

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

Sino-Forest Corporation

FIRST REPORT OF THE MONITOR

April 11, 2012

**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

**FIRST REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On March 30, 2012 (the "**Filing Date**"), Sino-Forest Corporation ("**Sino-Forest**" or the "**Company**") filed for and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Pursuant to the Order of this Honourable Court dated March 30, 2012 (the "**Initial Order**"), FTI Consulting Canada Inc. ("**FTI Canada**") was appointed as the Monitor of Sino-Forest (the "**Monitor**") in the CCAA proceeding. The Initial Order provided, *inter alia*, for a stay of proceedings through to and including April 29, 2012. The proceedings commenced by the Company under the CCAA will be referred to herein as the "**CCAA Proceedings**". A copy of the Initial Order is attached as Appendix "A" hereto.
2. On the Filing Date, the Court also issued an Order authorizing the Company to conduct a Sale Process (the "**Sale Process Order**"). A copy of the Sale Process Order is attached as Appendix "B" hereto.

Purpose

3. The purpose of this First Report of the Monitor (the “**First Report**”) is to:
 - (a) provide this Honourable Court with information pertaining to the initial activities of the Company since the date of the Initial Order in respect of the following:
 - (i) Events since the commencement of the CCAA proceedings;
 - (ii) The Company’s actual receipts and disbursements for the period from March 31, 2012 to April 6, 2012;
 - (iii) The Company’s post-filing consolidated cash position and liquidity as detailed in the Company’s April 11 Forecast (defined below);
 - (iv) The Monitor’s other activities since filing; and
 - (b) Support the Company’s motion and recommend that the Court grant an order extending the stay of proceedings (the “**Stay Period**”) to and including July 9, 2012.
4. In preparing this First Report, the Monitor has relied upon unaudited financial information of the Company, the Company’s books and records, certain financial information prepared by the Company, the Reports of the Independent Committee of the Company’s Board of Directors dated August 10, 2011, November 13, 2011, and January 31, 2012, and discussions with the Company’s management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this First Report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this First Report is based on management’s assumptions regarding future events; actual results may vary from forecast and such variations may be material.

5. Unless otherwise stated, all monetary amounts contained herein are expressed in US Dollars.
6. The terms “**Sino-Forest Companies**” and “**Sino-Forest**” refer to the global enterprise as a whole but do not include references to the Greenheart Group (defined below).
7. Capitalized terms not defined in this First Report are as defined in the pre-filing report of the proposed monitor dated March 30, 2012 (the “**Pre-Filing Report**”) and the affidavit of W. Judson Martin sworn March 30, 2012 (the “**Initial Order Affidavit**”).

GENERAL BACKGROUND

Sino-Forest Business

8. Sino-Forest conducts business as a forest plantation operator in the People’s Republic of China (“**PRC**”). Its principal businesses include ownership and management of forest plantation trees, the sale of standing timber and wood logs, and complementary manufacturing of downstream engineered-wood products.
9. The Company is a public holding company whose common shares are listed on the Toronto Stock Exchange. Prior to August 26, 2011 (the date of the Cease Trade Order, defined below), the Company had 246,095,926 common shares issued and outstanding and trading under the trading symbol “**TRE**” on the TSX.
10. On June 2, 2011, Muddy Waters, LLC (“**MW**”), which held a short position on the Company’s shares, issued a report (the “**MW Report**”) alleging, among other things, that Sino-Forest is a “ponzi-scheme” and a “near total fraud”. The MW Report was issued publicly and immediately caught the attention of the media on a world-wide basis.
11. Subsequent to the issuance of the MW Report, the Company devoted extensive time and resources to investigate and address the allegations in the MW Report as well as responding to additional inquiries from, among others, the Ontario

Securities Commission, the Royal Canadian Mounted Police and the Hong Kong Securities and Futures Commission.

12. In view of the MW Report, the subsequent litigation and regulatory investigations and other issues continue to have a significant negative impact on the Company and have threatened the long term viability of Sino-Forest's operations. For the reasons discussed in the Pre-Filing Report and the Initial Order Affidavit, the Company and the business was placed into a stalemate that could not be resolved without the Court supervised solution offered by the CCAA Proceedings.
13. The Pre-Filing Report and the Initial Order Affidavit provide a detailed outline of Sino-Forest's corporate structure, business, reported assets and financial information as well as a detailed chronology of the Company and its actions since the issuance of the MW Report in June 2011.

EVENTS SINCE THE PROCEEDINGS

Cooperation with Management and the Establishment of Protocols

14. As was set out in both the Pre-Filing Report and the Initial Order Affidavit as well as stated in submissions during the Initial Order hearing on March 30, 2012, Sino-Forest, for all intents and purposes, does not have any business operations in Canada. Instead, the Company's operations are carried on through its subsidiaries primarily in Hong Kong and the PRC.
15. As such, it has been the priority of the Monitor (both directly as well as through FTI Consulting (Hong Kong) Limited ("**FTI HK**") to establish communication protocols and reporting mechanisms with Sino-Forest in Hong Kong and the PRC. It is the Monitor's view that establishing and maintaining these protocols are essential in order for the Monitor to fulfill its powers, duties and obligations under the Initial Order as well as for the Company to comply with its obligations under the Support Agreement.
16. Although it remains early into the proceedings, to date, Sino-Forest's

management has been cooperative in establishing necessary communication and reporting protocols as set out above.

17. The Monitor has held in-person meetings with Senior Management in both Toronto and Hong Kong to outline the Monitor's responsibilities and information required by the Company immediately and on an ongoing basis.
18. The Monitor has held numerous conference calls with the financial advisors and legal counsel to the noteholders (the "**Advisors to the Noteholders**"), as well as with the Noteholders. The Monitor has participated in in-person meetings with the Advisors to the Noteholders both in Toronto and Hong Kong.

Ontario Securities Commission ("OSC")

19. As was outlined in the Pre-Filing Report and the Initial Order Affidavit, subsequent to the release of the MW Report, the OSC announced that it was launching an investigation into the conduct and affairs of the Company. On August 26, 2011, the Commission issued a temporary cease trade order ("**CTO**") in respect of the Company's securities as well as in respect of Allen Chan, Albert Ip, Alfred Hung, George Ho and Simon Yeung. The CTO was subsequently extended and remains in effect as of the date of this Report.
20. On April 5, 2012, the Company advised the Monitor that it had received an "enforcement notice" (the "**Notice**") from the OSC. The Company also advised the Monitor that it was aware that notices had also been issued to Mr. Chan, Ip, Ho and Yeung as well as to David Horsley, the Company's chief financial officer.
21. The Monitor and its counsel were provided a copy of the Notice. However, given the confidential nature of OSC enforcement proceedings, the Monitor and its counsel provided a confidentiality undertaking with respect to the contents of the Notice.
22. The Company has advised the Monitor that it is currently considering the allegations made in the Notice and the appropriate next steps to take. The

Monitor will continue to monitor and consult in the situation as it continues to develop.

The Comeback Date

23. Pursuant to the endorsement of Justice Morawetz in connection with the Initial Order and the Sale Process Order (the “**April 2 Endorsement**”) a comeback date was scheduled for April 13, 2012. A copy of the April 2 Endorsement is attached as Appendix “C” hereto.
24. Since the Filing Date, the Monitor or its counsel has had conversations with the majority of those parties who appeared on the initial hearing to determine whether any such parties intended to seek relief at the comeback motion.
25. On April 10, 2012 counsel for the “Ad Hoc Committee of Purchasers of the Applicant’s Securities, including the Representative Plaintiffs in the Ontario Class Action against the Applicant” served a notice of motion returnable on the comeback date seeking extensive relief with respect to the Company’s CCAA proceedings. A 9:30 chambers appointment was held on April 11, 2012 to discuss certain aspects of that motion, including scheduling. At the chambers appointment, those parties present agreed upon language for an endorsement with respect to the bulk of that motion. A copy of the endorsement is attached as Appendix “D”. There were two aspects of the motion as set out in paragraph 2(a) and (b) of the notice of motion for which there are ongoing discussions regarding scheduling. As of the writing of this Report, a court conference call has been scheduled for April 12, 2012 at which time, the Monitor expects further progress to be made on that matter.

RECEIPTS AND DISBURSEMENTS FOR THE PERIOD TO APRIL 6, 2012

Cost Reduction and Cash Management

26. Since the Filing Date, the Monitor has also been focussed on working with the Company to reduce its projected cash spend during the CCAA proceedings.

Given the nature of the proceedings and the fact that the Company, itself, has little or no operations, the majority of the projected cash outflow during the CCAA proceedings consists of professional fees.

27. The March 29 Forecast was prepared by the Company in consultation with the proposed monitor based on the historical spend on professional fees prior to the commencement of the CCAA proceedings. However, given the Initial Order (including importantly the stay of proceedings) and the Company's obligation to produce a Restructuring Budget (as defined in and pursuant to the Support Agreement) to the Ad Hoc Bondholders, the Company and the Monitor have now reviewed these expenses with a view to reducing fees where the Company is able.
28. These efforts have resulted in a net reduction in the same 13-week period of CDN\$3.9 million and are further described and reflected in the summary of the Company's revised cash flow forecast set out below.

Actual Receipts & Disbursements for the Period March 31, 2012 to April 6, 2012

29. The Company's actual net cash flow for the period from March 31 to April 6, 2012 (the "**Current Period**") together with an explanation of key variances as compared to the March 29 Forecast (as defined in the Monitor's Pre-filing Report) is described below. Actual net cash flows for the Current Period were approximately \$1.9 million higher than forecast and summarized as follows:

\$ 000 CAD	Forecast	Actual	Difference
Cash inflow			
Interest Income	\$ -	\$ 2	\$ 2
Total cash inflows	\$ -	\$ 2	\$ 2
Cash outflow			
Payroll and Benefits	\$ -	\$ -	\$ -
Board & Committee Fees	\$ 71	\$ -	\$ (71)
Travel	\$ 26	\$ 15	\$ (11)
Rent,Communication & Utilities	\$ 1	\$ 7	\$ 6
Taxes & Other	\$ 33	\$ 3	\$ (30)
Total cash outflows	\$ 131	\$ 25	\$ (106)
Net Operating Cashflow	\$ (131)	\$ (23)	\$ 108
Restructuring Costs			
Professional Fees	\$ 1,910	\$ 46	\$ (1,864)
Total Restructuring Costs	\$ 1,910	\$ 46	\$ (1,864)
Net Cash Flow	\$ (2,041)	\$ (69)	\$ 1,972
Opening Cash Balance	\$ 67,846	\$ 67,834	\$ (12)
Net Cash Balance	\$ (2,041)	\$ (69)	\$ 1,972
Ending Cash Balance	\$ 65,805	\$ 67,765	\$ 1,960

30. The key variance in actual receipts and disbursements compared to the March 29 Forecast is a favourable variance of \$1.9 million relating to professional fees. This variance is temporary in nature and is expected to reverse in the coming weeks as invoices are submitted by the professionals and paid by Sino-Forest.

THE COMPANY'S CASH FLOW FORECAST

Cash Flow Projections

31. The Company has prepared a revised cash flow forecast for the period April 7, 2012 to July 13, 2012 (the "**April 11 Forecast**"). A copy of the April 11 Forecast is attached as Appendix "E". The April 11 Forecast shows a negative net cash flow of approximately \$16.6 million, and is summarized below:

	\$000 CAD
Cash inflow	
Interest Income	\$ 412
Total cash inflows	\$ 412
Cash outflow	
Payroll and Benefits	\$ 211
Board & Committee Fees	\$ 483
Travel	\$ 341
Rent, Communication & Utilities	\$ 76
Taxes & Other	\$ 197
Total cash outflows	\$ 1,308
Net Operating Cashflow	\$ (895)
Restructuring Costs	
Professional Fees	\$ 15,714
Total Restructuring Costs	\$ 15,714
Net Cash Flow	\$ (16,609)
Opening Cash Balance	\$ 67,765
Net Cash Balance	\$ (16,609)
Ending Cash Balance	\$ 51,156

32. It is anticipated that the Company's projected liquidity requirements throughout the CCAA Proceedings will be met by existing cash available to the Company.

EXTENSION OF THE STAY PERIOD

33. The initial 30-day stay period provided by the Initial Order expires on April 29, 2012. In order to allow the Company sufficient time to continue toward its restructuring goals, Sino-Forest is requesting that the stay period be extended to July 9, 2012.
34. The Monitor believes that the proposed extension is fair and reasonable in the circumstances. As set out in the Sale Process Order, the Phase 1 Bid Deadline expires June 28, 2012. The Monitor is of the view that the Company will require the protection of the stay of proceedings throughout this time to determine whether there is any preliminary interest in the business, as marketed pursuant to

the Sale Process Order. The proposed extension will also provide the Company (in consultation with the Monitor and others) with a short window after the Phase 1 bid deadline to consider next steps based on the results.

35. The Monitor believes that Sino-Forest is acting in good faith and with due diligence in taking steps to facilitate its restructuring and sale of its operations.

OTHER ACTIVITIES OF THE MONITOR

36. Pursuant to the Initial Order, on April 5, 2012, the Monitor published a notice in the Wall Street Journal and the Globe and Mail. Copies of the notices published by the Monitor are attached hereto as Appendices “F” and “G”.
37. On April 4, 2012, the Monitor also completed its mailing of a notice of the CCAA Proceedings. The mailing was sent to all known creditors.
38. On March 31, the Monitor posted a copy of the Support Agreement and the Joinder Agreement on the Monitor’s Website (defined below).
39. The Monitor has made various materials relating to the CCAA proceedings available on a website being maintained by the Monitor at: <http://cfcanada.fticonsulting.com/sfc/> (the “**Monitor’s Website**”), including, the Pre-filing Report, the Company’s Application Materials, the Initial Order, a list of the Company’s known creditors as at March 30, 2012 and the service list. The Monitor will continue to update the website by posting Monitor’s reports, motion materials and Orders granted in the CCAA proceedings.
40. The Monitor has also established a hotline (416-649-8094) to allow creditors and other interested parties to contact the Monitor to obtain additional information concerning the CCAA Proceedings. As of the date of this report, the Monitor has received over 30 calls and emails. The Monitor continues to respond to these enquiries in a timely manner.
41. In accordance with section 23 of the CCAA, the Monitor filed the following documents with the Superintendent of Bankruptcy within the prescribed

deadlines:

- (a) Form 1- Information pertaining to the Initial Order;
- (b) Copies of the initial application and the Initial Order; and
- (c) Form 2- Debtor Company Information Summary (Commencement of Proceedings).

CONCLUSION

42. For the reasons set out above, the Monitor supports and recommends the Company's request for an extension of the Stay Period to July 9, 2012.

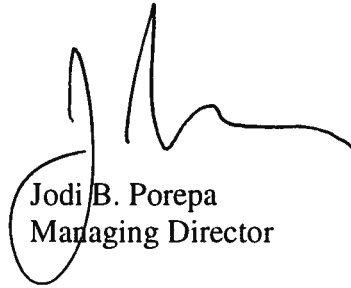
The Monitor respectfully submits to the Court this First Report.

Dated this 11th day of April, 2012.

FTI Consulting Canada Inc.
In its capacity as Monitor of
Sino-Forest Corporation, and not in its personal capacity



Greg Watson
Senior Managing Director



Jodi B. Porepa
Managing Director

APPENDIX “A” – INITIAL ORDER

Attached.



Court File No CV-12-9667-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE MORAWETZ

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FRIDAY, THE 30th
DAY OF MARCH, 2012

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

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

INITIAL ORDER

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

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

SERVICE

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

APPLICATION

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

PLAN OF ARRANGEMENT

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

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

RESTRUCTURING SUPPORT AGREEMENT

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

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

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

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

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

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

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

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

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

APPROVAL OF FINANCIAL ADVISOR AGREEMENT

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

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

POSTPONEMENT OF ANNUAL GENERAL MEETING

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

FOREIGN PROCEEDINGS

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

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

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

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

SERVICE AND NOTICE

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

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

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

GENERAL

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

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

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

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



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

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

APR 2 - 2012



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

Schedule "A"

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

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

Schedule "B"

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM SEARCH RESULTS

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

SEARCH : Business Debtor : SINO-FOREST CORPORATION

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

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

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

SEARCH : Business Debtor : SINO-FOREST CORPORATION

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

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

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

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

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

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

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

ENQUIRY PAGE : 2 OF 8

FILE NUMBER 609324408

PAGE TOT REGISTRATION NUM REG TYPE
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21 REFERENCE FILE NUMBER : 609324408
22 AMEND PAGE: NO PAGE: CHANGE: A AMNDMNT REN YEARS: CORR PER:
23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: SINO-FOREST CORPORATION

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

OCN:

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

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

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

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

ENQUIRY PAGE : 3 OF 8

FILE NUMBER 609324408

01 CAUTION : PAGE 001 OF 1 TOT MV SCHED: REGISTRATION NUM REG TYPE
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23 REFERENCE DEBTOR/ IND NAME:
24 TRANSFEROR: BUS NAME: SINO-FOREST CORPORATION

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

OCN:

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

08 SECURED PARTY/LIEN CLAIMANT/ASSIGNEE :

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

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

FAMILY : 2 OF 6
SEARCH : BD : SINO-FOREST CORPORATION

ENQUIRY PAGE : 4 OF 8

00 FILE NUMBER : 650314305 EXPIRY DATE : 03DEC 2013 STATUS :
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03 BUS NAME: SINO-FOREST CORPORATION

OCN :

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

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
XEROX CANADA LTD

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

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GENERAL COLLATERAL DESCRIPTION

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

FAMILY : 3 OF 6
SEARCH : BD : SINO-FOREST CORPORATION

ENQUIRY PAGE : 5 OF 8

00 FILE NUMBER : 655022304 EXPIRY DATE : 20JUL 2015 STATUS :
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02 IND DOB : IND NAME:
03 BUS NAME: SINO-FOREST CORPORATION

OCN :

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

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

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

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

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GENERAL COLLATERAL DESCRIPTION

13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR

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15

16 AGENT: AIRD & BERLIS LLP - SUSAN PAK

17 ADDRESS : 181 BAY STREET, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

FAMILY : 4 OF 6
SEARCH : BD : SINO-FOREST CORPORATION

ENQUIRY PAGE : 6 OF 8

00 FILE NUMBER : 659079036 EXPIRY DATE : 03FEB 2016 STATUS :
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02 IND DOB : IND NAME:
03 BUS NAME: SINO-FOREST CORPORATION

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

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

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

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

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GENERAL COLLATERAL DESCRIPTION

13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR

14
15

16 AGENT: AIRD & BERLIS LLP (SPAK - 102288)

17 ADDRESS : 181 BAY STREET, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

FAMILY : 5 OF 6
SEARCH : BD : SINO-FOREST CORPORATION

ENQUIRY PAGE : 7 OF 8

00 FILE NUMBER : 665186985 EXPIRY DATE : 15OCT 2020 STATUS :
01 CAUTION FILING : PAGE : 001 OF 1 MV SCHEDULE ATTACHED :
REG NUM : 20101015 1215 1793 1245 REG TYP: P PPSA REG PERIOD: 10
02 IND DOB : IND NAME:
03 BUS NAME: SINO-FOREST CORPORATION OCN :
04 ADDRESS : 90 BURNHAMTHORPE ROAD WEST, SUITE 1208
CITY : MISSISSAUGA PROV: ON POSTAL CODE: L5B3C3
05 IND DOB : IND NAME:
06 BUS NAME: OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

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

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12

GENERAL COLLATERAL DESCRIPTION

13 PLEDGE OF SHARES OF CERTAIN SUBSIDIARIES OF THE DEBTOR.

14
15

16 AGENT: AIRD & BERLIS LLP (RMK-106760)

17 ADDRESS : 181 BAY STREET, SUITE 1800
CITY : TORONTO PROV: ON POSTAL CODE: M5J2T9

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

ENQUIRY PAGE : 8 OF 8

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

OCN :

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

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
XEROX CANADA LTD

09 ADDRESS : 33 BLOOR ST. E. 3RD FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M4W3H1
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GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

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

Schedule "A"

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

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

INITIAL ORDER

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Lawyers for the Applicant

APPENDIX “B” – SALE PROCESS ORDER

Attached.



**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

HONOURABLE MR.
JUSTICE MORAWETZ

)
)
)

FRIDAY, THE 30th
DAY OF MARCH, 2012

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

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

SALE PROCESS ORDER

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

ON READING the affidavit of W. Judson Martin sworn March 30, 2012 and the Exhibits thereto and the Pre-Filing Report of the Proposed Monitor, FTI Consulting Canada Inc. ("FTI"), and on hearing the submissions of counsel for the Applicant, the Applicant's board of directors, FTI, the Ad Hoc Noteholders, and no one else appearing for any other party,

DEFINED TERMS

1. THIS COURT ORDERS that unless otherwise defined in this Order, all capitalized terms used in this Order shall have the meanings ascribed to such terms in the Initial Order granted in these proceedings on March 30, 2012.

SERVICE

2. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

SALE PROCESS

3. THIS COURT ORDERS AND DIRECTS that sale process procedures substantially in the form attached hereto as Schedule "A", together with all schedules, appendices and exhibits thereto (collectively, the "Sale Process Procedures"), are hereby approved and the Applicant, the Monitor and the Financial Advisor are authorized and directed to perform each of their obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder.

4. THIS COURT ORDERS that each of the Monitor and the Financial Advisor, and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Process Procedures, except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Monitor or the Financial Advisor, as applicable, in performing its obligations under the Sale Process Procedures (as determined by this Court).

GENERAL

5. THIS COURT ORDERS that the Applicant and the Monitor may from time to time apply to this Court for advice and directions with respect to any matter relating to this Order and the Sale Process Procedures and their powers and duties in relation thereto.

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

[Handwritten signature]

NB

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

NB

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

APR 2 - 2012

NB

Schedule "A"

SINO-FOREST CORPORATION

Sale Process Procedures

On March 30, 2012, Sino-Forest Corporation ("SFC") obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("CCAA") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

On March 30, 2012, SFC also obtained a sale process order (the "**Sale Process Order**") under the CCAA from the Court approving the sale solicitation process (the "**Sale Process**") and the procedures to be followed with respect to the Sale Process set forth herein (the "**Sale Process Procedures**") to determine whether a Successful Bid (as defined herein) can be obtained.

Set forth below are the Sale Process Procedures to be followed with respect to the Sale Process to be undertaken to seek a Successful Bid, and if there is a Successful Bid, to complete the transactions contemplated by the Successful Bid.

All dollar amounts expressed herein, unless otherwise noted, are in United States currency. Unless otherwise indicated herein any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day. Capitalized terms used herein but not otherwise defined herein have the meanings ascribed thereto in Schedule "A".

Solicitation Process

(1) The Sale Process Procedures set forth herein describe, among other things, (a) the Assets available for sale, (b) the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning SFC, the Assets, and the SFC Business, (c) the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, (d) the receipt and negotiation of bids received, (e) the ultimate selection of a Successful Bidder, and (f) the approval thereof by the Court (collectively, the "**Solicitation Process**").

(2) SFC, in consultation with the Financial Advisor, and with oversight by the Monitor, shall conduct the Sale Process Procedures and the Solicitation Process as outlined herein. Certain stages of the Sale Process Procedures may be conducted by SFC simultaneously to the preparation, solicitation or confirmation of a CCAA Plan by SFC. In addition, the closing of any sale may involve additional intermediate steps or transactions to facilitate consummation of such sale, including additional Court filings. If there is disagreement or clarification required as to the interpretation or application of these Sale Process Procedures, the Court will have jurisdiction to hear such matter and provide advice and directions, upon application of the Monitor, SFC or the Initial Consenting Noteholders with a hearing on no less than three (3) Business Days notice.

CCAA Plan

(3) The sale of the Assets to the Successful Bidder, if any, will be completed pursuant to a plan of compromise and arrangement pursuant to the CCAA, such plan to be in form and substance acceptable to SFC and the Initial Consenting Noteholders (the “**CCAA Plan**”).

“As Is, Where Is”

(4) The sale of the Assets will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Financial Advisor, the Monitor, SFC or any of their respective agents, estates, advisors, professionals or otherwise, except to the extent set forth in a definitive purchase agreement with a Successful Bidder.

Free Of Any And All Claims And Interests

(5) The sale of the Assets to the Successful Bidder, if any, will result in all of the rights, title and interests of SFC in and to the Assets to be acquired being transferred free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests thereon and there against (collectively, the “**Claims and Interests**”) pursuant to an approval and vesting order made by the Court. Contemporaneously with such approval and vesting order being made, all such Claims and Interests shall attach to the net proceeds of the sale of such property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant definitive purchase agreement with a Successful Bidder.

Publication Notice

(6) Within seven (7) days of the date the Sale Process Order is granted, (i) the Monitor shall cause a notice of the Sale Process to be published in The Globe and Mail and The Wall Street Journal, which notice shall be in substantially similar form as attached hereto as Schedule “B”; and (ii) SFC shall issue a press release regarding the Sale Process through Canada Newswire, designating dissemination in Canada and major financial centers in the United States.

(7) [Intentionally deleted]

Solicitation of Interest

(8) As soon as reasonably practicable after the granting of the Sale Process Order, SFC, in consultation with the Financial Advisor and the Monitor, will prepare (if not already prepared) an initial offering summary (the “**Teaser Letter**”) notifying prospective purchasers of the Assets (both strategic and financial parties (including existing shareholders and noteholders of SFC and parties proposed by the Noteholder Advisors)) of the existence of the Solicitation Process and inviting prospective purchasers to express their interest in making an offer for the Assets.

Participation Requirements

(9) Unless otherwise ordered by the Court, or otherwise determined by SFC (in consultation with the Monitor), in order to participate in the Solicitation Process, each interested person (a “**Potential Bidder**”) must deliver to the Financial Advisor with a copy to the Monitor and the other parties listed on Schedule “C” at the addresses specified in Schedule “C” (by email), prior to the distribution of any confidential information by the Financial Advisor to a Potential Bidder, the following documents (the “**Participation Materials**”):

- (a) an executed Confidentiality Agreement;
- (b) a specific indication of anticipated sources of capital for the Potential Bidder and, if requested by SFC, in consultation with the Monitor and the Financial Advisor, preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow SFC, in consultation with the Monitor and the Financial Advisor, to make, in its reasonable business judgment, a determination as to the Potential Bidder’s financial and other capabilities to consummate an acquisition of the Assets; and
- (c) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder and, if requested by SFC, in consultation with the Monitor and the Financial Advisor, full disclosure of the direct and indirect owners of the Potential Bidder and their principals.

(10) If it is determined by SFC, after consultation with the Monitor and the Financial Advisor, that a Potential Bidder (i) has *bona fide* interest in an acquisition of the Assets; (ii) has the financial capability to consummate such a transaction based on such Potential Bidder’s financial information; and (iii) has provided all of the Participation Materials, such Potential Bidder will be deemed a “**Phase 1 Qualified Bidder**”. The Financial Advisor will promptly notify the Potential Bidder of such determination, and will inform the Noteholder Advisors of any such determination with respect to a Potential Bidder.

(11) The determination as to whether a Potential Bidder is a Phase 1 Qualified Bidder will be made as promptly as practicable after a Potential Bidder delivers all of the Participation Materials.

(12) If there is no Phase 1 Qualified Bidder by the end of Phase 1, SFC shall, in consultation with the Monitor, the Financial Advisor and the Noteholder Advisors, (a) forthwith terminate the Sale Process; and (b) as soon as reasonably practicable take such steps (including bringing motions, holding meetings of creditors, etc.) as may be necessary to complete the Restructuring Transaction.

(13) If the Sale Process has been terminated as provided in section 12, the Financial Advisor shall notify each Potential Bidder that submitted Participation Materials that the Sale Process has been terminated.

Confidential Information Memorandum and Due Diligence for Phase 1 Qualified Bidders

(14) The Confidential Information Memorandum will be made available by the Financial Advisor to Phase 1 Qualified Bidders as soon as practicable after the determination that such party is a Phase 1 Qualified Bidder.

(15) During Phase 1, SFC shall afford each Phase 1 Qualified Bidder (including, for greater certainty, its potential lenders or financiers and its financial and legal advisors, provided however, that such persons have also signed a Confidentiality Agreement (or are representatives for whom the relevant Phase 1 Qualified Bidder is responsible under its Confidentiality Agreement)) access to such due diligence materials and information relating to the Assets and the SFC Business as SFC, in its reasonable business judgment, in consultation with the Monitor and the Financial Advisor, deems appropriate, and which may include discussions with the Financial Advisor and SFC's legal advisors. Unless otherwise determined by SFC, in consultation with the Monitor and the Financial Advisor, Phase 1 Qualified Bidders will not be provided access to the Data Room.

(16) The Monitor, the Financial Advisor and SFC make no representation or warranty as to the information in the materials provided, except, in the case of SFC, to the extent contemplated under any definitive purchase agreement with a Successful Bidder. A copy of the Confidential Information Memorandum shall be provided to the Noteholder Advisors pursuant to their confidentiality agreements with SFC.

Phase 1

Seeking Letters of Intent by the Phase 1 Qualified Bidders

(17) For the period following the date of the Sale Process Order until the Phase 1 Bid Deadline (as defined below) ("**Phase 1**"), SFC and the Financial Advisor, under the supervision of the Monitor, will solicit non-binding letters of intent from Phase 1 Qualified Bidder to acquire the Assets from SFC pursuant to a CCAA Plan (each, a "**Letter of Intent**").

(18) A Phase 1 Qualified Bidder that desires to continue to participate in the Solicitation Process shall deliver written copies of a Letter of Intent to SFC through the Financial Advisor with a copy to the Monitor and the other parties listed on Schedule "C" at the addresses specified in Schedule "C" (by email) so as to be received by all such parties not later than 5:00 p.m. (Toronto time) on June 28, 2012 (the "**Phase 1 Bid Deadline**").

Qualified Letters of Intent

(19) A Letter of Intent will be considered a Qualified Letter of Intent only if it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder and contains the following information (a "**Qualified Letter of Intent**"):

- (a) a statement that the Phase 1 Qualified Bidder is offering to acquire the Assets from SFC pursuant to a CCAA Plan for consideration not less than the Qualified Consideration (a "**Sale Proposal**");

- (b) a specific indication of (i) the purchase price range expressed in United States dollars (including details of liabilities to be assumed by the Phase 1 Qualified Bidder and the projected net proceeds to be received by SFC on closing); (ii) the structure and financing of the transaction (including, but not limited to, the sources of financing for the purchase price, preliminary evidence of the availability of such financing and the steps necessary and associated timing to obtain the financing and consummate the proposed transaction and any related contingencies, as applicable); (iii) an outline of the Phase 1 Qualified Bidder's plans for the SFC Business for the first 12 months after completion of the transaction; (iv) the Phase 1 Qualified Bidder's expectations regarding the continued employment of the employees of the direct and indirect subsidiaries of SFC; (v) the general terms of any new agreements or arrangements to be entered into with any current or former employees of SFC and its direct and indirect subsidiaries; (vi) any anticipated corporate, shareholder, internal, regulatory or other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals; (vii) a description of any additional due diligence required or desired to be conducted during Phase 2; (viii) any conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and (ix) any other terms or conditions of the Sale Proposal which the Phase 1 Qualified Bidder believes are material to the transaction; and
- (c) such other information reasonably requested by SFC, in consultation with the Monitor and the Financial Advisor.

(20) SFC, in consultation with the Monitor and the Financial Advisor, will assess each such Letter of Intent received by the Phase 1 Bid Deadline, if any, and determine whether it is a Qualified Letter of Intent. Such determination will be made as promptly as practicable but no later than seven (7) Business Days after the receipt of any such Letter of Intent. For the purpose of such consultations and assessments, SFC, the Financial Advisor and/or the Monitor may seek clarification from any Phase 1 Qualified Bidder with respect to the terms of such Letter of Intent.

(21) Notwithstanding section 19, in respect of any non-compliant Letter of Intent, SFC may, in consultation with the Monitor and the Financial Advisor, waive compliance with any one or more of the requirements specified herein and deem such non-compliant Letter of Intent to be a Qualified Letter of Intent; provided that, SFC shall not, without the consent of the Monitor and the Initial Consenting Noteholders, waive the requirement that the consideration offered by the Phase 1 Qualified Bidder must be not less than the Qualified Consideration. A Phase 1 Qualified Bidder shall only be deemed a "**Qualified Bidder**" if it submits a Qualified Letter of Intent.

(22) If SFC (a) has received one or more Qualified Letters of Intent prior to the Phase 1 Bid Deadline; and (b) in consultation with the Monitor and the Financial Advisor, determines that there is a reasonable prospect of obtaining a Qualified Bid, the Sale Process will continue until the Phase 2 Bid Deadline in accordance with these Sale Process Procedures ("**Phase 2**").

(23) Subject to the terms of the Sale Process Order, SFC shall, in consultation with the Monitor, the Financial Advisor and the Noteholder Advisors, terminate the Sale Process at the end of Phase 1 if:

- (a) no Qualified Letter of Intent was received by SFC by the Phase 1 Bid Deadline;
 - (b) SFC, in consultation with the Monitor and the Financial Advisor, determines that there is no reasonable prospect that any Qualified Letter of Intent received will result in a Qualified Bid that is likely to be consummated; or
 - (c) SFC, in consultation with the Monitor and the Financial Advisor, determines that continuing with the Sale Process is not in the best interests of SFC.
- (24) If the Sale Process is terminated by SFC in accordance with section 23, or pursuant to an order of the Court, SFC shall, as soon as reasonably practicable, take such steps (including bringing motions, holding meetings of creditors, etc.) as may be necessary to complete the Restructuring Transaction.
- (25) If the Sale Process has been terminated as provided in section 23, the Financial Advisor shall notify each Phase 1 Qualified Bidder that submitted a Letter of Intent that the Sale Process has been terminated.

Phase 2

Seeking Qualified Bids by Qualified Bidders

- (26) A Qualified Bidder wishing to continue to participate in the Solicitation Process must deliver written copies of a Qualified Bid to SFC through the Financial Advisor with a copy to the Monitor and the other parties listed on Schedule "C" at the addresses specified in Schedule "C" (by email) so as to be received by all such parties not later than 5:00 pm (Toronto time) on September 26, 2012 (the "**Phase 2 Bid Deadline**").
- (27) During Phase 2, SFC shall afford each Qualified Bidder (including, for greater certainty, its potential lenders or financiers and its financial and legal advisors, provided, however, that such persons have also signed a Confidentiality Agreement (or are representatives for whom the relevant Qualified Bidder is responsible under its Confidentiality Agreement)) access to such due diligence materials and information relating to the Assets and the SFC Business as SFC, in its reasonable business judgment, in consultation with the Monitor and the Financial Advisor, deems appropriate, including, as appropriate, meetings with senior management of SFC, access to the Data Room and site tours.
- (28) The Monitor, the Financial Advisor and SFC make no representation or warranty as to the information in the materials provided, except, in the case of SFC, to the extent contemplated under any definitive purchase agreement with a Successful Bidder.

Qualified Bids

- (29) SFC shall make available to each Qualified Bidder a form of purchase agreement developed by SFC in consultation with the Monitor and the Financial Advisor (the "**Form of Purchase Agreement**") no later than 20 days after the Phase 1 Bid Deadline.

(30) A bid submitted by a Qualified Bidder will be considered a Qualified Bid only if it complies with all of the following (a “**Qualified Bid**”):

- (a) it includes a letter stating that the Qualified Bidder’s bid is irrevocable until the earlier of (x) the approval by the Court of the Successful Bid by the Successful Bidder and (y) the Outside Date, provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the sale of the Assets to the Successful Bidder and (ii) the Outside Date;
- (b) it includes a duly authorized and executed purchase agreement substantially in the form of the Form of Purchase Agreement, including the purchase price, expressed in United States dollars, the net proceeds to be paid to SFC on closing, together with all exhibits and schedules thereto, and such ancillary agreements as may be required by the Qualified Bidder with all exhibits and schedules thereto as well as copies of such materials marked to show those amendments and modifications to the Form of Purchase Agreement and such ancillary agreements;
- (c) it provides for the acquisition of the Assets from SFC pursuant to a CCAA Plan for consideration not less than the Qualified Consideration;
- (d) it includes written evidence of a firm, irrevocable commitment for all required funding and/or financing to consummate the proposed transaction, including the sources and uses of capital, or other evidence satisfactory to SFC, in consultation with the Monitor and the Financial Advisor that will allow SFC, in consultation with the Monitor and the Financial Advisor, to make a reasonable determination as to the Qualified Bidder’s financial and other capabilities to consummate the transaction contemplated by the bid;
- (e) it is not conditioned on (i) the outcome of unperformed due diligence by or on behalf of the Qualified Bidder and/or (ii) obtaining any financing or capital;
- (f) it outlines any anticipated regulatory and other approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (g) it provides a timeline to closing that is no later than the Outside Date, with critical milestones;
- (h) it fully discloses the identity of each entity that is bidding or that will be sponsoring, participating or beneficially interested in the bid, and the complete terms of any such sponsorship, participation or beneficial interest;
- (i) it includes an acknowledgement and representation that the Qualified Bidder (i) has relied solely upon its own independent review, investigation and/or inspection of the documents and/or the assets to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express

or implied (by operation of law or otherwise), regarding the Assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in the purchase agreement; (iii) is a sophisticated party capable of making its own assessments in respect of making its bid; and (iv) has had the benefit of independent legal advice in connection with its bid;

- (j) it includes evidence, in form and substance reasonably satisfactory to SFC, in consultation with the Monitor and the Financial Advisor, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the bid;
- (k) it is accompanied by a deposit in the form of a wire transfer (to a bank account specified by the Monitor), or such other form acceptable to SFC and the Monitor, payable to the order of the Monitor, in trust, of US\$10 million (or any other currency acceptable to the Monitor) to be held and dealt with in accordance with these Sale Process Procedures (the "**Deposit**");
- (l) if the Qualified Bidder is an entity newly formed for the purpose of the transaction or otherwise has limited net assets and/or operating history, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to SFC, in consultation with the Monitor and the Financial Advisor;
- (m) it contains any other information reasonably requested by SFC, in consultation with the Monitor and the Financial Advisor; and
- (n) it is received by the Phase 2 Bid Deadline and otherwise in accordance with section 26; provided, however, that SFC reserves the right following the Phase 2 Bid Deadline to conduct negotiations with each Qualified Bidder with respect to the terms and provisions of a bid and any qualifications or modifications that SFC, in consultation with the Monitor and the Financial Advisor, may seek in order for such bid to be classified as a Qualified Bid.

(31) Notwithstanding section 30, in respect of any non-compliant bid, SFC may, with the consent of the Monitor, waive compliance with any one or more of the requirements specified herein; provided, however, if such consent is not obtained, SFC may seek authority from the Court to waive compliance with any one or more of the requirements specified herein, provided that, in no circumstances shall the requirements in Sections (30)(a) (only with respect to the requirement that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the sale of the Assets to the Successful Bidder and (ii) the Outside Date), (30)(c), (30)(d), (30)(g), (30)(k) and (30)(n) be waived, without the consent of the Monitor and the Initial Consenting Noteholders.

(32) SFC will, in consultation with the Monitor, the Financial Advisor and the Noteholder Advisors, review each bid received by the Phase 2 Bid Deadline, if any, as set forth herein, and

determine whether it is a Qualified Bid. Such determination will be made as promptly as practicable but no later than seven (7) Business Days after the receipt of any such bid.

No Qualified Bids

(33) If at any point during the Sale Process, SFC determines, in consultation with the Monitor, the Financial Advisor and the Noteholder Advisors, that a Qualified Bid will not be obtained by the Phase 2 Bid Deadline, SFC shall (a) forthwith terminate the Sale Process; and (b) as soon as reasonably practicable take such steps (including bringing motions, holding meetings of creditors, etc.) as may be necessary to complete the Restructuring Transaction.

(34) If the Sale Process has been terminated as provided in section 33, the Financial Advisor shall notify each Qualified Bidder that the Sale Process has been terminated.

Evaluation and Selection of Successful Bid

(35) Evaluation criteria with respect to a Qualified Bid may include, but are not limited to items such as: (a) the purchase price (including assumed liabilities and other obligations to be performed or assumed by the bidder) and the net cash proceeds provided by such bid; (b) the claims likely to be created by such bid in relation to other bids; (c) the counterparties to, and the parties beneficially interested in, the transaction; (d) the proposed revisions to the Form of Purchase Agreement and the terms of the transaction documents (any such revisions to be acceptable to SFC in consultation with the Monitor and the Financial Advisor); (e) other factors affecting the speed, certainty and value of the transaction (including any regulatory or other approvals required to close the transaction); (f) the bidder's plans for the SFC Business for the first 12 months after completion of the transaction; (g) the bidder's expectations regarding the continued employment of the employees of the direct and indirect subsidiaries of SFC; (h) the terms of any new agreements or arrangements to be entered into with any current or former employees of the SFC and its direct and indirect subsidiaries; and (i) the likelihood and timing of consummating the transaction.

(36) If one or more Qualified Bids is received, SFC will, after consultation with the Monitor and the Financial Advisor, identify the highest or otherwise most favourable Qualified Bid (the "**Selected Superior Offer**") by October 5, 2012. SFC shall then finalize a definitive agreement in respect of the Selected Superior Offer by October 17, 2012, conditional upon approval of the Court, a vote of affected creditors (if not already obtained) and on the Selected Superior Offer closing on or before the Outside Date.

(37) Once a definitive agreement has been finalized and settled in respect of the Selected Superior Offer and approved by order of the Court in accordance with the provisions hereof, the Selected Superior Offer shall be the "**Successful Bid**" hereunder and the Qualified Bidder who made the Selected Superior Offer shall be the "**Successful Bidder**" hereunder.

(38) All Qualified Bids (other than the Successful Bid) shall be deemed rejected by SFC on and as of the date of approval of the Successful Bid by order of the Court.

(39) Notwithstanding anything contained herein, SFC, in consultation with the Monitor, the Financial Advisor and the Noteholder Advisors, may terminate the Sale Process at any time and

may reject one or more Qualified Bids, if SFC, in consultation with the Monitor and the Financial Advisor, determines that the Sale Process or any such Qualified Bid is not in the best interests of SFC.

(40) If the Sale Process is terminated by SFC in accordance with section 39, SFC shall as soon as reasonably practicable take such steps (including bringing motions, holding meetings of creditors, etc.) as may be necessary to complete the Restructuring Transaction.

(41) If the Sale Process has been terminated as provided in section 39, the Financial Advisor shall notify each Qualified Bidder that the Sale Process has been terminated.

Approval Motion

(42) The hearing to, among other things, (a) approve the Successful Bid; (b) authorize SFC's entering into of agreements with respect to the Successful Bid; and (c) authorize SFC's completing the transaction contemplated thereby including, without limitation, seeking an order directing that a meeting of creditors of SFC be held to consider the CCAA Plan to implement the Successful Bid (the "**Approval Motion**") will be held on a date to be scheduled by the Court upon application by SFC. Subject to SFC's covenants under the Support Agreement, the Approval Motion may be adjourned or rescheduled by SFC with the consent of the Monitor, without further notice by an announcement of the adjourned date at the Approval Motion. If the Successful Bid is not, or, in the reasonable determination of SFC, in consultation with the Monitor and the Financial Advisor, is not likely to be, consummated on or before Outside Date, then SFC shall, and any other party in interest may, seek direction from the Court in regard to the Sale Process, after notice and a hearing, subject to the respective rights of SFC and all parties in interest, including the Initial Consenting Noteholders, to be heard regarding such relief.

(43) If following approval of the Successful Bid by the Court, the Successful Bidder fails to consummate the transaction for any reason, SFC shall as soon as reasonably practicable after such failure take such steps (including bringing motions, holding meetings of creditors, etc.) as may be necessary to complete the Restructuring Transaction.

Deposits

(44) All Deposits shall be retained by the Monitor and invested in an interest bearing (if available) trust account. If there is a Successful Bid, the Deposit (plus any accrued interest) paid by the Successful Bidder whose bid is approved at the Approval Motion shall be non-refundable and applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction. The Deposits (plus any accrued interest) of Qualified Bidders not selected as the Successful Bidder shall be returned to such bidders within five (5) Business Days of the date upon which the Successful Bid is approved by the Court. If there is no Successful Bid, all Deposits (plus any accrued interest) shall be returned to the bidders within five (5) Business Days of the date upon which the Sale Process is terminated in accordance with these Sale Process Procedures.

(45) If a Successful Bidder breaches its obligations to close the transaction subsequent to the approval by the Court of the Successful Bid, it shall forfeit the Deposit, provided however, that

the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that SFC has against such breaching entity.

Approvals

(46) For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement the Successful Bid.

Amendments/Extensions of Time

(47) There shall be no amendments to this Sale Process, including, for greater certainty the process and procedures set out herein, without the prior written consent of the Monitor and the Initial Consenting Noteholders unless otherwise ordered by the Court upon application and appropriate notice, including to the Initial Consenting Noteholders, the Noteholder Advisors and each of the parties listed in Schedule "C". Dates or deadlines set forth herein may be amended or extended by SFC with the prior written consent of the Monitor and the Initial Consenting Noteholders, unless otherwise ordered by the Court upon application and appropriate notice, including to the Initial Consenting Noteholders, the Noteholder Advisors and each of the parties listed in Schedule "C". Notwithstanding the foregoing, SFC may, in consultation with the Monitor and the Financial Advisor, decrease the length of time of Phase 1, and increase or decrease the length of time of Phase 2; provided that in no case shall the number of days in Phases 1 and 2 exceed 180 days in the aggregate.

Consultation

(48) SFC will keep the Noteholder Advisors generally informed regarding the status of the Sale Process and, if determined advisable by SFC in its discretion, may, in consultation with the Monitor and the Financial Advisor, provide the Noteholder Advisors with an opportunity for the Noteholder Advisors to participate in material discussions with interested parties in relation to the Sale Process.

Initial Consenting Noteholder Consent

(49) For the purposes of these Sale Process Procedures, any matter requiring agreement, waiver, consent or approval of the consent of the Initial Consenting Noteholders shall require the agreement, waiver, consent or approval, as the case may be, of Initial Consenting Noteholders representing at least 66 2/3% of the aggregate principal amount of Notes held by the Initial Consenting Noteholders. SFC shall be entitled to rely on written confirmation from the Noteholder Advisors that the Initial Consenting Noteholders representing at least the foregoing percentage of the aggregate principal amount of Notes held by the Initial Consenting Noteholders have agreed, waived, consented to or approved a particular matter.

Further Orders

(50) At any time during the Sales Process, SFC or the Monitor may, following consultation with the Financial Advisor and the Noteholder Advisors, and upon notice to the Initial Consenting Noteholders, the Noteholder Advisors and each of the parties listed in Schedule "C",

apply to the Court for advice and directions with respect to the discharge of their respective powers and duties hereunder following a hearing. For greater certainty, nothing herein provides any Qualified Bidder with any rights other than as expressly set forth herein.

SCHEDULE "A"

DEFINED TERMS

In these Sale Process Procedures:

"Approval Motion" has the meaning ascribed thereto in section 42;

"Assets" means all of SFC's right, title and interest in and to its properties, assets and rights of every kind and description (including, without limitation, all restricted and unrestricted cash, contracts, real property, receivables or other debt owed to SFC, intellectual property, the SFC name and all related marks, all of its shares in its subsidiaries (including, without limitation, all of the shares of the Direct Subsidiaries) and all intercompany debt owed to SFC by any of its subsidiaries), other than the Excluded Assets;

"Business Day" means a day (other than a Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario and Hong Kong, Special Administrative Region of the People's Republic of China;

"CCAA" has the meaning ascribed thereto in the recitals to these Sale Process Procedures;

"CCAA Plan" has the meaning ascribed thereto in section 3;

"Claims and Interest" has the meaning ascribed thereto in section 5;

"Confidential Information Memorandum" means the memorandum relating to the SFC Business and the opportunity to acquire the Assets to be distributed to Phase 1 Qualified Bidders as part of the Sale Process;

"Confidentiality Agreement" means an executed confidentiality agreement in favor of SFC, in form and substance satisfactory to the Monitor, the Financial Advisor and SFC, which shall inure to the benefit of SFC and any purchaser of the Assets (including a purchaser pursuant to the Restructuring Transaction);

"Consenting Noteholders" has the meaning ascribed thereto in the Support Agreement;

"Court" has the meaning ascribed thereto in the recitals to these Sale Process Procedures;

"Data Room" means the virtual data room maintained by SFC through the facilities of Merrill Corporation.

"Deposit" has the meaning ascribed thereto in section 30(k);

"Direct Subsidiaries" means Sino-Panel Holdings Limited, Sino-Global Holdings Inc., Sino-Panel Corporation, Sino-Wood Partners, Sino-Capital Global Inc., Sino-Forest International (Barbados) Corporation and Sino-Forest Resources Inc. (BVI);

“Excluded Assets” means cash equal to \$20 million, the claims of SFC to be transferred to the Litigation Trust and any other assets and rights of SFC that are not transferred to the Successful Bidder pursuant to the Successful Bid as determined by SFC and the Successful Bidder and identified in the CCAA Plan;

“Financial Advisor” means Houlihan Lokey;

“Form of Purchase Agreement” has the meaning ascribed thereto in section 29;

“Initial Consenting Noteholders” has the meaning ascribed thereto in the Support Agreement;

“Initial Order” has the meaning ascribed thereto in the recitals to these Sale Process Procedures;

“Letter of Intent” has the meaning ascribed thereto in section 17;

“Litigation Trust” means the litigation trust to be established pursuant to the CCAA Plan pursuant to which all claims of SFC and its subsidiaries against any Person shall be transferred on the implementation date of the CCAA Plan.

“Meeting Order” means the order of the Court establishing the procedures for voting on the CCAA Plan, which shall be in form and substance satisfactory to SFC and the Noteholder Advisors, each acting reasonably, as such order may be amended at any time prior to the time the sale transaction that forms part of a Successful Bid is implemented with the consent of SFC and the Noteholder Advisors.

“Monitor” means FTI Consulting Canada Inc., in its capacity as monitor pursuant to the Initial Order and not in its personal or corporate capacity;

“NI 51-102” has the meaning ascribed thereto in section **Error! Reference source not found.**;

“Noteholder Advisors” means Goodmans LLP, Hogan Lovells LLP, Moelis & Company LLC and Moelis & Company Asia Limited, in their capacity as advisors to the Initial Consenting Noteholders;

“Notes” means the 5% Convertible Senior Notes due 2013 issued by SFC, the 10.25% Guaranteed Senior Notes due 2014 issued by SFC, the 4.25% Convertible Senior Notes due 2016 issued by SFC and the 6.25% Guaranteed Senior Notes due 2017 issued by SFC;

“Outside Date” means November 30, 2012, as the same may be amended with the consent of the Initial Consenting Noteholders.

“Participation Materials” has the meaning ascribed thereto in section 9;

“Person” means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, governmental entity, and a natural person including in such person’s capacity as trustee, heir, beneficiary, executor, administrator or other legal representative;

“**Phase 1**” has the meaning ascribed thereto in section 17;

“**Phase 1 Bid Deadline**” has the meaning ascribed thereto in section 18;

“**Phase 1 Qualified Bidder**” has the meaning ascribed thereto in section 10;

“**Phase 2**” has the meaning ascribed thereto in section 22;

“**Phase 2 Bid Deadline**” has the meaning ascribed thereto in section 26;

“**Potential Bidder**” has the meaning ascribed thereto in section 9;

“**Qualified Bid**” has the meaning ascribed thereto in section 30;

“**Qualified Bidder**” has the meaning ascribed thereto in section 21;

“**Qualified Consideration**” means cash consideration payable to SFC (or such other form of consideration as may be acceptable to SFC and the Initial Consenting Noteholders) in an amount equal to 85% of the aggregate principal amount of the Notes, plus all accrued and unpaid interest on Notes, at the regular rates provided therefor pursuant to the Note indentures, up to and including March 30, 2012;

“**Qualified Letter of Intent**” has the meaning ascribed thereto in section 19;

“**Restructuring Transaction**” means the restructuring transaction contemplated by the Support Agreement in the event a Successful Bid is not obtained and/or SFC does not consummate the sale transaction;

“**Sale Process**” has the meaning ascribed thereto in the recitals to these Sale Process Procedures;

“**Sale Process Order**” has the meaning ascribed thereto in the recitals to these Sale Process Procedures;

“**Sale Process Procedures**” has the meaning ascribed thereto the recitals to these Sale Process Procedures;

“**Sale Proposal**” has the meaning ascribed thereto in section 19(a);

“**Selected Superior Offer**” has the meaning ascribed thereto in section 36;

“**SFC**” has the meaning ascribed thereto in the recitals to these Sale Process Procedures;

“**SFC Business**” means the business carried on by SFC and its direct and indirect subsidiaries;

“**Solicitation Process**” has the meaning ascribed thereto in section 1;

“**Successful Bid**” has the meaning ascribed thereto in section 37;

“**Successful Bidder**” has the meaning ascribed thereto in section 37;

“**Support Agreement**” means the support agreement dated March 30, 2012, between SFC and the Initial Consenting Noteholders and the other Consenting Noteholders, as amended from time to time;

“**Teaser Letter**” has the meaning ascribed thereto in section 8; and

“**Voting Deadline**” means the deadline for voting on the CCAA Plan, as established by the Meeting Order.

SCHEDULE "B"

FORM OF NOTICE OF SALE PROCESS

TAKE NOTICE THAT pursuant to an order (the "Order") of the Ontario Superior Court of Justice (the "Court") issued on March 30, 2012 under the *Companies' Creditors Arrangement Act*, Sino-Forest Corporation obtained Court approval to conduct a sale solicitation process (the "Sale Process").

Pursuant to the Sale Process, Sino-Forest Corporation's financial advisor, Houlihan Lokey, is soliciting proposals from prospective strategic and financial parties to acquire substantially all of the property, assets and business of Sino-Forest Corporation and its subsidiaries, other than certain excluded assets. Sino-Forest Corporation is a leading commercial forest plantation operator in China. Its principal businesses include the ownership and management of tree plantations, the sale of standing timber and wood logs, and the complementary manufacturing of downstream engineered-wood products.

Interested parties can obtain additional information by contacting Houlihan Lokey at:

Houlihan Lokey
Attention: David Putnam
Telephone: +852.3551.2300
Email: dputnam@hl.com

SCHEDULE "C"

NOTICE PARTIES

1.	<p>Sino-Forest Corporation Room 3815-29 38/F, Sun Hung Kai Centre 30 Harbour Road, Wanchai, Hong Kong</p> <p>Attention: Mr. Judson Martin, Chief Executive Officer Email: 1atson-martin@sinoforest.com</p>
2.	<p>Houlihan Lokey 2101 Two Exchange Square, 8 Connaught Place Central, Hong Kong</p> <p>Attention: David Putnam Email: dputnam@hl.com</p>
3.	<p>Bennett Jones LLP One First Canadian Place, Suite 3400, P.O. Box 130 Toronto, Ontario M5X 1A4</p> <p>Attention: Kevin J. Zych and Raj S. Sahni Email: zychk@bennettjones.com and sahnir@bennettjones.com</p>
4.	<p>FTI Consulting Canada Inc. TD Waterhouse Tower 79 Wellington Street West, Suite 2010, P.O. Box 104 Toronto, Ontario M5K 1G8</p> <p>Attention: Greg Watson Email: greg.watson@fticonsulting.com</p>

**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.

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

Proceedings commenced in Toronto

SALES PROCESS ORDER

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
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Rob Staley (LSUC #27115J)
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Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicant

APPENDIX “C” – APRIL 2 ENDORSEMENT

Attached.

CITATION: Sino-Forest Corporation (Re), 2012 ONSC 2063
COURT FILE NO.: CV-12-9667-00CL
DATE: 20120402

SUPERIOR COURT OF JUSTICE – ONTARIO

(COMMERCIAL LIST)

RE: 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, Applicant

BEFORE: MORAWETZ J.

COUNSEL: Robert W. Staley, Kevin Zych, Derek J. Bell and Jonathan Bell, for the Applicant

E. A. Sellers for the Sino Forest Corporation Board of Directors

Derrick Tay and Jennifer Stam for the Proposed Monitor, FTI Consulting Canada, Inc.

R. J. Chadwick, B. O'Neill and C. Descours for the Ad Hoc Noteholders

M. Starnino for counsel in the Ontario class action

P. Griffin for Ernst & Young

Jim Grout and Hugh Craig for the Ontario Securities Commission

Scott Bomhof for Credit Suisse, TD and the underwriter defendants in the Canadian class action

HEARD: MARCH 30, 2012

ENDORSED: MARCH 30, 2012

REASONS: APRIL 2, 2012

ENDORSEMENT

OVERVIEW

[1] The Applicant, Sino-Forest Corporation (“SFC”), moves for an Initial Order and Sale Process Order under the *Companies’ Creditors Arrangement Act* (“CCAA”).

[2] The factual basis for the application is set out in the affidavit of Mr. W. Judson Martin, sworn March 30, 2012. Additional detail has been provided in a pre-filing report provided by the proposed monitor, FTI Consulting Canada Inc. (“FTI”).

[3] Counsel to SFC advise that, after extensive arm’s-length negotiations, SFC has entered into a Support Agreement with a substantial number of its Noteholders, which requires SFC to pursue a CCAA plan as well as a Sale Process.

[4] Counsel to SFC advises that the restructuring transactions contemplated by this proceeding are intended to:

- (a) separate Sino-Forest’s business operations from the problems facing SFC outside the People’s Republic of China (“PRC”) by transferring the intermediate holding companies that own the “business” and SFC’s inter-company claims against its subsidiaries to a newly formed company owned primarily by the Noteholders in compromise of their claims;
- (b) effect a Sale Process to determine whether anyone will purchase SFC’s business operations for an amount of consideration acceptable to SFC and its Noteholders, with potential excess being made available to Junior Constituents;
- (c) create a structure that will enable litigation claims to be pursued for the benefit of SFC’s stakeholders; and
- (d) allow Junior Constituents some “upside” in the form of a profit participation if Sino-Forest’s business operations acquired by the Noteholders are monetized at a profit within seven years from Plan implementation.

[5] The relief sought by SFC in this application includes:

- (i) a stay of proceedings against SFC, its current or former directors or officers, any of SFC’s property, and in respect of certain of SFC’s subsidiaries with respect to the note indentures issued by SFC;
- (ii) the granting of a Directors’ Charge and Administration Charge on certain of SFC’s property;
- (iii) the approval of the engagement letter of SFC’s financial advisor, Houlihan Lokey;
- (iv) the relieving of SFC of any obligation to call and hold an annual meeting of shareholders until further order of this court; and
- (v) the approval of sales process procedures.

FACTS

[6] SFC was formed under the *Business Corporations Act (Ontario)*, R.S.O. 1990, c. B-16, and in 2002 filed articles of continuance under the *Canada Business Corporations Act*, R.S.C. 1985 c. C-44 (“CBCA”).

[7] Since 1995, SFC has been a publicly-listed company on the TSX. SFC’s registered office is in Mississauga, Ontario, and its principal executive office is in Hong Kong.

[8] A total of 137 entities make up the Sino-Forest Companies: 67 PRC incorporated entities (with 12 branch companies), 58 BVI incorporated entities, 7 Hong Kong incorporated entities, 2 Canadian entities and 3 entities incorporated in other jurisdictions.

[9] SFC currently has three employees. Collectively, the Sino-Forest Companies employ a total of approximately 3,553 employees, with approximately 3,460 located in the PRC and approximately 90 located in Hong Kong.

[10] Sino-Forest is a publicly-listed major integrated forest plantation operator and forest productions company, with assets predominantly in the PRC. Its principal businesses include the sale of standing timber and wood logs, the ownership and management of forest plantation trees, and the complementary manufacturing of downstream engineered-wood products.

[11] Substantially all of Sino-Forest’s sales are generated in the PRC.

[12] On June 2, 2011, Muddy Waters LLC published a report (the “MW Report”) which, according to submissions made by SFC, alleged, among other things, that SFC is a “near total fraud” and a “ponzi scheme”.

[13] On the same day that the MW Report was released, the board of directors of SFC appointed an independent committee to investigate the allegations set out in the MW Report.

[14] In addition, investigations have been launched by the Ontario Securities Commission (“OSC”), the Hong Kong Securities and Futures Commissions (“HKSFC”) and the Royal Canadian Mounted Police (“RCMP”).

[15] On August 26, 2011, the OSC issued a cease trade order with respect to the securities of SFC and with respect to certain senior management personnel. With the consent of SFC, the cease trade order was extended by subsequent orders of the OSC.

[16] SFC and certain of its officers, directors and employees, along with SFC’s current and former auditors, technical consultants and various underwriters involved in prior equity and debt offerings, have been named as defendants in eight class action lawsuits in Canada. Additionally, a class action was commenced against SFC and other defendants in the State of New York.

[17] The affidavit of Mr. Martin also points out that circumstances are such that SFC has not been able to release Q3 2011 results and these circumstances could also impact SFC’s historical financial statements and its ability to obtain an audit for its 2011 fiscal year. On January 10,

2012, SFC cautioned that its historic financial statements and related audit reports should not be relied upon.

[18] SFC has issued four series of notes (two senior notes and two convertible notes), with a combined principal amount of approximately \$1.8 billion, which remain outstanding and mature at various times between 2013 and 2017. The notes are supported by various guarantees from subsidiaries of SFC, and some are also supported by share pledges from certain of SFC's subsidiaries.

[19] Mr. Martin has acknowledged that SFC's failure to file the Q3 results constitutes a default under the note indentures.

[20] On January 12, 2012, SFC announced that holders of a majority in principal amount of SFC's senior notes due 2014 and its senior notes due 2017 agreed to waive the default arising from SFC's failure to release the Q3 results on a timely basis.

[21] The waiver agreements expire on the earlier of April 30, 2012 and any earlier termination of the waiver agreements in accordance with their terms. In addition, should SFC fail to file its audited financial statements for its fiscal year ended December 31, 2011 by March 30, 2012, the indenture trustees would be in a position to accelerate and enforce the approximately \$1.8 billion in notes.

[22] The audited financial statements for the fiscal year that ended on December 31, 2011 have not yet been filed.

[23] Mr. Martin also deposes that, although the allegations in the MW Report have not been substantiated, the allegations have had a catastrophic negative impact on Sino-Forest's business activities and there has been a material decline in the market value of SFC's common shares and notes. Further, credit ratings were lowered and ultimately withdrawn.

[24] Mr. Martin contends that the various investigations and class action lawsuits have required, and will continue to require, that significant resources be expended by directors, officers and employees of Sino-Forest. This has also affected Sino-Forest's ability to conduct its operations in the normal course of business and the business has effectively been frozen and ground to a halt. In addition, SFC has been unable to secure or renew certain existing onshore banking facilities and has been unable to obtain offshore letters of credit to facilitate its trading business. Further, relationships with the PRC government, local government, and suppliers have become strained, making it increasingly difficult to conduct any business operations.

[25] As noted above, following arm's-length negotiations between SFC and the Ad Hoc Noteholders, the parties entered into a Support Agreement which provides that SFC will pursue a CCAA plan on the terms set out in the Support Agreement in order to implement the agreed upon restructuring transaction.

APPLICATION OF THE CCAA

[26] SFC is a corporation continued under the CBCA and is a “company” as defined in the CCAA.

[27] SFC also takes the position that it is a “debtor company” within the meaning of the CCAA. A “debtor company” includes a company that is insolvent.

[28] The issued and outstanding convertible and senior notes of SFC total approximately \$1.8 billion. The waiver agreements with respect to SFC’s defaults under the senior notes expire on April 30, 2012. Mr. Martin contends that, but for the Support Agreement, which requires SFC to pursue a CCAA plan, the indenture trustees under the notes would be entitled to accelerate and enforce the rights of the Noteholders as soon as April 30, 2012. As such, SFC contends that it is insolvent as it is “reasonably expected to run out of liquidity within a reasonable proximity of time” and would be unable to meet its obligations as they come due or continue as a going concern. See *Re Stelco* [2004] O.J. No. 1257 at para. 26; leave to appeal to C.A. refused [2004] O.J. No. 1903; leave to appeal to S.C.C. refused [2004] S.C.C.A. No. 336; and *ATB Financial v. Metcalfe and Mansfield Alternative Investments II Corp.*, [2008] O.J. No. 1818 (S.C.J.) at paras. 12 and 32.

[29] For the purposes of this application, I accept that SFC is a “debtor company” within the meaning of the CCAA and is insolvent; and, as a CBCA company that is insolvent with debts in excess of \$5 million, SFC meets the statutory requirements for relief under the CCAA.

[30] The required financial information, including cash-flow information, has been filed.

[31] I am satisfied that it is appropriate to grant SFC relief under the CCAA and to provide for a stay of proceedings. FTI Consulting Canada, Inc., having filed its Consent to act, is appointed Monitor.

THE ADMINISTRATION CHARGE

[32] SFC has also requested an Administration Charge. Section 11.52 of the CCAA provides the court with the jurisdiction to grant an Administration Charge in respect of the fees and expenses of FTI and other professionals.

[33] I am satisfied that, in the circumstances of this case, an Administration Charge in the requested amount is appropriate. In making this determination I have taken into account the complexity of the business, the proposed role of the beneficiaries of the charge, whether the quantum of the proposed charge appears to be fair and reasonable, the position of the secured creditors likely to be affected by the charge and the position of FTI.

[34] In this case, FTI supports the Administration Charge. Further, it is noted that the Administration Charge does not seek a super priority charge ranking ahead of the secured creditors.

THE DIRECTORS' CHARGE

[35] SFC also requests a Directors' Charge. Section 11.51 of the CCAA provides the court with the jurisdiction to grant a charge in favour of any director to indemnify the director against obligations and liabilities that they may incur as a director of the company after commencement of the CCAA proceedings.

[36] Having reviewed the record, I am satisfied that the Directors' Charge in the requested amount is appropriate and necessary. In making this determination, I have taken into account that the continued participation of directors is desirable and, in this particular case, absent the Directors' Charge, the directors have indicated they will not continue in their participation in the restructuring of SFC. I am also satisfied that the insurance policies currently in place contain exclusions and limitations of coverage which could leave SFC's directors without coverage in certain circumstances.

[37] In addition, the Directors' Charge is intended to rank behind the Administration Charge. Further, FTI supports the Directors' Charge and the Directors' Charge does not seek a super priority charge ranking ahead of secured creditors.

[38] Based on the above, I am satisfied that the Directors' Charge is fair and reasonable in the circumstances.

THE SALE PROCESS

[39] SFC has also requested approval for the Sale Process.

[40] The CCAA is to be given a broad and liberal interpretation to achieve its objectives and to facilitate the restructuring of an insolvent company. It has been held that a sale by a debtor, which preserves its businesses as a going concern, is consistent with these objectives, and the court has the jurisdiction to authorize such a sale under the CCAA in the absence of a plan. See *Re Nortel Networks Corp.*, [2009] O.J. No. 3169 (S.C.J.) at paras. 47-48.

[41] The following questions may be considered when determining whether to authorize a sale under the CCAA in the absence of a plan (See *Re Nortel Networks Corp.*, *supra* at para. 49):

- (i) Is the sale transaction warranted at this time?
- (ii) Will the sale benefit the "whole economic community"?
- (iii) Do any of the debtors' creditors have a *bone fide* reason to object to the sale of the business?
- (iv) Is there a better alternative?

[42] Counsel submits that as a result of the uncertainty surrounding SFC, it is impossible to know what an interested third party might be willing to pay for the underlying business operations of SFC once they are separated from the problems facing SFC outside the PRC. Counsel further contends that it is only by running the Sale Process that SFC and the court can

determine whether there is an interested party that would be willing to purchase SFC's business operations for an amount of consideration that is acceptable to SFC and its Noteholders while also making excess funds available to Junior Constituents.

[43] Based on a review of the record, the comments of FTI, and the support levels being provided by the Ad Hoc Noteholders Committee, I am satisfied that the aforementioned factors, when considered in the circumstances of this case, justify the approval of the Sale Process at this point in time.

ANCILLARY RELIEF

[44] I am also of the view that it is impractical for SFC to call and hold its annual general meeting at this time and, therefore, I am of the view that it is appropriate to grant an order relieving SFC of this obligation.

[45] SFC seeks to have FTI authorized, as a formal representative of SFC, to apply for recognition of these proceedings, as necessary, in any jurisdiction outside of Canada, including as "foreign main proceedings" in the United States pursuant to Chapter 15 of the U.S. Bankruptcy Code. Counsel contends that such an order is necessary to facilitate the restructuring as, among other things, SFC faces class action lawsuits in New York, the notes are governed by New York law, the indenture trustees are located in New York and certain of the SFC subsidiaries may face proceedings in foreign jurisdictions in respect of certain notes issued by SFC. In my view, this relief is appropriate and is granted.

[46] SFC also requests an order approving:

- (i) the Financial Advisor Agreement; and
- (ii) Houlihan Lokey's retention by SFC under the terms of the agreement.

[47] Both SFC and FTI believe that the quantum and nature of the remuneration provided for in the Financial Advisor Agreement is fair and reasonable and that an order approving the Financial Advisor Agreement is appropriate and essential to a successful restructuring of SFC. This request has the support of parties appearing today and, in my view, is appropriate in the circumstances and is therefore granted.

DISPOSITION

[48] Accordingly, the relief requested by SFC is granted and orders shall issue substantially in the form of the Initial Order and the Sale Process Order included the Application Record.

MISCELLANEOUS

[49] SFC has confirmed that it is bound by the Support Agreement and intends to comply with it.

[50] The come-back hearing is scheduled for Friday, April 13, 2012. The orders granted today contain a come-back clause. The orders were made on extremely short notice and for all practical purposes are to be treated as being made *ex parte*.

[51] The scheduling of future hearings in this matter shall be coordinated through counsel to the Monitor and the Commercial List Office.

[52] Finally, it would be helpful if counsel could also file materials on a USB key in addition to a paper record.



MORAWETZ J.

Date: April 2, 2012

APPENDIX “D” – APRIL 11 ENDORSEMENT

Attached.

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Sino.

Plaintiff(s)
AND

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
<i>Counsel sheet Attached</i>		

- Order Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: _____
- Time Table approved (as follows):

*- Inforce call scheduled Thursday April 12, 2012
8:30 a.m. (Call in details to be provided by Trustee.)*

*- Parties are agreeable to submit as
the attached. His language is accepted
and is the indent for today*

April 11, 2012
Date


Judge's Signature

Additional Pages _____

1 The Ontario Plaintiffs have served a notice of motion returnable on the comeback date of April 13, 2012. Discussion between the stakeholders regarding the larger issues raised in the notice of motion are ongoing. The Ontario Plaintiffs are not and should not be prejudiced, in any way, directly or indirectly, by not having their motion heard on April 13, 2012.

The Ontario Plaintiffs are proceeding with the relief requested in para. 2^{(a) & (b)} of their notice of motion for advice and direction regarding the stay of proceedings ~~being~~ herein, as it relates to the Funding Motion^{and} the Poiny Settlement Motion, ~~and the Leave and Certification motions.~~

If necessary, the parties will reattach at a Chambers appointment next week if they are unable to come to terms on a tolling agreement in connection with the Leave Motion and Certification Motion.

A handwritten signature in black ink, appearing to be a stylized name, possibly "R. J. [unclear]".

APPENDIX “E” – APRIL 11th FORECAST

Attached.

Sino-Forest Corporation
Cash Flow Forecast
(CAD \$000)

	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Total
Week Ending	13-Apr	20-Apr	27-Apr	4-May	11-May	18-May	25-May	1-Jun	8-Jun	15-Jun	22-Jun	29-Jun	6-Jul	13-Jul	14 Week Total
Cash inflow															
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412	\$ -	\$ -	\$ 412
Total cashinflow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 412	\$ -	\$ -	\$ 412
Cash outflow															
Payroll and Benefits	\$ 30	\$ -	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ 211
Board & Committee Fees	\$ -	\$ -	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ -	\$ 301	\$ -	\$ 483
Travel	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 26	\$ 341
Rent,Communication & Utilities	\$ 16	\$ 1	\$ 1	\$ 1	\$ 1	\$ 16	\$ 1	\$ 1	\$ 1	\$ 16	\$ 1	\$ -	\$ 1	\$ 16	\$ 76
Taxes & Other	\$ 16	\$ 13	\$ 14	\$ 29	\$ 9	\$ 13	\$ 29	\$ 13	\$ 9	\$ 13	\$ 9	\$ -	\$ 18	\$ 10	\$ 197
Total cash outflow	\$ 89	\$ 40	\$ 41	\$ 178	\$ 37	\$ 86	\$ 56	\$ 162	\$ 37	\$ 86	\$ 37	\$ 30	\$ 346	\$ 83	\$ 1,308
Net Operating Cashflow	\$ (89)	\$ (40)	\$ (41)	\$ (178)	\$ (37)	\$ (86)	\$ (56)	\$ (162)	\$ (37)	\$ (86)	\$ (37)	\$ 382	\$ (346)	\$ (83)	\$ (895)
Restructuring Costs															
Professional Fees	\$ 1,635	\$ 844	\$ 1,774	\$ 844	\$ 844	\$ 860	\$ 1,840	\$ 860	\$ 860	\$ 860	\$ 860	\$ 1,915	\$ 860	\$ 860	\$ 15,714
Total Restructuring Costs	\$ 1,635	\$ 844	\$ 1,774	\$ 844	\$ 844	\$ 860	\$ 1,840	\$ 860	\$ 860	\$ 860	\$ 860	\$ 1,915	\$ 860	\$ 860	\$ 15,714
Net Cash Flow	\$ (1,723)	\$ (884)	\$ (1,815)	\$ (1,022)	\$ (880)	\$ (946)	\$ (1,896)	\$ (1,022)	\$ (897)	\$ (946)	\$ (897)	\$ (1,533)	\$ (1,206)	\$ (943)	\$ (16,609)
Opening Cash Balance	\$ 67,765	\$ 66,041	\$ 65,158	\$ 63,343	\$ 62,321	\$ 61,441	\$ 60,495	\$ 58,599	\$ 57,577	\$ 56,680	\$ 55,734	\$ 54,837	\$ 53,305	\$ 52,098	\$ 67,765
Net Cash Balance	\$ (1,723)	\$ (884)	\$ (1,815)	\$ (1,022)	\$ (880)	\$ (946)	\$ (1,896)	\$ (1,022)	\$ (897)	\$ (946)	\$ (897)	\$ (1,533)	\$ (1,206)	\$ (943)	\$ (16,609)
Ending Cash Balance	\$ 66,041	\$ 65,158	\$ 63,343	\$ 62,321	\$ 61,441	\$ 60,495	\$ 58,599	\$ 57,577	\$ 56,680	\$ 55,734	\$ 54,837	\$ 53,305	\$ 52,098	\$ 51,156	\$ 51,156

Notes

- 1** The purpose of this Cash Flow Forecast is to determine the liquidity requirements for Sino-Forest Corporation during the CCAA Proceedings.
- 2** Receipts have been forecast based on historical payment patterns.
- 3** Payroll costs and other operating expenses are forecast based on historical analysis and management forecast.
- 4** Board and Committee Fees are based on board resolutions passed to date.
- 5** Travel costs have been forecast based on expected travel costs to be incurred throughout the CCAA proceedings between Canada and Hong Kong.
- 6** Estimated restructuring costs are based on projected costs associated with legal and professional fees relating to the CCAA Proceedings.

APPENDIX ‘F’ – WALL STREET JOURNAL NOTICE

Attached.

APPENDIX “G” – GLOBE AND MAIL NOTICE

Attached.

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THE WALL STREET JOURNAL.

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NOTICE

NOTICE regarding Sino-Forest Corporation (the "Applicant")
RE: NOTICE OF CCAA FILING, SUPPORT AGREEMENT DEADLINE & SALE PROCESS
Notice of CCAA Proceedings

NOTICE IS HEREBY GIVEN that on March 30, 2012, the Applicant sought and obtained from the Ontario Superior Court of Justice (Commercial List) (the "Court") at Toronto an initial order (the "Initial Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") under Court File Number CV-12-9667-00CL. Pursuant to the Initial Order, FTI Consulting Canada Inc. has been appointed as CCAA monitor (the "Monitor").

Notice of Joinder under the Support Agreement
NOTICE IS HEREBY GIVEN to all of the holders ("Noteholders") of the following notes issued by the Applicant: US\$345,000,000 of 5.00% convertible senior notes due 2013, US\$399,517,000 10.25% guaranteed senior notes due 2014, US\$460,000,000 of 4.25% convertible senior notes due 2016 and US\$600,000,000 6.25% guaranteed senior notes due 2017 (collectively, the "Notes") that a Restructuring Support Agreement dated as of March 30, 2012 (the "Support Agreement") was made between, among others, the Applicant and certain of the Applicant's noteholders (the "Initial Consenting Noteholders"). Capitalized terms used in this notice and not otherwise defined shall have the meaning given to them in the Support Agreement.

NOTICE IS HEREBY GIVEN that any Noteholder (other than an Initial Consenting Noteholder) who wishes to become a Consenting Noteholder and entitled to the Early Consent Consideration pursuant to the Support Agreement (if such Early Consent Consideration becomes payable pursuant to the terms thereof, and subject to such noteholder demonstrating its holdings to the Monitor in accordance with the Support Agreement) must execute a Joinder Agreement, which can be found on the Monitor's website at <http://cfcanada.fticonsulting.com/sfc> and return such executed Joinder Agreement to the Applicant and the Noteholder Advisors (as defined in the Initial Order and at the addresses set forth in Section 17(q) of the Support Agreement) in accordance with the terms of the Support Agreement by no later than the consent deadline of 5:00 p.m. (Toronto Time) on May 15, 2012, and, upon doing so, such Noteholder shall become a Consenting Noteholder and shall be bound by the terms of the Support Agreement. The Monitor may request additional information from you after receipt of your Joinder Agreement to verify your holdings of Notes. If you have any questions regarding this process, please contact the Monitor at (416) 649-8094 or by email at sfc@fticonsulting.com.

PLEASE TAKE NOTICE that a copy of the Initial Order, the Support Agreement, the Joinder Agreement, the Sale Process Order, and other public information concerning these CCAA proceedings can be found on the Monitor's Website at <http://cfcanada.fticonsulting.com/sfc>, or may be obtained by contacting the Monitor at:

FTI Consulting
Court-appointed Monitor of Sino-Forest Corporation
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto, Ontario M5K 1G8
Attention: Jodi Porepa
Hotline: (416) 649-8094
Email: sfc@fticonsulting.com

Sale Process

TAKE NOTICE THAT pursuant to an order (the "Sale Process Order") of the Court issued on March 30, 2012 under the CCAA, the Applicant obtained Court approval to conduct a sale solicitation process (the "Sale Process"). Pursuant to the Sale Process, Houlihan Lokey is soliciting proposals from prospective strategic and financial parties to acquire substantially all of the property, assets and business of the Applicant and its subsidiaries, other than certain excluded assets. The Applicant is a leading commercial forest plantation operator in China. Its principal businesses include the ownership and management of tree plantations, the sale of standing timber and wood logs, and the complementary manufacturing of downstream engineered-wood products.

The Court also appointed FTI Consulting Canada Inc. as the Monitor of the Applicant and confirmed Houlihan Lokey as its financial advisor. Interested parties can obtain additional information regarding the Sale Process by contacting Houlihan Lokey at:

Houlihan Lokey
Attention: David Putnam
Telephone: +852.3551.2300
Email: dputnam@hl.com

In the matter of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and

In the matter of a Plan of Compromise or Arrangement of PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc., conducting business as Touchpoint (the "Companies")

NOTICE TO CREDITORS

NOTICE IS HEREBY GIVEN that on March 23, 2012, the Companies sought and obtained from the Ontario Superior Court of Justice (Commercial List), an initial order (the "Initial Order") pursuant to the CCAA, under Court File No. CV-12-9656-00CL. Pursuant to the Initial Order, PricewaterhouseCoopers Inc. was appointed as monitor of the Companies (the "Monitor"). This notice is provided in accordance with section 23 (1) (a) of the CCAA and paragraph 44 of the Initial Order.

NOTICE IS HEREBY GIVEN that a copy of the Initial Order and other public information in respect of these CCAA proceedings are available on the Monitor's website at www.pwc.com/car-pcas, or may be obtained by contacting the Monitor directly at:

PricewaterhouseCoopers Inc.
Monitor of
PCAS Patient Care Automation Services Inc. and 2163279 Ontario Inc.
18 York Street, Suite 2600
Toronto, ON M5J 0B2
Attention: Sara de Verneuil
Telephone: +1 416 687 8316

DATED at Toronto, Ontario this 27th day of March, 2012.



NOTICE TO CREDITORS OF STERLING SHOES INC., STERLING SHOES GP INC. AND STERLING SHOES LIMITED PARTNERSHIP

(hereinafter referred to collectively as the "Petitioner Parties")

RE: NOTICE OF CLAIMS PROCESS FOR THE PETITIONER PARTIES PURSUANT TO THE COMPANIES' CREDITORS ARRANGEMENT ACT ("CCAA")

This notice is being published pursuant to an order of the Supreme Court of British Columbia dated April 2, 2012 (the "Claims Process Order") which approved a claims Process for the determination of certain claims against the Petitioner Parties and/or their Directors and/or Officers. The claims Process only applies to the Claims of Creditors described in the Claims Process Order. A copy of the Claims Process Order and other public information concerning the CCAA proceedings can be obtained on the website of Alvarez & Marsal Canada Inc., the Court-Appointed Monitor of the Petitioner Parties (the "Monitor") at www.alvarezandmarsal.com/en/canada/sterling. Any person who may have a claim against any of the Petitioner Parties and/or any of their Directors and/or Officers should carefully review and comply with the Claims Process Order.

Any person having a Claim against any of the Petitioner Parties and/or any of their Directors and/or Officers arising or relating to the period prior to October 21, 2011 (the "Filing Date"), which would have been a claim provable in bankruptcy had the Petitioner Parties become bankrupt on the Filing Date and who does not receive a Claim Amount Notice with their Claims Package, or who receives a Claim Amount Notice with their Claims Package but disputes the amount or nature of their Claim as listed in their Claim Amount Notice, must send a Proof of Claim or Landlord Proof of Claim, as applicable, to the Monitor, to be received by the Monitor by no later than 5:00 p.m. (Vancouver time) on May 9, 2012 (the "Claims Bar Date").

Proofs of Claim and Landlord Proofs of Claim for Claims arising as a result of a restructuring, disclaimer, resiliation, termination, or breach by any of the Petitioner Parties on or after the Filing Date of any contract, lease, employment agreement, lease or other agreement or arrangement of any nature whatsoever, whether written or oral, must be received by the Monitor by no later than: (a) the Claims Bar Date; and (b) 5:00 p.m. (Vancouver time) on May 9, 2012.

Cold War law shuts door on Russia's boom

SUDEEP REDDY

Russia is on the cusp of joining the World Trade Organization after a two-decade journey, a landmark move to integrate the emerging economy into the international trading system.

There's one problem for U.S. companies: They may be left out of the parade.

Election-year sparring could keep the U.S. from lifting long-standing restrictions on trade with Russia by the time the country joins the WTO this summer. As a result, U.S. companies wouldn't receive the same legal protections against Russian tariffs and other hurdles to business that companies from other countries would gain, putting the U.S. businesses at a competitive disadvantage, executives say.

The largest business groups in the U.S., including the U.S. Chamber of Commerce, say passing legislation to lift the U.S. restrictions is their No. 1 trade goal this year. Dozens of smaller organizations, including the National Chicken Council and the Toy Industry Association, are lobbying too.

The stakes are high for U.S. companies, which are eager for new markets amid slow growth in advanced economies such as the U.S. and Europe. U.S. exports of goods and services to Russia could double over the next five years from \$9-billion (U.S.) in 2010 if U.S. companies get full access to the market, according to economists at the Peterson Institute for International Economics.

At issue is the Jackson-Vanik amendment, a Cold War measure that restricts U.S. trade relations with nations that limit emigration. Congress passed the law in 1974 to ensure that Jews could leave the Soviet Union freely. That hasn't been a problem since the Soviet Union collapsed, and U.S. administrations have waived the measure's restrictions annually for Russia since the early 1990s.

But unless the U.S. repeals Jackson-Vanik permanently for Russia - annual waivers aren't sufficient - Moscow still could maintain high tariffs on U.S. products and

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)

FIRST REPORT OF THE MONITOR

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Toronto ON M5X 1G5

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Lawyers for the Monitor,
FTI Consulting Canada Inc.