Handbook Section 1508, *Measurement Uncertainty*;
  - information relating to claims and possible claims, whether or not they have been discussed with the Company's legal counsel;
  - information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Company is contingently liable;
  - information on whether the Company has satisfactory title to assets, whether liens or encumbrances on assets exist, or whether assets are pledged as collateral;
  - information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements; and
  - information concerning subsequent events.
  
13. At the conclusion of the audit, we obtain representation letters from certain members of management to confirm significant representations on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; matters that are not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate to the engagement; and those that are relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. The responses to the inquiries of management, the written representations from management and the results of our audit tests comprise the evidential matter we will rely upon in forming an opinion on the consolidated financial statements.

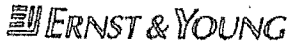
14. Management of the Company is responsible for advising us of any documents or other information provided during the course of the audit over which it intends to assert a claim of privilege and should mark any such documentation accordingly, as further described in the attached additional Terms and Conditions (refer to the provision captioned "*Auditor Oversight*").

#### *Fees and Billings*

15. Our fees will be billed as work progresses are based on the time required at our billing rate, being \$220 per hour, plus expenses. However, our actual fee may exceed the top of this range. Payment of our invoices will be made upon receipt.
16. Our estimated fees and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations Company personnel have made to us and are dependent upon the Company's personnel providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. In addition, fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the audit fee referred to above and may be the subject of other written agreements.

#### *Other Matters*

17. By your signature below, you confirm that the Company, through its Board of Directors, has expressly authorized you to enter into this Agreement with us on behalf of, and to bind, the Company.
18. The attached additional Terms and Conditions form an integral part of this engagement letter and govern our respective rights and obligations arising therefrom.



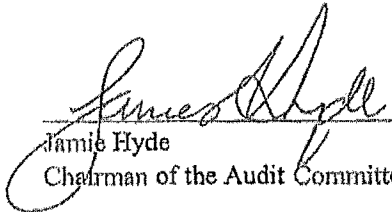
EY appreciates the opportunity to be of assistance to the Company. If this Agreement accurately reflects the terms on which the Company has agreed to engage EY, please sign below on behalf of the Company and return it to Linda Zhu, Engagement Partner, 700 West Georgia Street, P.O. Box 10101, Vancouver BC, V7Y 1C7.

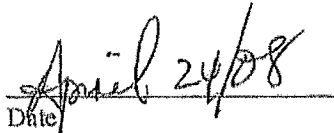
Yours very truly,

*Ernst & Young LLP*

\*\*\*\*\*

Acknowledged and agreed:  
**Sino-Forest Corporation**

  
\_\_\_\_\_  
Jamie Hyde  
Chairman of the Audit Committee

  
\_\_\_\_\_  
Date April 24/08

### Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected Events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client Data & Information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data to other EY Entities for the purpose of rendering the Services. EY may also disclose Client Data to other EY Entities for the purposes of fulfilling its professional obligations to manage conflicts of interest and to maintain auditor independence as well as to implement standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **EY Waiver Re: Tax Advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:
  - (a) any oral or written statement or advice related to taxes provided by EY with regard to a person or entity that:
    - (i) has any filing obligation with the US Internal Revenue Service, or
    - (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that own in the aggregate more than 50% of the total vote or value of such non-US corporation);
  - (b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or

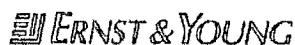




- (c) where SEC audit independence restrictions apply to the relationship between client and any EY Entity, any oral or written statement or advice to client as to any potential tax consequences that may result from a transaction or the tax treatment of an item, (together, (a), (b) and (c) referred to as "Tax Advice"),

EY expressly authorizes client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of client and is not to be relied upon by any other person or entity, client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EY's prior written consent.

6. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from client.
7. **Auditor Oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of client, EY will advise client of the request or order. When a regulatory authority requests access to EY's working papers and other work-product relating to client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which client has expressly informed EY that client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for client's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege). EY will also be required to provide information relating to the fees that EY collects from client for the provision of audit services, other accounting services and non-audit services.
8. **Internet Communications** - Unless otherwise agreed with client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.
9. **Right to Terminate Services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, client will be invoiced for time



and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event client fails to pay any amount required to be paid under this Agreement.

10. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
11. **Billing & Taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by client without deduction from the fees, expenses and charges hereunder.
12. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
13. **EY Reports** - EY retains all copyright and other intellectual property rights in everything developed, designed or created by EY either before or during the course of an engagement including systems, methodologies, software, know-how and working papers. EY also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to client in any form (written or otherwise) during the course of an engagement ("Reports"), although client shall have the full right to use any Reports within its own organization. Any Reports are provided solely for the purpose of this engagement. Subject to "*EY Waiver Re: Tax Advice*" above, no Report (and no portion, summary or abstract thereof) may be disclosed to any third party without EY's prior written consent. Without limitation, except as otherwise specifically agreed in the engagement letter into which these terms and conditions are incorporated client agrees that it will not, and will not permit others to, refer to EY or reproduce, quote or refer to any Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for client were not planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.

14. **Limitation of Liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), strict liability, failure of essential purpose or otherwise,

- (a) EY's liability shall be several and not joint and several, solidary or *in solidum* and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
- (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
- (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph shall not limit EY's liability for death, bodily injury or physical damage to tangible property caused by the negligent acts or omissions of EY, and shall not limit EY's liability for loss or damage caused by the fraud or wilful misconduct of EY.

For the purposes of this section ("*Limitation of Liability*"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

15. **Global Resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim, against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

16. **No Application** - The preceding two sections (*Limitation of Liability*, *Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).

17. **Solicitation & Hiring of EY Personnel** - EY's independence could be compromised if client were to hire certain EY personnel. Without the prior written consent of EY, client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to client at any time since the date of filing of client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if client has not

previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by client's first such financial statements), or in the 12 months preceding that date.

18. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
19. **Legal Proceedings** - In the event EY is requested by client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for client, and provided that EY is not a party to the legal proceedings, client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
20. **LLP Status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.
21. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data & Information*, *Confidentiality*, *EY Waiver Re: Tax Advice*, *Auditor Oversight*, *Limitation of Liability*, *Global Resources*, *Solicitation & Hiring of EY Personnel*, and *Legal Proceedings*. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

**April 16, 2008 audit engagement letter for Sino-Wood Partners,  
Limited for year ended December 31, 2007**



Ernst & Young LLP  
Chartered Accountants  
Pacific Centre  
700 West Georgia Street  
P.O. Box 10101  
Vancouver, British Columbia V7Y 1C7

Phone: 604 891-8200  
Fax: 604 643-5422

April 16, 2008

Sino-Forest Corporation  
90 Burnhamthorpe Road W., Suite 1208  
Mississauga, ON  
L5B 3C3  
Attention: Mr. Jamie Hyde, Chairman of the Audit Committee

Dear Mr. Hyde:

1. This engagement letter, including any additional terms that are attached, (collectively, the "Agreement") confirms the terms upon which Ernst & Young LLP ("we" or "EY") has been engaged to perform an audit and report on the consolidated financial statements of Sino-Wood Partners, Limited (the "Company") for the year ended December 31, 2007. The services described in this paragraph may hereafter be referred to as either "Audit Service" or "Audit Services.

*Audit Responsibilities and Limitations*

2. The objective of our audit is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with Canadian generally accepted accounting principles.
3. We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable rather than absolute assurance that the consolidated financial statements taken as a whole are free of material misstatement whether caused by error, fraud or illegal acts whose consequences have a material effect on the consolidated financial statements. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of the data underlying the financial statements, the inherent limitations of internal controls, and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate the possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted

auditing standards. Also, an audit is not designed to detect error or fraud that is immaterial to the consolidated financial statements.

4. As part of our audit, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal controls over financial reporting. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal controls over financial reporting or to identify all significant weaknesses.
5. If we determine that there is evidence that misstatements, resulting from error, other than trivial errors, or that fraud or illegal or possibly illegal acts may exist or have occurred (other than illegal acts that are considered inconsequential), we will bring such matters to the attention of an appropriate level of management. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed and whether the communication is also made to the Audit Committee. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements, we will report this matter directly to the Audit Committee. We will also determine that the Audit Committee is adequately informed of misstatements, resulting from error, other than trivial errors and illegal or possibly illegal acts that come to our attention unless they are clearly inconsequential. In addition, we will inform the Audit Committee and appropriate members of management of significant audit adjustments and significant weaknesses in the design or implementation of internal controls to prevent or detect fraud or error noted during our audit procedures, as well as related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement and disclosure.
6. We also may communicate to the appropriate levels of management other opportunities we observe for economies in or improved controls over the Company's operations. The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities.
7. In accordance with CICA Handbook Section 5751, *Communications with Those Having Oversight of the Financial Reporting Process*, we will communicate in writing to the Audit Committee any relationships between Ernst & Young LLP, its partners and professional employees and Sino-Wood Partners, Limited (including related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to Sino-Wood Partners, Limited.

### Management's Responsibilities and Representations

8. The preparation and fair presentation of the consolidated financial statements in accordance with Canadian generally accepted accounting principles are the responsibility of the management of the Company. Management also is responsible for establishing and maintaining effective internal controls, for properly recording transactions in the accounting records, for safeguarding assets, and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.
9. The design and implementation of internal controls to prevent and detect fraud and error are the responsibility of the Company's management, as is an assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. Management of the Company is responsible for apprising us of all known instances of fraud, suspected fraud, illegal or possibly illegal acts and allegations involving financial improprieties received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers," employees, former employees, analysts, regulators or others), and for providing us full access to information and facts relating to these instances and allegations and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY, or other allegations of illegal acts or fraud that could have a non-trivial effect on the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company's claims of solicitor/ client privilege, litigation privilege, or otherwise), the Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of our Audit Services and may alter the form of report we may issue on the Company's financial statements; prevent us from consenting to the inclusion of previously issued auditor's reports in future Company filings; or otherwise affect our ability to continue as the Company's auditors. The Company and we will disclose any such withholding of information to the Audit Committee.
10. Management of the Company is responsible for providing us with and making available complete financial records and related data and copies of all minutes of meetings of shareholders, directors and committees of directors; information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements; information relating to any illegal or possibly illegal acts, and all facts related thereto; and information regarding all related parties and related party transactions. Failure to provide this information on a timely basis may cause us to delay our report, modify our procedures or even terminate the engagement.



11. Management of the Company is responsible for adjusting the consolidated financial statements to correct material misstatements and for affirming to us in its representation letter that the effects of any unrecorded audit differences accumulated by us during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated financial statements taken as a whole.
  
12. As required by Canadian generally accepted auditing standards, we will make specific inquiries of management about the representations contained in the consolidated financial statements. Management is responsible for affirming to us in its representation letter and providing us with information regarding the recognition, measurement and disclosure of specific items, including but not limited to the following:
  - its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements or used to support amounts in the consolidated financial statements;
  - any plans or intentions that may affect the carrying value or classification of assets and liabilities;
  - information relating to the measurement and disclosure of transactions with related parties;
  - an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with CICA Handbook Section 1508, *Measurement Uncertainty*;
  - information relating to claims and possible claims, whether or not they have been discussed with the Company's legal counsel;
  - information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Company is contingently liable;
  - information on whether the Company has satisfactory title to assets, whether liens or encumbrances on assets exist, or whether assets are pledged as collateral;
  - information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements; and
  - information concerning subsequent events.
  
13. At the conclusion of the audit, we obtain representation letters from certain members of management to confirm significant representations on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; matters that are not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate to the engagement; and those that are relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. The responses to the inquiries of management, the written representations from management and the results of our audit tests comprise the evidential matter we will rely upon in forming an opinion on the consolidated financial statements.

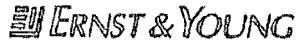
14. Management of the Company is responsible for advising us of any documents or other information provided during the course of the audit over which it intends to assert a claim of privilege and should mark any such documentation accordingly, as further described in the attached additional Terms and Conditions (refer to the provision captioned "*Auditor Oversight*").

#### *Fees and Billings*

15. Our fees will be billed as work progresses are based on the time required at our billing rate, being \$220 per hour, plus expenses. However, our actual fee may exceed the top of this range. Payment of our invoices will be made upon receipt.
16. Our estimated fees and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations Company personnel have made to us and are dependent upon the Company's personnel providing a reasonable level of assistance. Should our assumptions with respect to these matters be incorrect or should the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. In addition, fees for any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the audit fee referred to above and may be the subject of other written agreements.

#### *Other Matters*

17. By your signature below, you confirm that the Company, through its Board of Directors, has expressly authorized you to enter into this Agreement with us on behalf of, and to bind, the Company.
18. The attached additional Terms and Conditions form an integral part of this engagement letter and govern our respective rights and obligations arising therefrom.



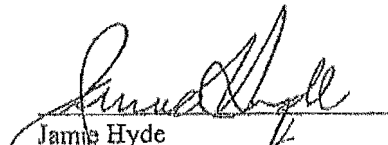
EY appreciates the opportunity to be of assistance to the Company. If this Agreement accurately reflects the terms on which the Company has agreed to engage EY, please sign below on behalf of the Company and return it to Linda Zhu, Engagement Partner, 700 West Georgia Street, P.O. Box 10101, Vancouver BC, V7Y 1C7.


Yours very truly,

*Ernst & Young LLP*

\*\*\*\*\*

Acknowledged and agreed:  
**Sino-Forest Corporation**

  
James Hyde  
Chairman of the Audit Committee

  
Date



### Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").
2. **Unexpected Events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.
3. **Client Data & Information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data to other EY Entities for the purpose of rendering the Services. EY may also disclose Client Data to other EY Entities for the purposes of fulfilling its professional obligations to manage conflicts of interest and to maintain auditor independence as well as to implement standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may store Client Data, which may include personal information, outside of Canada.
4. **Confidentiality** - Subject to the other terms of this Agreement, both client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.
5. **EY Waiver Re: Tax Advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:
  - (a) any oral or written statement or advice related to taxes provided by EY with regard to a person or entity that:
    - (i) has any filing obligation with the US Internal Revenue Service, or
    - (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that

own in the aggregate more than 50% of the total vote or value of such non-US corporation);

- (b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or
- (c) where SEC audit independence restrictions apply to the relationship between client and any EY Entity, any oral or written statement or advice to client as to any potential tax consequences that may result from a transaction or the tax treatment of an item, (together, (a), (b) and (c) referred to as "Tax Advice"),

EY expressly authorizes client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of client and is not to be relied upon by any other person or entity, client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EY's prior written consent.

6. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from client.
7. **Auditor Oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of client, EY will advise client of the request or order. When a regulatory authority requests access to EY's working papers and other work-product relating to client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which client has expressly informed EY that client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for client's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege). EY will also be required to provide information relating to the fees that EY collects from client for the provision of audit services, other accounting services and non-audit services.
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electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.

9. **Right to Terminate Services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event client fails to pay any amount required to be paid under this Agreement.
10. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.
11. **Billing & Taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by client without deduction from the fees, expenses and charges hereunder.
12. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.
13. **EY Reports** - EY retains all copyright and other intellectual property rights in everything developed, designed or created by EY either before or during the course of an engagement including systems, methodologies, software, know-how and working papers. EY also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to client in any form (written or otherwise) during the course of an engagement ("Reports"), although client shall have the full right to use any Reports within its own organization. Any Reports are provided solely for the purpose of this engagement. Subject to "EY Waiver Re: Tax Advice" above, no Report (and no portion, summary or abstract thereof) may be disclosed to

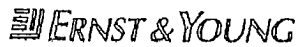


any third party without EY's prior written consent. Without limitation, except as otherwise specifically agreed in the engagement letter into which these terms and conditions are incorporated client agrees that it will not, and will not permit others to, refer to EY or reproduce, quote or refer to any Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for client were not planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.

14. **Limitation of Liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), strict liability, failure of essential purpose or otherwise,
- (a) EY's liability shall be several and not joint and several, solidary or *in solidum* and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
  - (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
  - (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) \$1,000,000. This paragraph shall not limit EY's liability for death, bodily injury or physical damage to tangible property caused by the negligent acts or omissions of EY, and shall not limit EY's liability for loss or damage caused by the fraud or wilful misconduct of EY.

For the purposes of this section ("*Limitation of Liability*"), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

15. **Global Resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim, against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY



This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data & Information*, *Confidentiality*, *EY Waiver Re: Tax Advice*, *Auditor Oversight*, *Limitation of Liability*, *Global Resources*, *Solicitation & Hiring of EY Personnel*, and *Legal Proceedings*. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.



or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

16. **No Application** - The preceding two sections (*Limitation of Liability, Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).
17. **Solicitation & Hiring of EY Personnel** - EY's independence could be compromised if client were to hire certain EY personnel. Without the prior written consent of EY, client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to client at any time since the date of filing of client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by client's first such financial statements), or in the 12 months preceding that date.
18. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.
19. **Legal Proceedings** - In the event EY is requested by client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for client, and provided that EY is not a party to the legal proceedings, client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.
20. **LLP Status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.
21. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and client. Neither party shall have the right, power or authority to obligate or bind the other in any manner.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**Responding Motion Record of  
BDO Limited**

**(Motion Regarding the Status of Shareholder Claims and  
Related Indemnity Claims under the CCAA returnable June 26, 2012))**

June 22, 2012

**AFFLECK GREENE McMURTRY LLP**  
Barristers & Solicitors  
200 - 365 Bay St.  
Toronto, ON M5H 2V1

**Peter R. Greene** LSUC#: 19895V  
**Kenneth A. Dekker** LSUC#: 40419P  
**Michelle E. Booth** LSUC#: 53525J  
Tel: (416) 360-2800  
Fax: (416) 360-5960

Lawyers for BDO Limited

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

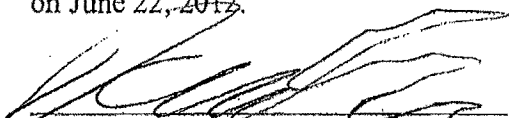
**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AFFIDAVIT OF IRYNA DUBINETS  
(sworn June 22, 2012)**

I, Iryna Dubinets, of the Town of Richmond Hill in the Regional Municipality of York, Ontario, MAKE OATH AND SAY:

1. I am a legal assistant at the law firm of Affleck Greene McMurtry LLP, the lawyers for the Defendant, BDO Limited ("BDO"), in this matter and, as such, I have knowledge of the matters to which I hereinafter depose.
2. I attach as **Exhibit "A"** hereto a copy of the Proof of Claim filed with the Monitor appointed in this proceeding on June 20, 2012 in relation to the claims advanced by BDO against Sino-Forest Corporation.
3. I attach as **Exhibit "B"** hereto a copy of the Proof of Claim filed with the Monitor appointed in this proceeding on June 20, 2012 in relation to the claims advanced by BDO against Sino-Forest Corporation's officers and directors – without copies of the attachments thereto which I understand to be identical to those attached to the Proof of Claim attached as Exhibit "A" to this affidavit.
4. I make this Affidavit in relation to a motion by Sino-Forest for directions that is scheduled to be heard on June 26, 2012, and for no other purpose.

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario  
on June 22, 2013.



Commissioner for Taking Affidavits

Kenneth Decker



Iryna Dubinets



BDO McCabe Lo Limited  
Certified Public Accountants  
德豪嘉信會計師事務所有限公司

8<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
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Telephone: (852) 2541 5041  
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香港干諾道中 111 號  
永安中心 8 樓  
電話: (852) 2541 5041  
傳真: (852) 2815 2239

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COPY

Audit Committee  
Sino-Forest Corporation  
3815-29, 38/F. Sun Hung Kai Centre  
30 Harbour Road  
Wanchai  
Hong Kong

August 1, 2005

Our ref:52358/AH1205/

Dear Sirs,

Thank you for requesting our Firm to audit the consolidated financial statements of Sino-Forest Corporation (the "Company") for the year ending December 31, 2005. We are pleased to confirm our acceptance and our understanding of the terms of this engagement as outlined in this letter

This letter will confirm our understanding of the terms of our engagement to perform an audit of the consolidated financial statements of the Company for the year ending December 31, 2005.

Ms. Fanny Li will be partner-in-charge of all work we perform for you. We would like also to be helpful to you on current problems as they arise throughout the year. Hence, we hope you will call whenever you feel she can be of assistance.

Where beneficial, it is our practice to have a second partner on each client assignment. The purpose of this arrangement is to have another partner, known to you and your management associates, who is familiar with your operations and who can substitute for Fanny Li in her absence or work with her when a second viewpoint is desired. Ms. Jennifer Yip will be the second partner for your engagement.

It will be the responsibility of Fanny Li and Jennifer Yip to make sure that your management receives good services. They will, as desirable, call upon other individuals with specialized knowledge, either in this office or elsewhere in our Firm. An audit principal, a manager and a tax partner will be assigned to your work and we expect that they will soon establish direct working relationships with appropriate personnel in your organization.

#### Our Role as Auditors

#### Conduct of the Audit

As auditors, our objective is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with Canadian generally accepted accounting principles.

At the conclusion of our audit, we will submit a report directed to the shareholders containing our opinion on the financial statements. If it appears for any reason that we will not be in a position to render an unqualified opinion on the financial statements, we will discuss this with you.

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Page 2

It is possible that we may determine that we cannot render a report or complete the engagement. If, in our professional judgment, the circumstances require, we will notify you of our resignation from this engagement which shall conform to all applicable laws.

Our audit will be made in accordance with Canadian generally accepted auditing standards. We will plan and perform audit procedures to obtain reasonable assurance as to whether the financial statements are free of material misstatement. This will include examining evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We will consider your internal control over financial reporting solely for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

Our audit is conducted primarily to enable us to express an opinion on the financial statements rather than to identify all errors, fraud and other, illegal or possibly illegal acts, significant weaknesses in internal control or other irregularities. In addition, because of the nature of fraud, including attempts at concealment through collusion and forgery, and audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. If we identify non-trivial misstatements in the financial statements, we will bring them to your attention as proposed adjustments.

During the course of our audit, if we identify the following matters, we will communicate them to the appropriate level of management and the Audit Committee:

- misstatements, other than trivial errors;
- fraud;
- misstatements that may cause future financial statements to be materially misstated;
- illegal or possibly illegal acts, other than ones considered inconsequential;
- significant weaknesses in internal control; and
- certain related party transactions.

We will also make notes of any other matters that we believe should be brought to your attention and will communicate them to you. These might include comments on internal control procedures, management information systems, accounting policies and other client service matters. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

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Throughout the audit we will also be communicating with the Audit Committee on matters that bear on independence, matters that pertain to planning and executing our audit and any other matters in addition to those identified in the preceding paragraphs that we feel should be brought to their attention as required by Canadian generally accepted auditing standards.

We may place reliance on the work of a specialist who is a member of our Firm. We will communicate with them either verbally or through a separate engagement letter the nature of our reliance as well as the requirements and responsibilities of both parties.

Our engagement will require communication with the predecessor auditors. They are required to provide us with factual information regarding your accounting policies and consistency of application, the work carried out by them concerning material balances in your prior financial statements, the financial statement groupings and account balance composition that you may not have details of, and any peculiarities in your business or mode of operation.

The working papers prepared in conjunction with our audit are the property of our Firm, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

#### Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Company in the performance of our services. We will communicate in writing to the Audit Committee any relationships between BDO McCabe Lo Limited (including its related entities) and the Company (including its related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence in writing.

Any discussion that your representatives have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's audit in a financial oversight role may compromise our independence. Engagement team members may include current and former Partners and staff of our Firm, other member firms of BDO International and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Further, Canadian regulations and our independence rules require us to ensure that all professional services that we may provide to any entities in the corporate group are pre-approved by the Audit Committee. We agree not to perform any services without the pre-approval of the Audit Committee. We agree to implement appropriate policies and procedures to ensure that any services that we are asked to perform receive such pre-approval.

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*Conflict of Interests*

We provide a wide range of services for a large number of clients and may be in a position where we are providing services to clients in the same industry as you who may represent competing commercial interests to you or whose interests may otherwise conflict with your own. We cannot be certain that we will identify all such situations that exist or may develop, and it is difficult for us to anticipate all situations that you might perceive to conflict. We therefore request that you notify us promptly of any potential conflict affecting the engagement contract of which you are, or become, aware.

Where the above circumstances are identified by us or you and we believe that your interests can be properly safeguarded by appropriate procedures, we will discuss and agree with you the arrangements that already may exist or that we will put in place to preserve confidentiality and to ensure that the advice and opinions which you receive from us are wholly independent of the advice and opinions that we provide to other clients.

*Confidentiality*

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any individuals in our Firm beyond those who are in the region through which you engaged our services and those individuals from other offices who are involved in performing services for you. Nor will it be disclosed without your consent to anyone outside the Firm, with the exception that we proceed on the basis that we have your consent to disclose information required by judicial, regulatory or professional authority.

*Practice Inspections*

As required by legal, regulatory or professional authorities (both in Canada and abroad) or by Firm policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and Firm standards. We will proceed on the basis that we have your consent to provide our files relating to your engagement to these practice inspectors for the sole purpose of their inspection.

*Role of Management and Board of Directors**Financial Statements*

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles is the responsibility of management. This responsibility includes but is not limited to the maintenance of adequate accounting records and internal controls, safeguarding of assets, selection and application of suitable accounting policies and appropriate disclosure of financial information in the financial statements.

In response to any non-trivial misstatements identified by us during the audit, management is responsible for recording adjustments to the financial statements or otherwise concluding and confirming in a representation letter provided to us at the conclusion of our audit that the effects of the unrecorded adjustments are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

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Management and staff will make available to us whatever records, documents, analyses, and other information we request in connection with the efficient conduct of our audit.

It is the responsibility of the Board of Directors to ensure that policies are in place for effective corporate governance, and to ensure that all unusual and material transactions during the year are properly approved.

*Fraud and Error*

Management is also responsible for the following with respect to fraud and error:

- the design and implementation of internal controls to prevent and detect fraud and error;
- an assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- providing us with information relating to fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements;
- providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- communicating their belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*Use and Distribution of Our Report*

The examination of the financial statements and the issuance of our audit opinion are solely for the use of the Company and those to whom our report is specifically addressed by us. BDO McCabe Lo Limited makes no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party.

If the Company plans any reproduction or publication of our report, or any portion of it, in an annual report or other document, including electronic filings or posting of the report on a web site, copies of masters' or printers' proofs of the entire document should be submitted to us in sufficient time for our review and approval before printing or posting. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document. Also, our reports should not be included in the SEDAR electronic filing system until you have received written approval and a signed report from us.

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In addition, the audited financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the offering of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review. In these cases, regulations generally require certain communications directly from the auditor, such as a consent letter and comfort letters. Before we can issue such correspondence, we need to carry out additional procedures in accordance with standards established by the Canadian Institute of Chartered Accountants.

#### Management Representations

At the conclusion of the audit, management will confirm in writing the representations made to us in connection with the audit.

#### Other Services

##### Interim Financial Statements

We have been requested to perform a review of the unaudited quarterly financial statements of the Company. An engagement letter for review engagement in accordance with the standards established for such interim reviews will be issued to the Company separately.

##### Personal Information

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the understanding that:

- you have obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and
- we will hold all personal information in compliance with our Privacy Statement.

##### Electronic Communications

During the course of our audit, we may be required to communicate to you electronically by email or through the Internet. In some instances, electronic copies of your financial statements may be sent to you electronically or may be required by a regulatory body. As you are aware, there is security risk attached to these electronic communications (including human error). Please communicate with us regarding any issues or concerns you may have in this regard.

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**Fees**

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax, and are due when rendered. Fees for additional services will be established separately.

The audit fee will be billed to the Company by three equal instalments which are generally billed upon commencement of the fieldwork, withdrawal from field by audit team and submission of draft accounts respectively.

**Dispute Resolution Procedures**

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

**Law and Jurisdiction**

The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

The above terms of our engagement shall remain operative until amended, terminated or superseded in writing.

If you have any questions about the terms of this engagement, please do not hesitate to contact us. For our records, please acknowledge your agreement by signing and returning to us the copy of the engagement letter enclosed.

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It is a pleasure for us to be of service and we look forward to many years of association with you.

Yours faithfully,  
BDO McCabe Lo Limited

*Porro Melan Koo Hunt del*

FL/VW/rf

Agreement of all the above terms, after full review, consideration and discussion of them, is hereby acknowledged by:

Sino-Forest Corporation

Kee Wong  
Name James (Jamie) M.E. Hyde  
Name

W. G. I. [Signature]  
Position CEO  
Position Chair, Audit Committee

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**BDO McCabe Lo Limited**  
 Certified Public Accountants  
 德業嘉信會計師事務所有限公司

25<sup>th</sup> Floor Wing On Centre  
 111 Connaught Road Central  
 Hong Kong  
 Telephone: (852) 2541 5041  
 Facsimile: (852) 2815 2239

香港干諾道中 111 號  
 永安中心 25 樓  
 電話: (852) 2541 5041  
 傳真: (852) 2815 2239

COPY

Private and Confidential

Audit Committee  
 Sino-Forest Corporation  
 3815-29, 38/F Sun Hung Kai Centre  
 30 Harbour Road  
 Wanchai  
 Hong Kong

December 29, 2006

Our ref: 52358/AH1206/2912

Dear Sirs,

Thank you for requesting our Firm to audit the consolidated financial statements of Sino-Forest Corporation (the "Company") for the year ending December 31, 2006. We are pleased to confirm our acceptance and our understanding of the terms of this engagement as outlined in this letter.

This letter will confirm our understanding of the terms of our engagement to perform an audit of the consolidated financial statements of the Company for the year ending December 31, 2006.

Ms. Fanny Li will be director-in-charge of all work we perform for you. We would like also to be helpful to you on current problems as they arise throughout the year. Hence, we hope you will call whenever you feel she can be of assistance.

Where beneficial, it is our practice to have a second director on each client assignment. The purpose of this arrangement is to have another director, known to you and your management associates, who is familiar with your operations and who can substitute for Fanny Li in her absence or work with her when a second viewpoint is desired. Ms. Jennifer Yip will be the second director for your engagement.

It will be the responsibility of Fanny Li and Jennifer Yip to make sure that your management receives good services. They will, as desirable, call upon other individuals with specialized knowledge, either in this office or elsewhere in our Firm.

Our Role as AuditorsConduct of the Audit

As auditors, our objective is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with Canadian generally accepted accounting principles.

At the conclusion of our audit, we will submit a report directed to the shareholders containing our opinion on the financial statements. If it appears for any reason that we will not be in a position to render an unqualified opinion on the financial statements, we will discuss this with you.

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Page 2

It is possible that we may determine that we cannot render a report or complete the engagement. If, in our professional judgment, the circumstances require, we will notify you of our resignation from this engagement which shall conform to all applicable laws.

Our audit will be made in accordance with Canadian generally accepted auditing standards. We will plan and perform audit procedures to obtain reasonable assurance as to whether the financial statements are free of material misstatement. This will include examining evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We will consider your internal control over financial reporting solely for the purpose of determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the financial statements. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

Our audit is conducted primarily to enable us to express an opinion on the financial statements rather than to identify all errors, fraud and other, illegal or possibly illegal acts, significant weaknesses in internal control or other irregularities. In addition, because of the nature of fraud, including attempts at concealment through collusion and forgery, and audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. If we identify non-trivial misstatements in the financial statements, we will bring them to your attention as proposed adjustments.

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- misstatements, other than trivial errors;
- fraud;
- misstatements that may cause future financial statements to be materially misstated;
- illegal or possibly illegal acts, other than ones considered inconsequential;
- significant weaknesses in internal control; and
- certain related party transactions.

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Page 3

We will also make notes of any other matters that we believe should be brought to your attention and will communicate them to you. These might include comments on internal control procedures, management information systems, accounting policies and other client service matters. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

Throughout the audit we will also be communicating with the Audit Committee on matters that bear on independence, matters that pertain to planning and executing our audit and any other matters in addition to those identified in the preceding paragraphs that we feel should be brought to their attention as required by Canadian generally accepted auditing standards.

We may place reliance on the work of a specialist who is a member of our Firm. We will communicate with them either verbally or through a separate engagement letter the nature of our reliance as well as the requirements and responsibilities of both parties.

The working papers prepared in conjunction with our audit are the property of our Firm, constitute confidential information and will be retained by us in accordance with our Firm's policies and procedures.

#### Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Company in the performance of our services. We will communicate in writing to the Audit Committee any relationships between BDO McCabe Lo Limited (including its related entities) and the Company (including its related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence in writing.

Any discussion that your representatives have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's audit in a financial oversight role may compromise our independence. Engagement team members may include current and former directors and staff of our Firm, other member firms of BDO International and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Further, Canadian regulations and our independence rules require us to ensure that all professional services that we may provide to any entities in the corporate group are pre-approved by the Audit Committee. We agree not to perform any services without the pre-approval of the Audit Committee. We agree to implement appropriate policies and procedures to ensure that any services that we are asked to perform receive such pre-approval.

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Conflict of Interests

We provide a wide range of services for a large number of clients and may be in a position where we are providing services to clients in the same industry as you who may represent competing commercial interests to you or whose interests may otherwise conflict with your own. We cannot be certain that we will identify all such situations that exist or may develop, and it is difficult for us to anticipate all situations that you might perceive to conflict. We therefore request that you notify us promptly of any potential conflict affecting the engagement contract of which you are, or become, aware.

Where the above circumstances are identified by us or you and we believe that your interests can be properly safeguarded by appropriate procedures, we will discuss and agree with you the arrangements that already may exist or that we will put in place to preserve confidentiality and to ensure that the advice and opinions which you receive from us are wholly independent of the advice and opinions that we provide to other clients.

Confidentiality

We will maintain the strictest confidence with respect to any client's or former client's information. Accordingly, your confidential information will not, without your consent, be disclosed to any individuals in our Firm beyond those who are in the region through which you engaged our services and those individuals from other offices who are involved in performing services for you. Nor will it be disclosed without your consent to anyone outside the Firm, with the exception that we proceed on the basis that we have your consent to disclose information required by judicial, regulatory or professional authority.

Practice Inspections

As required by legal, regulatory or professional authorities (both in Canada and abroad) or by Firm policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and Firm standards. We will proceed on the basis that we have your consent to provide our files relating to your engagement to these practice inspectors for the sole purpose of their inspection.

Role of Management and Board of Directors

Financial Statements

The preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles is the responsibility of management. This responsibility includes but is not limited to the maintenance of adequate accounting records and internal controls, safeguarding of assets; selection and application of suitable accounting policies and appropriate disclosure of financial information in the financial statements.



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In response to any non-trivial misstatements identified by us during the audit, management is responsible for recording adjustments to the financial statements or otherwise concluding and confirming in a representation letter provided to us at the conclusion of our audit that the effects of the unrecorded adjustments are, both individually and in the aggregate, immaterial to the financial statements taken as a whole.

Management and staff will make available to us whatever records, documents, analyses and other information we request in connection with the efficient conduct of our audit.

It is the responsibility of the Board of Directors to ensure that policies are in place for effective corporate governance, and to ensure that all unusual and material transactions during the year are properly approved.

#### Fraud and Error

Management is also responsible for the following with respect to fraud and error:

- the design and implementation of internal controls to prevent and detect fraud and error;
- an assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- providing us with information relating to fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others, where the fraud could have a non-trivial effect on the financial statements;
- providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others; and
- communicating their belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### Use and Distribution of Our Report

The examination of the financial statements and the issuance of our audit opinion are solely for the use of the Company and those to whom our report is specifically addressed by us. BDO McCabe Lo Limited makes no representations of any kind to any third party in respect of these financial statements and we accept no responsibility for their use by any third party.

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If the Company plans any reproduction or publication of our report, or any portion of it, in an annual report or other document, including electronic filings or posting of the report on a web site, copies of masters' or printers' proofs of the entire document should be submitted to us in sufficient time for our review and approval before printing or posting. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. In addition, to avoid unnecessary delay or misunderstanding, it is important that you give us timely notice of your intention to issue any such document. Also, our reports should not be included in the SEDAR electronic filing system until you have received written approval and a signed report from us.

In addition, the audited financial statements and our report thereon should not be provided or otherwise made available to recipients of any document to be used in connection with the offering of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review. In these cases, regulations generally require certain communications directly from the auditor, such as a consent letter and comfort letters. Before we can issue such correspondence, we need to carry out additional procedures in accordance with standards established by the Canadian Institute of Chartered Accountants.

#### Management Representations

At the conclusion of the audit, management will confirm in writing the representations made to us in connection with the audit.

#### Personal Information

It is acknowledged that we will have access to all personal information in your custody that we require to complete our engagement. Our services are provided on the understanding that:

- you have obtained any required consents for collection, use and disclosure to us of personal information required under applicable privacy legislation; and
- we will hold all personal information in compliance with our Privacy Statement.

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*Electronic Communications*

During the course of our audit, we may be required to communicate to you electronically by email or through the Internet. In some instances, electronic copies of your financial statements may be sent to you electronically or may be required by a regulatory body. As you are aware, there is security risk attached to these electronic communications (including human error). Please communicate with us regarding any issues or concerns you may have in this regard.

*Fees*

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax, and are due when rendered. Fees for additional services will be established separately.

The audit fee will be billed to the Company by three equal instalments which are generally billed upon commencement of the fieldwork, withdrawal from field by audit team and submission of draft accounts respectively.

*Dispute Resolution Procedures*

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

*Law and Jurisdiction*

The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

The above terms of our engagement shall remain operative until amended, terminated or superseded in writing.

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**BDO** BDO McCabe Lo Limited  
Certified Public Accountants  
德勤惠信会计师事务所有限公司

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If you have any questions about the terms of this engagement, please do not hesitate to contact us. For our records, please acknowledge your agreement by signing and returning to us the copy of the engagement letter enclosed.

It is a pleasure for us to be of service and we look forward to many years of association with you.

Yours faithfully,  
BDO McCABE LO LIMITED

*BDO McCabe Lo*

Fanny Li  
Director

李芬芬

Agreement of all the above terms, after full review, consideration and discussion of them, is hereby acknowledged by:

Shino Forest Corporation

*[Signature]*  
Name

*SVP & CFO*  
Position

*[Signature]*  
Name

*Chair, Audit Committee*  
Position



BDO McCabe Lo Limited  
Certified Public Accountants  
德豪嘉信會計師事務所有限公司

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May 23, 2007

The Audit Committee  
Sino-Forest Corporation  
90 Burnhamthorpe Road West,  
Suite 1208, Mississauga,  
Ontario Canada L5B3C3

Dear Sir / Madam:

We have audited the consolidated balance sheets of Sino-Forest Corporation (the "Company") as at December 31, 2006 and 2005, and the consolidated statements of income, comprehensive income, retained earnings and cash flows for each of the years in the two-year period ended December 31, 2006. Our reports to the shareholders were dated March 19, 2007 on the financial statements for the years ended December 31, 2006 and 2005. Our report on the financial statements for the two-year period ended December 31, 2006 is to be included in a short form prospectus (the "Prospectus") relating to the issue and sale of 13,900,000 common shares of the Company, to be filed by the Company under the Securities Acts of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Nova Scotia, New Foundland and Labrador, New Brunswick and Prince Edward Island.

In order to consent to the use of our audit report in the Prospectus, our professional standards require that we carry out certain procedures including a review of the Company's interim financial statements for the three months ended March 31, 2007 and 2006 and any other interim financial statements that may be issued, and a review of subsequent events and transactions, up to the date the Company files the final prospectus with regulatory authorities. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

In connection with the proposed offering of securities, we understand that the underwriting agreement will provide that we perform certain procedures for the purpose of issuing a comfort letter to Dundee Securities Corporation, CIBC World Markets Inc., Merrill Lynch Canada, Inc., UBS Securities Canada Inc., Credit Suisse Securities (Canada) Inc., and Haywood Securities Inc. (collectively, the "Underwriters"). The comfort letter would make reference to our audit report and our review of the unaudited interim financial statements issued up to the date of the Prospectus, and set out the procedures performed at the Underwriters' request and the results of performing those procedures. In addition, we understand that the Underwriters have requested that we attend a meeting (the "due diligence meeting") at which the Underwriters and the Underwriters' legal counsel wish to ask us certain questions in connection with our audits referred to above, and that you have agreed to grant such request.

We understand that the Underwriters are experienced underwriters and will be carrying out other procedures they deem appropriate to obtain whatever information they believe is necessary to complete their investigation of the financial affairs of the Company. Our audits of the Company's financial statements referred to above were not carried out for the purpose of such investigation, and our auditors' reports, our comfort letter, and the answers that we may give for the due diligence meeting questions are not to be relied upon for that purpose.

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In accordance with professional standards, our audits were carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses to the due diligence meeting questions will address all of the questions that the Underwriters and the Underwriters' legal counsel may have. You should be aware that there could be sensitive matters that the Underwriters and the Underwriters' legal counsel may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of securities. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer due diligence meeting questions that are considered by us appropriate.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to due diligence meeting questions result in termination of, or change in, the proposed securities offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to co-operate in every way with the Underwriters and the Underwriters' legal counsel, by performing the requested procedures and by answering any due diligence meeting questions they may ask that are considered by us appropriate.

You also agree to indemnify and hold harmless BDO McCabe Lo Limited and our personnel from any claim by the Underwriters and the Underwriters' legal counsel, or any other third party, that arises as a result of our comfort letter or our responses to questions posted for the due diligence meeting.

We shall advise the Underwriters and the Underwriters' legal counsel that information acquired by them in our comfort letter or as a result of our responses to their due diligence meeting questions is confidential and is to be used only in connection with the securities offering referred to above.

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax, and are due when rendered. Fees for additional services will be established separately.

The fee will be billed to the Company by two equal instalments which are generally billed upon submission of the draft comfort letter and submission of the signed comfort letter respectively.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

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BDO McCabe Lo Limited  
Certified Public Accountants  
德華嘉信會計師事務所有限公司

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Page 3

The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

Please confirm your understanding and agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours faithfully,  
BDO McCabe Lo Limited

*BDO McCabe Lo Limited*

We have read and accept the foregoing understanding.  
For and on behalf of Sino-Forest Corporation

By \_\_\_\_\_ Date \_\_\_\_\_





**BDO McCabe Lo Limited**  
 Certified Public Accountants  
 德豪嘉信會計師事務所有限公司

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 傳真: (852) 2815 2239

July 4, 2008

The Board of Directors  
 Sino-Forest Corporation  
 90 Burnhamthorpe Road West,  
 Suite 1208, Mississauga,  
 Ontario Canada L5B3C3

Dear Sir / Madam:

We have audited the consolidated balance sheets of Sino-Forest Corporation (the "Company") as at December 31, 2006 and 2005, and the consolidated statements of income, comprehensive income, retained earnings and cash flows for each of the years in the two-year period ended December 31, 2006. Our report to the shareholders was dated March 19, 2007 on the financial statements for the years ended December 31, 2006 and 2005. Our report on the financial statements for the two-year period ended December 31, 2006 is to be included in a offering memorandum (the "Offering Memorandum") relating to the proposed issue of the convertible senior notes of the Company, to be filed by the Company under the Securities Acts of British Columbia, Alberta, Manitoba, Ontario, Saskatchewan, Quebec, Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island as appropriate.

In order to consent to the use of our audit report in the Offering Memorandum, our professional standards require that we carry out certain procedures including a review of the Company's consolidated financial statements for the three months ended March 31, 2007 and review of subsequent events and transactions, up to the date the Company files the final prospectus with regulatory authorities. We are also required to update our communications with the Company's legal counsel and obtain representations from management similar to those we customarily receive as part of our annual audit.

In connection with the proposed offering of securities, we understand we will perform certain procedures for the purpose of issuing a comfort letter to Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Underwriter"). The comfort letter would make reference to our audit report and our review of the unaudited interim consolidated financial statements, and set out the procedures performed at the Underwriter's request and the results of performing those procedures. In addition, we understand that the Underwriter has requested that we attend a meeting (the "due diligence meeting") at which the Underwriter and its legal counsel wish to ask us certain questions in connection with our audits referred to above, and that you have agreed to grant such request.

We understand that the Underwriter is an experienced underwriter and will be carrying out other procedures it deems appropriate to obtain whatever information it believes is necessary to complete their investigation of the financial affairs of the Company. Our audits of the Company's consolidated financial statements referred to above were not carried out for the purpose of such investigation, and our auditors' reports, our comfort letter, and the answers that we may give for the due diligence meeting questions are not to be relied upon for that purpose.

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In accordance with professional standards, our audits were carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the consolidated financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses to the due diligence meeting questions will address all of the questions that the Underwriter and its legal counsel may have. You should be aware that there could be sensitive matters that the Underwriter and its legal counsel may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of securities. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer due diligence meeting questions that are considered by us appropriate.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to due diligence meeting questions result in termination of, or change in, the proposed securities offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to co-operate in every way with the Underwriter and its legal counsel, by performing the requested procedures and by answering any due diligence meeting questions they may ask that are considered by us appropriate.

You also agree to indemnify and hold harmless BDO McCabe Lo Limited and our personnel from any claim by the Underwriter and its legal counsel, or any other third party, that arises as a result of our comfort letter or our responses to questions posed for the due diligence meeting.

We shall advise the Underwriter and its legal counsel that information acquired by them in our comfort letter or as a result of our responses to their due diligence meeting questions is confidential and is to be used only in connection with the securities offering referred to above.

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax (if any), and are due when rendered. Fees for additional services will be established separately.

The fee will be billed to the Company by two equal instalments which are generally billed upon submission of the draft comfort letter and submission of the signed comfort letter respectively.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

Page 3

The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

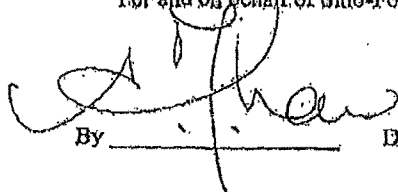
Please confirm your understanding and agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours faithfully,  
BDO McCabe Lo Limited

*BDO McCabe Lo Limited*

PL/VW/RV/ms

We have read and accept the foregoing understanding.  
For and on behalf of Sino-Forest Corporation

  
By \_\_\_\_\_ Date 16 JUL 2008



**BDO Limited**  
Certified Public Accountants  
德豪會計師事務所有限公司

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May 15, 2009

COPY

Our ref: 52358/SH0509

The Board of Directors  
Sino-Forest Corporation  
90 Burnhamthorpe Road West,  
Suite 1208, Mississauga,  
Ontario Canada L5B3C3

Dear Sirs / Mesdames:

We have audited the consolidated balance sheet of Sino-Forest Corporation (the "Company") as at December 31, 2006, and the consolidated statements of income, retained earnings and cash flows for the year ended December 31, 2006. Our report to the shareholders was dated March 19, 2007 on the financial statements of the Company for the year ended December 31, 2006. We understand that our report on the financial statements for the year ended December 31, 2006 will not be included nor incorporated by reference in a short form prospectus (the "Prospectus") relating to the proposed offering and issue of common shares (the "Common Shares") of the Company, to be filed by the Company under the Securities Acts of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island.

For the purpose of the portion of the offering, in which, the Common Shares will be offered in an international offering by Credit Suisse Securities (Canada) Inc. and other underwriters to be determined later (collectively the "Underwriters"), an offering memorandum which includes the Prospectus (the "Offering Memorandum") will be issued by the Company. We understand the financial statements of the Company for the year ended December 31, 2006 will be incorporated by reference and our report thereon dated March 19, 2007 will be included in the Offering Memorandum.

In order to consent to the use of our audit report in the Offering Memorandum, our professional standards require that we update our communications with the Company's legal counsels and present auditors and obtain representations from management similar to those we customarily receive as part of an annual audit.

In connection with the proposed offering of securities, we understand we will perform certain procedures for the purpose of issuing a comfort letter to the Underwriters. The comfort letter will make reference to our audit report, and set out the procedures performed at the Underwriters' request and the results of performing those procedures. In addition, we understand that the Underwriters request that we attend a meeting (the "due diligence meeting") at which the Underwriters and the Underwriters' legal counsels wish to ask us certain questions in connection with our audit referred to above, and that you have agreed to grant such request.

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Page 2

We understand that the Underwriters are experienced underwriters and will be carrying out other procedures they deem appropriate to obtain whatever information they believe is necessary to complete their investigation of the financial affairs of the Company. Our audit of the Company's financial statements referred to above will not be carried out for the purpose of such investigation, and our auditors' report, comfort letter, and the answers that we may give for the due diligence meeting questions are not to be relied upon for that purpose.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the consolidated financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses to the due diligence meeting questions will address all of the questions that the Underwriters and the Underwriters' legal counsels may have. You should be aware that there could be sensitive matters that the Underwriters and the Underwriters' legal counsels may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of securities. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer due diligence meeting questions that are considered by us appropriate.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to due diligence meeting questions result in termination of, or change in, the proposed securities offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to co-operate in every way with the Underwriters and the Underwriters' legal counsels, by performing the requested procedures and by answering any due diligence meeting questions they may ask that are considered by us appropriate.

You also agree to indemnify and hold harmless BDO Limited (formerly known as BDO McCabe Lo Limited) and our personnel from any claim by the Underwriters and the Underwriters' legal counsels, or any other third party, that arises as a result of our comfort letter or our responses to questions posted for the due diligence meeting or conference call.

We shall advise the Underwriters and the Underwriters' legal counsels that information acquired by them in our comfort letter or as a result of our responses to their due diligence meeting questions is confidential and is to be used only in connection with the securities offering referred to above.

You will arrange for us to receive copies of proofs of the Prospectus and the Offering Memorandum prior to filing as applicable so that we may carry out the required procedures. You will also provide us with a copy of the documents filed with the regulators.

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax, and are due when rendered. Fees for additional services will be established separately.

As agreed, the fee for the above scope of work amounts to US\$60,000. The fee will be billed to the Company upon submission of the final comfort letter.

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If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

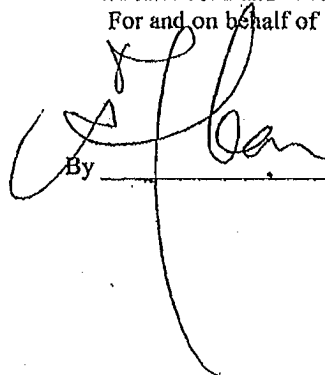
The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

Please confirm your understanding and agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours faithfully,  
BDO LIMITED



We have read and accept the foregoing understanding.  
For and on behalf of Sino-Forest Corporation



By \_\_\_\_\_

Date

May 15, 09



**BDO Limited**  
Certified Public Accountants  
德豪會計師事務所有限公司

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June 22, 2009

COPY

The Board of Directors  
Sino-Forest Corporation  
90 Burnhamthorpe Road West,  
Suite 1208, Mississauga,  
Ontario Canada L5B3C3

Our ref: 52358/SF0609/2206

Dear Sirs / Mesdames:

We have audited the consolidated balance sheets of Sino-Forest Corporation (the "Company") as at December 31, 2006 and 2005, and the consolidated statements of income, retained earnings and cash flows for the years ended December 31, 2006 and 2005. Our report to the shareholders was dated March 19, 2007 on the financial statements of the Company for the two years ended December 31, 2006. We understand that our report on the financial statements for the two years ended December 31, 2006 will be incorporated by reference in an exchange offer memorandum (the "Memorandum") relating to the offer to exchange any and all outstanding US\$300,000,000 9.125% guaranteed senior notes due 2011 issued by the Company.

In order to consent to the use of our audit report in the Memorandum, our professional standards require that we update our communications with the Company's legal counsels and present auditors and obtain representations from management similar to those we customarily receive as part of an annual audit.

In connection with the proposed exchange offer, we understand we will perform certain procedures for the purpose of issuing a comfort letter to the dealer manager, Credit Suisse Securities (USA) LLC (the "Dealer Manager"). The comfort letter will make reference to our audit report, and set out the procedures performed at the Dealer Manager's request and the results of performing those procedures. In addition, we understand that the Dealer Manager's request that we attend a meeting (the "due diligence meeting") at which the Dealer Manager and the Dealer Manager's legal counsels wish to ask us certain questions in connection with our audit referred to above, and that you have agreed to grant such request.

We understand that the Dealer Manager is an experienced dealer manager and will be carrying out other procedures it deems appropriate to obtain whatever information it believes is necessary to complete its investigation of the financial affairs of the Company. Our audit of the Company's financial statements referred to above will not be carried out for the purpose of such investigation, and our auditors' report, comfort letter, and the answers that we may give for the due diligence meeting questions are not to be relied upon for that purpose.

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Page 2

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the consolidated financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses to the due diligence meeting questions will address all of the questions that the Dealer Manager and the Dealer Manager's legal counsels may have. You should be aware that there could be sensitive matters that the Dealer Manager and the Dealer Manager's counsels may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed exchange offer. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer due diligence meeting questions that are considered by us appropriate.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to due diligence meeting questions result in termination of, or change in, the proposed exchange offer or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to co-operate in every way with the Dealer Manager and the Dealer Manager's legal counsels, by performing the requested procedures and by answering any due diligence meeting questions they may ask that are considered by us appropriate.

You also agree to indemnify and hold harmless BDO Limited (formerly known as BDO McCabe Lo Limited) and our personnel from any claim by the Dealer Manager and the Dealer Manager's legal counsels, or any other third party, that arises as a result of our comfort letter or our responses to questions posted for the due diligence meeting or conference call.

We shall advise the Dealer Manager and the Dealer Manager's legal counsels that information acquired by them in our comfort letter or as a result of our responses to their due diligence meeting questions is confidential and is to be used only in connection with the exchange offer referred to above.

You will arrange for us to receive copies of proofs of the Memorandum prior to filing as applicable so that we may carry out the required procedures. You will also provide us with a copy of the documents filed with the regulators as applicable.

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax, and are due when rendered. Fees for additional services will be established separately.

As agreed, the fee for the above scope of work amounts to US\$58,000. The fee will be billed to the Company upon submission of the final comfort letter.

Cont'd 3.../



Page 3

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

Please confirm your understanding and agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours faithfully,  
BDO Limited

We have read and accept the foregoing understanding.  
For and on behalf of Sino-Forest Corporation

By

Date

24 JUN 2009



**BDO Limited**  
 Certified Public Accountants  
 德豪會計師事務所有限公司

25<sup>th</sup> Floor Wing On Centre  
 111 Connaught Road Central  
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 Facsimile: (852) 2815 2239

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 永安中心 25 樓  
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 中環廣場 20 樓  
 電話: (852) 2877 8500  
 傳真: (852) 2815 2239

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COPY

November 18, 2009

The Board of Directors  
 Sino-Forest Corporation  
 90 Burnhamthorpe Road West,  
 Suite 1208, Mississauga,  
 Ontario Canada L5B3C3

Our ref: 52358/SH1209/1811

Dear Sir/Madam:

We have audited the consolidated balance sheet of Sino-Forest Corporation (the "Company") as at December 31, 2006, and the consolidated statements of income, retained earnings and cash flows for the year ended December 31, 2006. Our report to the shareholders was dated March 19, 2007 on the financial statements for the year ended December 31, 2006. Our report on the financial statements for the year ended December 31, 2006 is to be incorporated by reference in an offering memorandum (the "Offering Memorandum") relating to the proposed issue of the convertible senior notes of the Company, to be filed by the Company under the Securities Acts of British Columbia, Alberta, Manitoba, Ontario, Saskatchewan, Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island. Our consent letter will be included in the Offering Memorandum.

In order to consent to the use of our audit report in the Offering Memorandum, our professional standards require that we update our communications with the Company's legal counsels and present auditors, and obtain representations from management similar to those we customarily receive as part of our annual audit.

In connection with the proposed offering of securities, we understand we will perform certain procedures for the purpose of issuing a comfort letter to Credit Suisse Securities (USA) LLC as a representative (the "Representative") of several initial purchasers to be determined later. The comfort letter would make reference to our audit report and set out the procedures performed at the Representative's request and the results of performing those procedures. In addition, we understand that the Representative has requested that we attend a meeting (the "due diligence meeting") at which the Representative and its legal counsels wish to ask us certain questions in connection with our audit referred to above, and that you have agreed to grant such request.

We understand that the Representative is an experienced agent and will be carrying out other procedures it deems appropriate to obtain whatever information it believes is necessary to complete its investigation of the financial affairs of the Company. Our audit of the Company's consolidated financial statements referred to above was not carried out for the purpose of such investigation, and our auditors' report, our comfort letter, and the answers that we may give for the due diligence meeting questions are not to be relied upon for that purpose.

Cont'd 2.../



Page 2

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the consolidated financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses to the due diligence meeting questions will address all of the questions that the Representative and its legal counsels may have. You should be aware that there could be sensitive matters that the Representative and its legal counsels may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of securities. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer due diligence meeting questions that are considered by us appropriate.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to due diligence meeting questions result in termination of, or change in, the proposed securities offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to co-operate in every way with the Representative and its legal counsels, by performing the requested procedures and by answering any due diligence meeting questions they may ask that are considered by us appropriate.

You also agree to indemnify and hold harmless BDO Limited and our personnel from any claim by the Representative and its legal counsels, or any other third party, that arises as a result of our comfort letter or our responses to questions posed for the due diligence meeting or conference call.

We shall advise the Representative and its legal counsels that information acquired by them in our comfort letter or as a result of our responses to their due diligence meeting questions is confidential and is to be used only in connection with the securities offering referred to above.

You will arrange for us to receive copies of proofs of the Offering Memorandum prior to filing as applicable so that we may carry out the required procedures. You will also provide us with a copy of the documents filed with the regulators.

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax (if any), and are due when rendered. Fees for additional services will be established separately.

As agreed, the fee for the above scope of work amounts to US\$48,000. The fee will be billed to the Company upon submission of the final comfort letter to the Company.

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

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BDO Limited  
Certified Public Accountants  
德勤會計師事務所有限公司

Page 3

The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

Please confirm your understanding and agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours faithfully,  
BDO Limited

*Handwritten signature*

We have read and accept the foregoing understanding.  
For and on behalf of Sino-Forest Corporation

*Handwritten signature*

23 NOV 2009

By \_\_\_\_\_

Date \_\_\_\_\_



**BDO Limited**  
 Certified Public Accountants  
 德蒙會計師事務所有限公司

25<sup>th</sup> Floor Wing On Centre  
 111 Connaught Road Central  
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 電話: (852) 2877 8500  
 傳真: (852) 2815 2239

538  
 100

November 18, 2009

The Board of Directors  
 Sino-Forest Corporation  
 90 Burnhamthorpe Road West,  
 Suite 1208, Mississauga,  
 Ontario Canada L5B3C3

Our ref: 52358/SF1209/1811

**COPY**

Dear Sirs/Mesdames:

We have audited the consolidated balance sheet of Sino-Forest Corporation (the "Company") as at December 31, 2006, and the consolidated statements of income, retained earnings and cash flows for the year ended December 31, 2006. Our report to the shareholders was dated March 19, 2007 on the financial statements of the Company for the year ended December 31, 2006. We understand that our report on the financial statements for the year ended December 31, 2006 will be incorporated by reference in a short form prospectus (the "Prospectus") and in an international exempt offering memorandum (the "Offering Memorandum") relating to the proposed offering and issue of common shares (the "Common Shares") of the Company, and the Prospectus is to be filed by the Company under the Securities Acts of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia, Newfoundland and Labrador, New Brunswick and Prince Edward Island.

For the purpose of the portion of the offering, in which, the Common Shares will be offered in an international offering by Credit Suisse Securities (Canada) Inc. and other underwriters to be determined later (collectively the "Underwriters"), the Offering Memorandum which includes the Prospectus incorporated by reference therein will be issued by the Company. We also understand that our consent letter for our report dated March 19, 2007 will be included in the Offering Memorandum.

In order to consent to the use of our audit report in the Prospectus and the Offering Memorandum, our professional standards require that we update our communications with the Company's legal counsels and present auditors and obtain representations from management similar to those we customarily receive as part of an annual audit.

In connection with the proposed offering of securities, we understand we will perform certain procedures for the purpose of issuing a comfort letter to the Underwriters. The comfort letter will make reference to our audit report, and set out the procedures performed at the Underwriters' request and the results of performing those procedures. In addition, we understand that the Underwriters request that we attend a meeting (the "due diligence meeting") at which the Underwriters and the Underwriters' legal counsels wish to ask us certain questions in connection with our audit referred to above, and that you have agreed to grant such request.

Cont'd 2.../

Page 2

We understand that the Underwriters are experienced underwriters and will be carrying out other procedures they deem appropriate to obtain whatever information they believe is necessary to complete their investigation of the financial affairs of the Company. Our audit of the Company's financial statements referred to above will not be carried out for the purpose of such investigation, and our auditors' report, comfort letter, and the answers that we may give for the due diligence meeting questions are not to be relied upon for that purpose.

In accordance with professional standards, our audit was carried out solely for the purpose of providing us with sufficient appropriate audit evidence to support our opinion on the consolidated financial statements referred to above. There is no assurance that the procedures we perform for purposes of the comfort letter and our responses to the due diligence meeting questions will address all of the questions that the Underwriters and the Underwriters' legal counsels may have. You should be aware that there could be sensitive matters that the Underwriters and the Underwriters' legal counsels may ask us to address either in the comfort letter or during the due diligence meeting that could affect the outcome of the proposed offering of securities. Unless otherwise instructed by you, we shall attempt to perform all of the requested procedures and answer due diligence meeting questions that are considered by us appropriate.

You acknowledge that we have no responsibility to you if the results of our procedures or our answers to due diligence meeting questions result in termination of, or change in, the proposed securities offering or in misuse of any confidential information discussed at the meeting. You also acknowledge that you have requested us to co-operate in every way with the Underwriters and the Underwriters' legal counsels, by performing the requested procedures and by answering any due diligence meeting questions they may ask that are considered by us appropriate.

You also agree to indemnify and hold harmless BDO Limited and our personnel from any claim by the Underwriters and the Underwriters' legal counsels, or any other third party, that arises as a result of our comfort letter or our responses to questions posed for the due diligence meeting or conference call.

We shall advise the Underwriters and the Underwriters' legal counsels that information acquired by them in our comfort letter or as a result of our responses to their due diligence meeting questions is confidential and is to be used only in connection with the securities offering referred to above.

You will arrange for us to receive copies of proofs of the Prospectus and the Offering Memorandum prior to filing as applicable so that we may carry out the required procedures. You will also provide us with a copy of the documents filed with the regulators.

Our professional fees will be based on our regular billing rates which depend on the means by which and by whom our services are provided, plus direct, out-of-pocket, expenses and applicable Goods and Services Tax, and are due when rendered. Fees for additional services will be established separately.

As agreed, the fee for the above scope of work amounts to US\$48,000. The fee will be billed to the Company upon submission of the final comfort letter to the Company.

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BDO Limited  
Certified Public Accountants  
德豪會計師事務所有限公司

Page 3

If any dispute, controversy or claim arises in connection with the performance or breach of this agreement, either party may, upon written notice to the other party, request facilitated negotiations. Such negotiations shall be assisted by a neutral facilitator acceptable to both parties and shall require the best efforts of the parties to discuss with each other in good faith their respective positions and, respecting their different interests, to finally resolve such dispute.

The agreement evidenced by this letter shall be governed in all respects by the laws of Hong Kong SAR. It is also irrevocably agreed between us that the courts of Hong Kong shall have exclusive jurisdiction over any dispute including a counter claim or set-off which may arise in any way in connection with, or in any way touching and concerning, this letter or the agreement evidenced by this letter or the legal relationship established by this letter. However, notwithstanding the above, where the Company carries on business in another country and disputes arise in respect of that business we shall reserve the right to take appropriate legal action in the courts of that jurisdiction.

Please confirm your understanding and agreement with the foregoing by signing and dating a copy of this letter and returning it to us.

Yours faithfully,  
BDO Limited

*Handwritten signature*

We have read and accept the foregoing understanding,  
For and on behalf of Sino Forest Corporation

*Handwritten signature*

By \_\_\_\_\_

Date \_\_\_\_\_

23 NOV 2009

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

104

Counsel: See attached sheet.

May 14, 2012

Contrarian seeks disclosure of forensic work  
respect to the financial position of  
the Nandia Entities and to explain  
why the Plan does not contemplate  
the holders of the convertible notes  
receiving value for the guarantees  
given to them by the Nandia  
Entities. Contrarian takes the  
position that it is unfair to  
require Contrarian to elect  
whether to accept the  
Support Agreement in the absence

ONTARIO

SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT  
TORONTO

MOTION RECORD

Fraser Milner Casgrain LLP  
77 King Street West, Suite 400  
Toronto-Dominion Centre  
Toronto, Ontario, M5K 0A1

Lawyer: N. Rabinovitch / J. Dietrich  
LSUC: 33442F / 49302U  
Email: neil.rabinovitch@fmc-law.com/  
jane.dietrich@fmc-law.com  
Telephone: 416 863-4740 / 416 863-4467  
Facsimile: 416 863-4592

Lawyers for Contrarian Capital Management, LLC



Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

of such disclosure.

Contractor argues that it requires the information by 5 p.m. today in order for Contractor to make a decision as to whether it should execute the Support Agreement in time to receive the Early Consent Consideration.

The matter was argued by the Applicant, and the Board, the Notetakers and the Printer.

For the following reasons I decline to grant the requested relief.

① The Applicant has determined that certain information is confidential.

It appears that the Applicant and its decision making personnel have made this error decision.

There is nothing on the record to suggest the decision was made in bad faith. It seems

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

to me that the Applicant's decision makers have exercised their business judgment in determining not to provide the information in the absence of an executed confidentiality agreement.

I am reluctant, on the basis of the record before me, to interfere with this decision.

(2) Contrarian does have an alternative. The Applicant has offered to disclose the information if Contrarian executes the ~~confidentiality~~ confidentiality agreement. It is up to Contrarian to determine whether it wishes to pursue this option.

(3) As pointed out by counsel to the Monitor, no steps have been taken to deprive Contrarian of

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

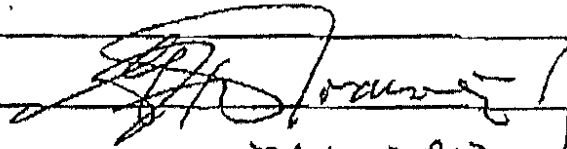
FILE/DIRECTION/ORDER

Judges Endorsment Continued

its claim or its legal rights.  
Contrarian does have a certain  
degree of information on which to  
make its determination and ~~the~~ Contrarian  
can obtain additional information, if  
it chooses to do so. I fail to  
see the prejudice.

~~It~~

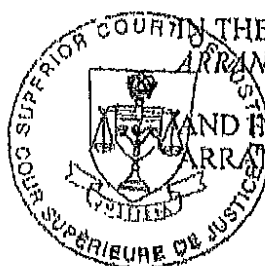
For the foregoing reasons, the  
motion of Contrarian is dismissed.

  
14 MAY 2012  
4 20 pm.

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.	)	WEDNESDAY, THE 25 <sup>th</sup>
	)	
JUSTICE MORAWETZ	)	DAY OF JULY, 2012



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

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

**ORDER  
(Mediation)**

THIS MOTION, made by FTI Consulting Canada Inc. in its capacity as monitor (the "Monitor") of Sino-Forest Corporation (the "Applicant") for a consent order concerning mediation and related relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Monitor's Notice of Motion dated July 13, 2012 and the Fifth Report of the Monitor dated July 13, 2012 (the "Fifth Report"), the Responding Motion Record of the Applicants and the Responding Motion Record of Pöyry Beijing (as defined below), and on hearing the submissions of counsel for the Applicant, the Monitor, the ad hoc committee of Noteholders (the "Ad Hoc Noteholders"), the ad hoc group of purchasers of the Applicant's securities (the "Plaintiffs") and the other defendants in the Ontario Class Action and the Quebec Class Action (the "Third Party Defendants") and those other parties present, no one appearing for any of the other parties served with the Monitor's Motion Record, although duly served as appears from the affidavit of service of Ajma Cano sworn July 13, 2012, filed.

### SERVICE AND INTERPRETATION

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record, including the Fifth Report, is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Fifth Report.

### MEDIATION

3. THIS COURT ORDERS that the parties eligible to participate in the Mediation pursuant to paragraph 5 of this Order are the Applicant, the Plaintiffs, the Third Party Defendants (which shall be read to exclude Pöyry (Beijing) Consulting Company Limited (“Pöyry Beijing”)), the Monitor, the Ad Hoc Noteholders and any insurers providing coverage in respect of the Applicant and the Third Party Defendants (collectively, the “Mediation Parties”).
4. THIS COURT ORDERS that the subject matter of the Mediation shall be the resolution of the claims of the Plaintiffs against the Applicant and the Third Party Defendants as set out in the statements of claim in the Ontario Class Action and the Quebec Class Action and any and all related claims (the “Subject Claims”), provided that for the purpose of the Mediation, the Plaintiffs shall not seek contribution from any of the Mediation Parties with respect to amounts that could have been sought by the Plaintiffs from Pöyry Beijing had the Plaintiffs not reached a settlement with Pöyry Beijing (the “Pöyry Settlement”) and provided that the Plaintiffs shall provide to the Mediation Parties, within 10 days of the date of this Order or such further time as this Court may direct, a written summary of evidence proffered by Pöyry Beijing pursuant to the Pöyry Settlement, which summary shall be treated in the same manner as material in the Data Room (as defined below) pursuant to this Order.
5. THIS COURT ORDERS that, where practicable, the Mediation Parties shall participate in the Mediation in person and with representatives present with full authority to settle the Subject Claims (including any insurer providing coverage), provided that, where not practicable, the Mediation Parties may participate in the Mediation through counsel or other representatives, subject to those counsel or other representatives having access to representatives with full

authority and undertaking to promptly pursue instructions with respect to any proposed agreements that arise from the Mediation.

6. THIS COURT ORDERS that parties in addition to the Mediation Parties shall only have standing to participate in the Mediation on consent of the Applicant and the Monitor, acting reasonably, or by further Order of this Court.

#### **DATA ROOM**

7. THIS COURT ORDERS that in connection with the Mediation, as soon as practicable, but in any event no later than August 3, 2012, the Applicant shall provide access to the Mediation Parties to the existing data room maintained by Merrill (the "Data Room"), provided however that prior to access to the Data Room, all participants (other than the Applicant, the incumbent directors of the Applicant and the Monitor) shall have entered into a confidentiality agreement with the Applicant on terms reasonably acceptable to the Applicant and the Monitor.

8. THIS COURT ORDERS that any Mediation Parties who enter into a confidentiality agreement as contemplated by paragraph 7 of this order shall comply with the terms of such confidentiality agreement.

9. THIS COURT ORDERS that the Applicant, its subsidiaries and affiliates, and their directors, officers, employees, agents and advisors, shall incur no liability in connection with causing, effecting or acquiescing in the establishment of the Data Room or disclosure in respect of such materials and the information contained therein in accordance with this Order. The materials in the Data Room shall be made available without any representation as to the truth of their contents or their completeness, and persons relying on those materials shall do so at their own risk. The disclosure of such materials and the information contained therein in accordance with this Order is not and shall not be public disclosure in any respect. Nothing in this paragraph affects any rights or causes of action that any person may have in relation to the prior disclosure of any of the contents of the Data Room, insofar as such rights or causes of action are independent from and not related to the provision of materials and information in accordance with this Order.

**MEDIATION SCHEDULE**

10. THIS COURT ORDER THAT, the schedule for the Mediation shall be as follows:
- (a) the Mediation shall be conducted on September 4<sup>th</sup> and 5<sup>th</sup>, and if a third day is required, on September 10<sup>th</sup>, 2012 (the “**Mediation Dates**”);
  - (b) additional Mediation dates shall only be added, and any adjournments of any mediation dates shall only be accepted, with the prior written consent of all Mediation Parties;
  - (c) the Mediation shall be conducted at a location to be determined by the Mediator (as defined below); and
  - (d) the Applicant, the Plaintiffs and the Third Party Defendants shall deliver their respective written position statements to each other and to the other Mediation Parties on or before August 27, 2012.

**APPOINTMENT OF THE MEDIATOR**

11. THIS COURT ORDERS that the Honourable Justice Newbould shall be appointed mediator (the “**Mediator**”).

12. THIS COURT ORDERS that, prior to the commencement of the Mediation, the Mediator shall have the right to communicate with this Court and the Monitor from time to time as deemed necessary or advisable by the Mediator in their sole discretion.

**TERMINATION OF THE MEDIATION**

13. THIS COURT ORDERS that the Mediation process shall be terminated under any of the following circumstances:

- (a) by declaration by the Mediator that a settlement has been reached;
- (b) by declaration by the Mediator that further efforts at mediation are no longer considered worthwhile;

- (c) for any other reason determined by the Mediator;
- (d) mutual agreement by the Mediation Parties; or
- (e) further Order of this Court,

provided that, the Mediation shall in any event terminate on September 10, 2012, unless extended with the prior written consent of all Mediation Parties.

#### **NO IMPACT ON OTHER PROCEEDINGS**

14. THIS COURT ORDERS that all offers, promises, conduct statements, whether written or oral, made in the course of the Mediation are inadmissible in any arbitration or court proceeding. No person shall subpoena or require the Mediator to testify, produce records, notes or work product in any other existing or future proceedings, and no video or audio recording will be made of the Mediation. Evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the Mediation. In the event that the Mediation Parties (or any group of them) do reach a settlement, the terms of that settlement will be admissible in any court or other proceeding required to enforce it, unless the Mediation Parties agree otherwise. Information disclosed to the Mediator by any Mediation Party at a private caucus during the Mediation shall remain confidential unless such Mediation Party authorizes disclosure.

15. THIS COURT ORDERS that nothing in this Order nor the participation of any party in the Mediation shall provide such party with rights within these proceedings than such party may otherwise have.

16. THIS COURT ORDERS that, subject to any applicable stay of proceedings, nothing in this Order shall prevent the Applicant, the Monitor or any other party of standing from otherwise pursuing the resolution of claims under the Claims Procedure Order granted by this Court on May 14, 2012, or any other matter in these CCAA proceedings, including without limitation, the filing and advancement of the Meetings Order and a Plan.



**CONFIDENTIALITY**


17. THIS COURT ORDERS that any mediation briefs or other documents filed by the Mediation Parties shall be used only in the context of the Mediation and for no other purpose and shall be kept confidential by all such parties irrespective of whether such Mediation Parties sign a confidentiality agreement.

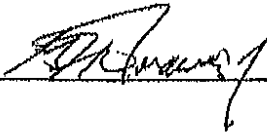
18. THIS COURT ORDERS that any mediation briefs or other documents filed by the Mediation Parties that contain information obtained from the Data Room may not be shared with or otherwise disclosed to any person or entity that has not signed a confidentiality agreement, other than the Applicant, the incumbent directors of the Applicant, the Monitor and Mediator.

**MISCELLANEOUS**

19. THIS COURT ORDERS that the terms of this Order may only be varied by further Order of this Court, which may be sought on an ex parte basis on consent of the Mediation Parties.

REGISTERED AT / ENREGISTRÉ À TORONTO  
 DEPT / BUREAU NO:  
 LE / DANS LE REGISTRE NO:  
 TOR\_LAW\7922284\10  
 JUL 30 2012

RECEIVED: 

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**  
  
(PROCEEDING COMMENCED AT TORONTO)

**ORDER  
(Mediation)**

**GOWLING LAFLEUR HENDERSON LLP**  
Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
TORONTO, Ontario  
M5X 1G5

**Derrick Tay / Clifton Prophet / Jennifer Stam**  
LSUC Nos.: 21152A / 34345K / 46735J

Telephone: (416) 862-7525  
Facsimile: (416) 862-7661

Lawyers for FTI Consulting Canada Inc.,  
in its capacity as Monitor of the Applicant

**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

**BRIEF OF PREVIOUSLY FILED  
MATERIALS AND COURT ORDERS  
OF SINO-FOREST CORPORATION  
(Motion for Sanction Order Returnable  
December 7, 2012)**

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

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