

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

Sino-Forest Corporation

SIXTEENTH REPORT OF THE MONITOR

January 29, 2013

**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

**SIXTEENTH 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 (the "**Company**" or "**SFC**") 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. was appointed as the Monitor of the Company (the "**Monitor**") in the CCAA proceedings. By Order of this Court dated April 20, 2012 (the "**Expansion of Monitor's Powers Order**"), the powers of the Monitor were expanded in order to, among other things, provide the Monitor with access to information concerning the Company's subsidiaries. Pursuant to an Order of this Court made on November 23, 2012, this Court extended the Stay Period to February 1, 2013.
2. On December 10, 2012, the Court granted an Order (the "**Sanction Order**") approving the Company's Plan of Compromise and Reorganization dated December 3, 2012 (the "**Plan**").

3. The proceedings commenced by the Company under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
4. The purpose of this Sixteenth Report is to:
 - (a) provide an update on the status of the Plan and the implementation of the Plan since the date of the Sanction Order; and
 - (b) request an Order providing additional powers and protections to the Monitor to take the necessary action to administer the estate of the Company after the Plan Implementation Date.
5. In preparing this Sixteenth Report, the Monitor has relied upon unaudited financial information of Sino-Forest, Sino-Forest’s books and records, certain financial information prepared by Sino-Forest, 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 Sino-Forest’s management. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. In addition, the Monitor notes that on January 10, 2012, the Company issued a press release cautioning that the Company’s historic financial statements and related audit reports should not be relied upon. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this Sixteenth Report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this Sixteenth Report is based on management’s assumptions regarding future events; actual results may vary from forecast and such variations may be material.
6. Unless otherwise stated, all monetary amounts referred to herein are expressed in CDN Dollars.
7. The term “**Sino-Forest**” refers to the global enterprise as a whole but does not include references to the Greenheart Group (as defined in the Pre-Filing Report of the Monitor dated March 30, 2012). “**Sino-Forest Subsidiaries**” refers to all of the direct and indirect subsidiaries of the Company, but does not include references to the Greenheart Group.

8. Capitalized terms used herein and not otherwise defined have the meaning given to them in the Plan.

STATUS OF THE PLAN

Update on the Status of the Plan and Plan Implementation since December 10, 2012

9. As set out above, the Sanction Order was granted on December 10, 2012. On December 28, 2012, Kim Orr Barristers P.C. (“**Kim Orr**”), counsel to Invesco Canada Ltd., Northwest & Ethical Investments L.P. and Comité Syndical National De Retraite Batirente Inc., served a notice of motion seeking leave to appeal the Sanction Order to the Ontario Court of Appeal. On January 29, 2013, Kim Orr served its motion record and factum on the service list.
10. On January 3, 2013, counsel to the Company sent a letter to Kim Orr confirming the details of a conversation during which Kim Orr confirmed that it did not intend to seek a stay of the implementation of the Plan and that the Company intended to proceed to implement the Plan. Later on the same day, Kim Orr responded to state that it did not intend to seek a stay of the implementation of the Plan. Counsel to Ernst & Young also responded on the same date.

Additional Disclosure Regarding the Plan

11. Significant disclosure regarding the Plan and its terms have already been made by the Company and/or the Monitor. The following provides a summary of additional or updated disclosure regarding the Plan:
 - (a) In accordance with the Plan, the Company and the Initial Consenting Noteholders have selected Cos Borrelli of Borelli Walsh (www.borrelliwalsh.com) to act as the Litigation Trustee.
 - (b) The board of the Litigation Trust will consist of Paul Brough, Gene Davis and Barry Field.

- (c) Certain non-material amendments have been made to the Litigation Trust Agreement (clean and blackline copies of which are attached as Appendix A) and the Newco Note Indenture (a copy of which is attached as Appendix B).
 - (d) The board of Newco will consist of Paul Brough, Gene Davis, Colin Keogh, Tong Sai Wang and Barry Field. Attached as Appendix C is a copy of the Newco articles of incorporation.
 - (e) The number of Newco Shares in the Newco Equity Pool is approximately 300,000,000 common shares of Newco.
 - (f) Allen Chan, Kai Kit Poon and David Horsley have become Named Third Party Defendants in accordance with Section 11.2 of the Plan.
 - (g) The amount of the Unaffected Claims Reserve was increased from \$1.5 million to \$1.75 million to account for certain additional post-filing payments that are not going to be paid prior to Plan implementation.
 - (h) On January 21, 2013, the Company obtained an Order to approve certain administrative changes to the Plan including providing for the creation of an additional amounts to be held in escrow (the “**Escrow Funds**”) by the Monitor in connection with certain Hong Kong stamp duty matters.
12. As a result of the changes to the Plan set out in (f) above as well as the final resolution of other Defence Costs Claims, the Unresolved Claims Reserve (which was previously \$158,500,000 and described in the Monitor’s Supplemental Report to the Thirteenth Report dated December 4, 2012) has been reduced to \$1.2 million consisting of Plan consideration in respect of the following Unresolved Claims:
- (a) Defence Costs Claims of up to \$1 million; and
 - (b) Other Affected Creditor Claims that are Unresolved Claims up to \$200,000 which represents the amount of Affected Creditor Claims as set out in the proofs of claims filed that are Unresolved Claims and not otherwise accounted for in the Unresolved Claims Reserve or otherwise provided for in the Plan.

Document Retention Protocol

13. On January 15, 2012, the Court granted an Order approving a document retention protocol for the purposes of preserving certain Sino-Forest documents post-implementation of the Plan.

Timing of Implementation of the Plan

14. On January 24, 2013, the Company issued a press release announcing that it was working towards a Plan Implementation Date of January 29, 2013 and, in any event, before the end of January 2013. A copy of the press release is attached as Appendix D. The Monitor understands that the anticipated time for Plan implementation is now January 30, 2013. Upon the implementation of the Plan, the Monitor will deliver the Monitor's certificate confirmation Plan implementation and thereafter file such certificate with the Court.

POST-PLAN IMPLEMENTATION MATTERS

15. After the Plan Implementation Date, substantially all of the assets of the Company will have been transferred to Newco (and/or Newco II) other than, Excluded SFC Assets which include:
 - (a) the rights of the Company to be transferred to the Litigation Trust;
 - (b) any entitlement to insurance proceeds in respect of Insured Claims, Section 5.1(2) D&O Claims and/or Conspiracy Claims;
 - (c) any secured property of the Company that is to be returned in satisfaction of a Lien Claim;
 - (d) any input tax credits or other refunds received by the Company after the Effective Time; and

- (e) monies used to fund the Administration Charge Reserve, the Unaffected Claims Reserve, the Monitor's Post-Implementation Reserve (collectively, the "**Cash Reserves**") and the Escrow Funds.
16. Further, effective upon Plan implementation, all of the directors and officers of the Company will be deemed to have resigned and all remaining employees will be terminated.
17. As such, to the extent that there are activities required to administer the estate of the Company post-implementation, in most or all cases, it will be the Monitor that is required to take the necessary steps to complete those activities. Certain of the activities that the Monitor anticipates having to perform include:
- (a) pursuing recognition and enforcement of the Plan and Sanction Order pursuant to chapter 15 of title 11 of the United States Code ("**Chapter 15**") as required by 12.10 of the Plan;
 - (b) participation in the motion scheduled for February 4, 2013 for the approval of the Ernst & Young Settlement before this Court and any other motions or other court hearings related to the Ernst & Young Settlement including, without limitation, any appeals and recognition and enforcement under Chapter 15 of any Orders that may be granted;
 - (c) resolution of certain remaining Unresolved Claims;
 - (d) closure of the Company's Mississauga office including the return of leased equipment;
 - (e) pursuit of input tax credits from Canada Revenue Agency on behalf of the Company; and
 - (f) facilitation of the filing of tax returns for the Company.
18. It is anticipated that the Monitor will use the funds that will be transferred into the Monitor's Post-Implementation Reserve for the purposes of funding all post-

implementation activities. Pursuant to the Sanction Order, the Monitor requires the prior consent of the Initial Consenting Noteholders or Order of the Court in connection with any third party expense related to the retention of any third party professional services provider (other than its counsel) that exceeds \$250,000 (alone or in a series of related payments). Although the Monitor already has extensive powers through the CCAA, the Initial Order and the Expansion of Powers Order, the Monitor is seeking an expansion of its powers to ensure that it has the authority to carry out these functions as well as the continued application of the stay until such matters are completed. During this time, the Monitor will also continue to require the ongoing benefit of the stay of proceedings as set out in the Initial Order.

The Class Actions

19. Upon the implementation of the Plan, it is anticipated that the litigation in the Class Actions will continue. The Company, for the purposes of access to insurance, will continue to be a defendant in the Class Actions. It is proposed that Bennett Jones LLP continue to act as Canadian counsel for the Company in that matter provided that all legal fees and expenses will be recovered from insurance and not from the estate or any of the Cash Reserves. Attached as Appendix E is a letter setting out the Monitor's consent to Bennett Jones acting as counsel to the Company in the Class Actions (the "**Ongoing Representation Letter**"). The Monitor understands that similar arrangements will need to be made with a U.S. law firm in connection with the Class Action commenced in the U.S.

20. The Monitor understands that post-implementation, the Company will essentially be a proxy for its insurers in any ongoing litigation in the Class Actions. Further, the estate will not bear any expense for the Company's ongoing participation in the Class Actions. As such, the Monitor does not believe that the expense of the Monitor having extensive oversight in the Class Actions is warranted. Instead, the Ongoing Representation Letter provides that the Monitor will not have any oversight or other responsibilities with respect to the Company's participation in the Class Actions. Bennett Jones has agreed to provide the Monitor with status updates from time to time.


21. Similarly, it is not proposed that the Monitor have any responsibility or supervisory authority respect to any of the actions taken by the Litigation Trustee or the Litigation Trust with respect to any rights assigned to the Litigation Trust.

RECOMMENDATION

22. For the reasons set out above, the Monitor respectfully requests that the Court grant the proposed relief providing ongoing protection and authority to the Monitor.

Dated this 29th day of January, 2013.

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 Porepa
Managing Director

**APPENDIX “A” – LITIGATION TRUST AGREEMENT
(CLEAN AND BLACKLINE)**

(See Attached)

SINO-FOREST LITIGATION TRUST AGREEMENT

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 ESTABLISHMENT OF THE LITIGATION TRUST.....	2
1.1 Settling the Litigation Trust and Funding Expenses of the Litigation Trust.....	2
1.2 Establishment of Litigation Trust and Appointment of the Litigation Trustee.....	2
1.3 Transfer of Assets and Rights to the Litigation Trustee.....	3
1.4 Title to Litigation Trust Assets.....	5
1.5 Nature and Purpose of the Litigation Trust.....	5
1.6 Incorporation of Plan.....	7
ARTICLE 2 LITIGATION TRUST INTERESTS.....	7
2.1 Allocation of Litigation Trust Interests.....	7
2.2 Interests Beneficial Only.....	7
2.3 Evidence of Beneficial Interests.....	7
2.4 Securities Law Registration.....	8
2.5 No Transfers.....	8
2.6 Absolute Owners.....	8
ARTICLE 3 THE LITIGATION TRUSTEE.....	9
3.1 Litigation Trust Proceeds.....	9
3.2 Collection of Litigation Trust Proceeds.....	9
3.3 Payment of Litigation Trust Expenses.....	9
3.4 Distributions.....	9
3.5 Tenure, Removal, and Replacement of the Litigation Trustee.....	10
3.6 Acceptance of Appointment by Successor Trustee.....	11
3.7 Regular Meetings of the Litigation Trustee and the Litigation Trust Board.....	11
3.8 Special Meetings of the Litigation Trustee and the Litigation Trust Board.....	12
3.9 Notice of, and Waiver of Notice for Litigation Trustee and Litigation Trust Board Meeting.....	12
3.10 Manner of Acting.....	12
3.11 Role of the Litigation Trustee.....	12
3.12 Authority of Litigation Trustee.....	13
3.13 Limitation of Litigation Trustee's Authority.....	15
3.14 Books and Records.....	16
3.15 Inquiries into Trustee's Authority.....	16
3.16 Compliance with Laws.....	16
3.17 Compensation of the Litigation Trustee.....	16
3.18 Reliance by Litigation Trustee.....	16
3.19 Investment and Safekeeping of Litigation Trust Assets.....	17
3.20 Standard of Care; Exculpation.....	17
ARTICLE 4 LITIGATION TRUST BOARD.....	17
4.1 Litigation Trust Board.....	17
4.2 Authority of the Litigation Trust Board.....	18
4.3 Regular Meetings of the Litigation Trust Board.....	18

4.4	Special Meetings of the Litigation Trust Board	18
4.5	Manner of Acting	18
4.6	Litigation Trust Board’s Action Without a Meeting	19
4.7	Notice of, and Waiver of Notice for Litigation Trust Board Meetings	19
4.8	Telephonic Communications.....	20
4.9	Tenure, Removal and Replacement of the Members of the Litigation Trust Board	20
4.10	Compensation of the Litigation Trust Board.....	21
4.11	Standard of Care; Exculpation.....	21
ARTICLE 5 TAX MATTERS		22
5.1	U.S. Federal Income Tax Treatment of the Litigation Trust.....	22
5.2	Allocations of Litigation Trust Taxable Income For U.S. Federal Income Tax Purposes.....	23
5.3	Canadian Tax Treatment of Distributions by Litigation Trustee	24
ARTICLE 6 DISTRIBUTIONS		24
6.1	Distributions; Withholding	24
6.2	Manner of Payment or Distribution.....	25
6.3	Cash Distributions	25
ARTICLE 7 INDEMNIFICATION		25
7.1	Indemnification of Litigation Trustee and the Litigation Trust Board.....	25
ARTICLE 8 REPORTING OBLIGATIONS OF LITIGATION TRUSTEE.....		26
8.1	Reports.....	26
ARTICLE 9 TERM; TERMINATION OF THE LITIGATION TRUST		26
9.1	Term; Termination of the Litigation Trust	26
9.2	Continuance of Trust for Winding Up.....	27
ARTICLE 10 AMENDMENT AND WAIVER.....		27
10.1	Amendment and Waiver.....	27
ARTICLE 11 MISCELLANEOUS PROVISIONS		28
11.1	Intention of Parties to Establish the Litigation Trust.....	28
11.2	Laws as to Construction	28
11.3	Jurisdiction	28
11.4	Severability.....	28
11.5	Notices	29
11.6	Fiscal Year.....	30
11.7	Construction; Usage	30
11.8	Counterparts; Facsimile; PDF	31
11.9	Confidentiality	31
11.10	Entire Agreement.....	32
11.11	No Bond.....	32
11.12	Effectiveness.....	32
11.13	Successor and Assigns.....	32
11.14	No Execution	32
11.15	Irrevocability	33

THIS LITIGATION TRUST AGREEMENT (this “**Agreement**”), dated as of the Effective Date, is entered into by and among:

1. Sino-Forest Corporation (“**SFC**”); and
2. Cosimo Borrelli, as trustee of the Litigation Trust (the “**Litigation Trustee**”).

PRELIMINARY STATEMENT

On March 30, 2012 (the “**Filing Date**”), SFC commenced reorganization proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) (Case No. CV-12-9667-CL) before the Ontario Superior Court of Justice (the “**CCAA Court**”).

On December 3, 2012, SFC filed that certain Plan of Compromise and Reorganization dated December 3, 2012 pursuant to the provisions of the CCAA and the *Companies Business Corporations Act* (together with any supplement to such Plan and the exhibits and schedules thereto, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the “**Plan**”).

On December 12, 2012, the CCAA Court entered the Plan Sanction Order approving the Plan, which contemplates the creation of this Litigation Trust, which is hereby created pursuant to this Agreement and in accordance with the laws of Ontario in order to effectuate certain provisions of the Plan and the Plan Sanction Order and, in accordance therewith and herewith, the Litigation Trustee will hold the Litigation Trust Claims and the other Litigation Trust Assets for the benefit of the Litigation Trust Beneficiaries, all as defined herein or in the Plan.

In this Agreement, “**Litigation Trust Claims**” means any and all claims, actions, causes of action, demands, counterclaims, suits, rights, entitlements, litigation, arbitration, proceeding, hearing, complaint, debt, obligation, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries of whatever nature that any Person may be entitled to assert in law, equity or otherwise, whether known or unknown, foreseen or unforeseen, reduced to judgment or not reduced to judgment, liquidated or unliquidated, contingent or non-contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly, indirectly or derivatively, existing or hereafter arising and whether pertaining to events occurring before, on or after the Filing Date (the “**Causes of Action**”) which have been or may be asserted by or on behalf of (a) SFC against any and all third parties; or (b) the Trustees (on behalf of the Noteholders) against any and all Persons in connection with the Notes issued by SFC, which claims are transferred to and vested in the Litigation Trustee pursuant to the Plan, the Plan Sanction Order and this Agreement; provided, however, that in no event shall Litigation Trust Claims include any (i) claim, right or cause of action against any Person that is released pursuant to Article 7 of the Plan or (ii) Excluded Litigation Trust Claim. For greater certainty: (x) the claims being advanced or that are subsequently advanced in the Class Actions are not being transferred to the Litigation Trust; and (y) the claims transferred to the Litigation Trust shall not be advanced in the Class Actions.

In this Agreement, “**Litigation Trust Assets**” means the Litigation Trust Claims, the Litigation Funding Amount, and any other assets acquired by the Litigation Trust on or after the Effective Date pursuant to this Agreement or the Plan.

The Litigation Trust is established for the sole purpose of liquidating and distributing the Litigation Trust Assets pursuant to the Plan and this Agreement with no objective to continue or engage in the conduct of a trade or business.

The Litigation Trust is established for (i) the benefit of the Affected Creditors with Proven Claims and the Noteholder Class Action Claimants entitled to receive Litigation Trust Interests under the Plan (individually, a “**Litigation Trust Beneficiary**” and collectively, the “**Litigation Trust Beneficiaries**”) and (ii) the pursuit of all Litigation Trust Claims.

The Litigation Trustee is duly appointed pursuant to the Plan, the Plan Sanction Order and Section 1.2(b) of this Agreement.

Unless the context otherwise requires, capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan. Schedule A to this Agreement sets forth an index of terms that are defined in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein and in the Plan, SFC and the Litigation Trustee intending to be legally bound, agree as follows:

ARTICLE 1 ESTABLISHMENT OF THE LITIGATION TRUST

1.1 Settling the Litigation Trust and Funding Expenses of the Litigation Trust

SFC hereby settles the Litigation Trust with the sum of twenty (\$20.00) Canadian dollars (serial number: BIR6584805) (the “**Settlement Funds**”), the receipt of which is hereby acknowledged by the Litigation Trustee, and loans the Litigation Funding Amount to the Litigation Trustee, by way of the form of promissory note appended hereto at Schedule B, which is executed as of the date of this Agreement, to finance the operations of the Litigation Trust. The Litigation Trust Claims Transferors (as defined below) have no other funding obligations with respect to the Litigation Trust.

1.2 Establishment of Litigation Trust and Appointment of the Litigation Trustee

- (a) Pursuant to the Plan, the Plan Sanction Order and this Agreement, the Litigation Trust is hereby established on the date and at the time set out in section 6.4 of the Plan, and shall be known as the “**SFC Litigation Trust**” on behalf of and for the benefit of the Litigation Trust Beneficiaries.
- (b) The Litigation Trustee hereby accepts its appointment as trustee of the Litigation Trust as of the Plan Implementation Date (the “**Effective Date**”) and agrees to accept and hold the Settlement Funds and the Litigation Trust Assets in trust for

the Litigation Trust Beneficiaries, subject to the terms of this Agreement. The Litigation Trustee (and each successor trustee thereto serving from time to time hereunder) shall have all the rights, powers and duties set forth herein and pursuant to applicable law for accomplishing the purposes of the Litigation Trust.

1.3 Transfer of Assets and Rights to the Litigation Trustee

- (a) Subject to section 1.3(b), on the Effective Date, pursuant to the Plan and the Plan Sanction Order, each of the Litigation Trust Claims shall be deemed to be irrevocably transferred, assigned and delivered to the Litigation Trustee, including (i) all rights, title and interests in and to the Litigation Trust Claims (and with respect to the Trustees, all of the rights, title and interests of the Noteholders in and to the Litigation Trust Claims on behalf of the Noteholders), free and clear of any and all liens, claims (other than claims in the nature of setoff or recoupment), encumbrances or interests of any kind in such property of any other Person, and (ii) all respective rights, title and interests in and to any lawyer-client privilege, work product privilege or other privilege or immunity attaching to any documents or communications (whether written or oral) associated with the Litigation Trust Claims (collectively, the “**Privileges**”) (and with respect to the Trustees, all of the rights, title and interests of the Noteholders in and to the Privileges on behalf of the Noteholders), all of which shall, and shall be deemed to, vest in the Litigation Trustee for the benefit of the Litigation Trust Beneficiaries. In no event shall any part of the Litigation Trust Claims revert to or be distributed to SFC or the Noteholders (or any representative thereof (including the Trustees)). None of the foregoing transfers to the Litigation Trustee shall constitute a merger or consolidation of the respective Litigation Trust Claims, each of which shall retain its separateness following the transfer for all purposes relevant to the prosecution thereof. The Litigation Trustee’s receipt of the Privileges shall be without waiver in recognition of the joint and/or successor interest in prosecuting claims on behalf of the Litigation Trust Claims Transferors.
- (b) At any time prior to the Effective Date, SFC and the Initial Consenting Noteholders may agree to exclude one or more Causes of Action from the Litigation Trust Claims and/or to specify that any Causes of Action against a specified Person will not constitute Litigation Trust Claims (“**Excluded Litigation Trust Claims**”), in which case, any such Causes of Action shall not be transferred to the Litigation Trust on the Effective Date. Any such Excluded Litigation Trust Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Plan Implementation Date in accordance with Article 7 of the Plan.
- (c) Pursuant to and consistent with the provisions of the Plan, all Causes of Action against the Underwriters by (i) SFC or (ii) the Trustees (on behalf of the Noteholders) shall be deemed to be Excluded Litigation Trust Claims that are fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Plan Implementation Date in accordance with Article 7 of the Plan, provided that, unless otherwise agreed by SFC and the Initial Consenting Noteholders prior to the Plan Implementation Date in accordance with

section 4.12(a) of the Plan, any such Causes of Action for fraud or criminal conduct shall not constitute Excluded Litigation Trust Claims and shall be transferred to the Litigation Trust in accordance with section 6.4(o) of the Plan.

- (d) Subject to Section 1.3(e), after the Effective Date, SFC shall (i) deliver or cause to be delivered to the Litigation Trustee, documents reasonably requested and related to the Litigation Trust Claims (including those maintained in electronic format), whether held by SFC or its employees, agents, advisors, counsel, accountants, or other professionals and (ii) provide reasonable access to such employees, agents, advisors, counsel, accountants or other professionals with knowledge of matters relevant to the Litigation Trust Claims. Where original documents are required, SFC will make reasonable efforts to make such original documents available. For the avoidance of doubt, the rights of the Litigation Trustee pursuant to this Section 1.3(d) shall include the right to demand or compel the production of copies of any such documents or information from any party, committee or person who may have produced such documents for or on behalf of SFC or any committee appointed by SFC or its board of directors.
- (e) Any documents or information delivered by SFC to the Litigation Trustee pursuant to Section 1.3(d): (i) shall be used strictly for the purposes of advancing the Litigation Trust Claims and for no other purpose, (ii) shall not, except as may be required by law, be used for any purpose in relation to any regulatory proceedings involving the Named Directors and Officers, and (iii) shall be subject to the continuation of any privilege attaching to such documents, including but not limited to lawyer-client privilege, litigation privilege, and common interest privilege, which privileges the Litigation Trustee agrees to maintain and uphold.
- (f) Where documents, information and/or access is requested of third party agents, advisors, lawyers, accountants or other professionals (“**Third Party Disclosers**”), the Litigation Trustee shall pay such reasonable fees and costs of such Third Party Disclosers as are necessary for them to comply with the requests of the Litigation Trustee.
- (g) SFC hereby agrees at any time and from time to time on and after the Effective Date, (i) at the reasonable request of the Litigation Trustee, to execute and/or deliver any instruments, documents, books, and records (including those maintained in electronic format and original documents as may be needed), (ii) to take, or cause to be taken, all such further actions as the Litigation Trustee may reasonably request in order to evidence or effectuate the transfer of the Litigation Trust Claims and the Privileges to the Litigation Trustee contemplated hereby and by the Plan and to otherwise carry out the intent of the parties hereunder, and (iii) to cooperate with the Litigation Trustee in the prosecution of Litigation Trust Claims to the extent reasonable.
- (h) The Litigation Trustee agrees that it will accommodate reasonable requests by Named Directors and Officers (and their agents, advisors, lawyers, accountants or other professionals) to access, at their expense, copies or originals of any documents obtained by the Litigation Trustee pursuant to the terms of this

Agreement, for the purposes of defending any civil, regulatory or other proceedings involving the Named Directors and Officers or in connection with their financial affairs.

1.4 Title to Litigation Trust Assets

- (a) Upon the transfer of the Litigation Trust Claims to the Litigation Trust pursuant to the Plan, the Plan Sanction Order and this Agreement, SFC and any other holders of the Litigation Trust Claims (the “**Litigation Trust Claims Transferors**”) shall have no interest in or with respect to the Litigation Trust Assets, and the Litigation Trustee, on behalf of the Litigation Trust Beneficiaries, shall succeed to all of the Litigation Trust Claims Transferors’ rights, title and interests in and to the Litigation Trust Claims.
- (b) Notwithstanding anything in the Plan or in this Agreement to the contrary, the transfer of the Litigation Trust Claims to the Litigation Trustee does not diminish, and fully preserves, any defences or privileges a defendant would have if such Litigation Trust Claims had been retained by the Litigation Trust Claims Transferors.
- (c) To the extent that any Litigation Trust Assets cannot be transferred to the Litigation Trustee because of a restriction on transferability under applicable non-bankruptcy law, such Litigation Trust Assets shall be deemed to have been retained by the applicable Litigation Trust Claims Transferors, and the Litigation Trustee shall be deemed to have been designated as the exclusive representative of such Litigation Trust Claims Transferors to enforce and pursue such Litigation Trust Assets on behalf of such Litigation Trust Claims Transferors, and all proceeds, income and recoveries on account of any such Litigation Trust Assets shall be assets of the Litigation Trust and paid over thereto immediately upon receipt by the Litigation Trust Claims Transferors, or any other Person. Notwithstanding the foregoing, but subject to Section 3.4 and Article 6 of this Agreement, all net proceeds, income, and recoveries of or on account of such Litigation Trust Assets shall be transferred to the Litigation Trust to be distributed to the holders of the Litigation Trust Interests consistent with the terms of this Agreement.

1.5 Nature and Purpose of the Litigation Trust

- (a) Purpose. The Litigation Trust is organized and established as a trust pursuant to which the Litigation Trustee, subject to the terms and conditions contained herein, is to (i) hold the assets of the Litigation Trust and (ii) oversee the efficient prosecution of the Litigation Trust Claims, on the terms and conditions set forth herein.
- (b) Actions of the Litigation Trustee. Subject to the terms of this Agreement, the Litigation Trustee shall, in consultation with the Litigation Trust Board and subject to the exercise of their collective reasonable business judgment, and with the consent of the Litigation Trust Board where required under the terms of this

Agreement, in an efficient and responsible manner prosecute the Litigation Trust Claims and preserve and endeavour to enhance the value of the Litigation Trust Assets. The efficient and responsible prosecution of the Litigation Trust Claims may be accomplished either through the prosecution, compromise and settlement, abandonment, dismissal or other disposition of any or all claims, rights or causes of action, or otherwise, as determined by the Litigation Trustee and the Litigation Trustee Board in accordance with the terms of this Agreement and the exercise of their collective reasonable best judgement. The Litigation Trustee shall, subject to the terms of this Agreement, have the absolute right to pursue, settle and compromise or not pursue any and all Litigation Trust Claims as it determines is in the best interests of the Litigation Trust Beneficiaries and consistent with the purposes of the Litigation Trust, and the Litigation Trustee shall have no liability for the outcome of any such decision except for any damages caused by gross negligence, bad faith, wilful misconduct or knowing violation of law.

- (c) Limitation on Actions Against Named Directors and Officers. From and after the Plan Implementation Date, to the extent that the Litigation Trust Claims include rights of action against a Named Director or Officer, (a) the Litigation Trustee may only commence or prosecute an action for a Non-Released D&O Claim against a Named Director or Officer if the Litigation Trustee has first obtained (i) the consent of the Monitor or (ii) leave of the Court on notice to the applicable Directors and Officers, SFC, the Monitor, the Initial Consenting Noteholders and any applicable insurers; and (b) in connection with any action brought or prosecuted by the Litigation Trustee against a Named Director or Officer asserting a Section 5.1(2) D&O Claim or a Conspiracy Claim, the Litigation Trustee shall, as against the Named Directors and Officers, in relation to such claims, be irrevocably limited to recovery solely from the proceeds of the Insurance Policies paid or payable on behalf of SFC or its Directors or Officers, and shall have no right to, and shall not, directly or indirectly, make any claim or seek any recoveries from any of the Named Directors and Officers other than enforcing the Litigation Trustee's rights to be paid from the proceeds of an Insurance Policy by the applicable insurer(s).
- (d) Relationship. This Agreement is intended to create a trust and a trust relationship and to be governed and construed in all respects as a trust. The Litigation Trust is not intended to be, and shall not be deemed to be or treated as, a general partnership, limited partnership, joint venture, corporation, joint stock company or association, nor shall the Litigation Trustee, or the Litigation Trust Board (or any of its members or *ex officio* members), or the Litigation Trust Beneficiaries, or any of them, for any purpose be, or be deemed to be or treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The relationship of the Litigation Trust Beneficiaries, on the one hand, to the Litigation Trustee and the Litigation Trust Board, on the other, shall not be deemed a principal or agency relationship, and their rights shall be limited to those conferred upon them by this Agreement.
- (e) No Waiver of Claims. Subject to the terms of this Agreement, the Litigation Trustee may enforce all rights to commence and pursue, as appropriate, any and

all Litigation Trust Claims after the Effective Date. The Litigation Trustee shall have, retain, reserve, and be entitled to assert all such Litigation Trust Claims, rights of setoff, and other legal or equitable defences which the Litigation Trust Claims Transferors had on the Effective Date fully as if the Litigation Trust Claims had not been transferred to the Litigation Trustee in accordance with the Plan, the Plan Sanction Order and this Agreement, and all of the Litigation Trust Claims Transferors' legal and equitable rights may be asserted after the Effective Date. Nothing in this Agreement shall be construed in a manner that is inconsistent with the Plan, the Plan Sanction Order or any other orders made by the CCAA Court.

1.6 Incorporation of Plan

The Plan and the Plan Sanction Order are each hereby incorporated into this Agreement and made a part hereof by this reference; provided, however, to the extent that there is conflict between the provisions of this Agreement, the provisions of the Plan, and/or the Plan Sanction Order, each such document shall have controlling effect in the following rank order: (1) the Plan; (2) the Plan Sanction Order; and (3) this Agreement.

ARTICLE 2 LITIGATION TRUST INTERESTS

2.1 Allocation of Litigation Trust Interests

The Litigation Trust Interests shall be allocated pursuant to the Plan.

2.2 Interests Beneficial Only

The ownership of a Litigation Trust Interest shall not entitle any holder of Litigation Trust Interests to any title in or to the assets of the Litigation Trust as such (which title shall be vested in the Litigation Trustee) or to any right to call for a partition or division of the assets of the Litigation Trust or to require an accounting.

2.3 Evidence of Beneficial Interests

The entitlements of the holders of Litigation Trust Interests (and the beneficial interests therein) are as established pursuant to the Plan and the Plan Sanction Order and will not be represented by any certificates, securities, receipts or in any other form or manner whatsoever, except as may be maintained on the books and records of the Litigation Trust by the Litigation Trustee or the Registrar. The death, incapacity or bankruptcy of any Litigation Trust Beneficiary during the term of the Litigation Trust shall not (i) operate to terminate the Litigation Trust, (ii) entitle the representatives or creditors of the deceased party to an accounting, (iii) entitle the representatives or creditors of the deceased party to take any action in the CCAA Court or elsewhere for the distribution of the Litigation Trust Assets or for a partition thereof or (iv) otherwise affect the rights and obligations of any of the Litigation Trust Beneficiaries hereunder.

2.4 Securities Law Registration

It is intended that the Litigation Trust Interests shall not constitute “securities.” To the extent the Litigation Trust Interests are deemed to be “securities,” the issuance of Litigation Trust Interests to Litigation Trust Beneficiaries hereunder or under the Plan (and any redistribution of any of the foregoing pursuant to the Plan or otherwise) shall be exempt from the prospectus and registration requirements of any applicable provincial laws pursuant to section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions. If the Litigation Trustee determines, with the advice of counsel, that the Litigation Trust is required to comply with registration and/or reporting requirements of any applicable securities laws, then the Litigation Trustee shall, after consultation with the Litigation Trust Board, take any and all actions to comply with such registration and reporting requirements, if any, to the extent required by applicable law. Notwithstanding the foregoing, nothing herein shall be deemed to preclude the Litigation Trust Board and the Litigation Trustee from amending this Agreement to make such changes as are deemed necessary or appropriate by the Litigation Trustee, with the advice of counsel, to ensure that the Litigation Trust is not subject to any such registration and/or reporting requirements.

2.5 No Transfers

- (a) No transfer, sale assignment, distribution, exchange, pledge, hypothecation, mortgage or other disposition (each, a “**Transfer**”) of a Litigation Trust Interest may be effected or made; provided, that, Transfers of a Litigation Trust Interest may be made by operation of law or by will or the laws of descent and distribution.
- (b) The Litigation Trustee may appoint a registrar, which may be the Litigation Trustee (the “**Registrar**”), for the purpose of recording entitlement to the Litigation Trust Interests as provided for in this Agreement. The Registrar, if other than the Litigation Trustee, may be such other institution acceptable to the Litigation Trust Board. For its services hereunder, the Registrar, unless it is the Litigation Trustee, shall be entitled to receive reasonable compensation from the Litigation Trust as approved by the Litigation Trust Board, as an expense of the Litigation Trust.
- (c) The Litigation Trustee may cause to be kept at the office of the Registrar, or at such other place or places as shall be designated by the Litigation Trustee from time to time, a registry of the holders of Litigation Trust Interests (the “**Trust Register**”) which shall be maintained on a strictly confidential basis by the Registrar. The identity and extent of the Litigation Trust Interests of any Litigation Trust Beneficiary shall not be disclosed to any third party (other than the Litigation Trustee, the Litigation Trust Board and the Registrar, each of them shall maintain any such information in strict confidence), without the prior written consent of such Litigation Trust Beneficiary in each case.

2.6 Absolute Owners

The Litigation Trustee may deem and treat the holder of a Litigation Trust Interest (of record in the Trust Register or otherwise) as the absolute owner of such Litigation Trust Interests for the

purpose of receiving distributions and payment thereon or on account thereof and for all other purposes whatsoever and the Litigation Trustee shall not be charged with having received notice of any claim or demand to such Litigation Trust Interests or the interest therein of any other Person.

ARTICLE 3 THE LITIGATION TRUSTEE

3.1 Litigation Trust Proceeds

Any and all proceeds, income and/or recoveries obtained on account of or from the Litigation Trust Assets shall be added to the assets of the Litigation Trust (the “**Litigation Trust Proceeds**”, which, for greater certainty, shall not include the Litigation Funding Amount), held as a part thereof and dealt with in accordance with the terms of this Agreement.

3.2 Collection of Litigation Trust Proceeds

The Litigation Trustee shall collect all Litigation Trust Proceeds and title therein shall be vested in the Litigation Trustee, in trust for the benefit of the Litigation Trust Beneficiaries, to be dealt with in accordance with the terms of this Agreement.

3.3 Payment of Litigation Trust Expenses

Subject to Section 3.12 of this Agreement and the obligations of the Litigation Trustee under Section 3.4 of this Agreement, the Litigation Trustee shall maintain the Litigation Funding Amount and expend the Litigation Funding Amount, together with any other amounts received as litigation funding amounts in accordance with Section 3.12(s), (i) as is reasonably necessary to pay reasonable and necessary administrative expenses (including but not limited to, the reasonable costs and expenses of the Litigation Trustee (including reasonable fees, costs, and expenses of professionals retained thereby) and the compensation and the reasonable costs and expenses of the members of the Litigation Trust Board as contemplated by Section 4.10 hereof (including the fees of professionals retained by such members as contemplated by Sections 4.2 hereof), any taxes imposed on the Litigation Trust or in respect of the Litigation Trust Assets or reasonable fees and expenses in connection with, arising out of, or related to, the Litigation Trust Assets and litigations associated therewith), (ii) to pay the costs and expenses of the valuations of the Litigation Trust Assets incurred by the Litigation Trust Board and/or the Litigation Trustee in accordance with Section 5.1(c) of this Agreement, (iii) to pay or reimburse amounts in accordance with Article 7 hereof and (iv) to satisfy other liabilities incurred or assumed by the Litigation Trust (or to which the assets of the Litigation Trust are otherwise subject) in accordance with this Agreement.

3.4 Distributions

The Litigation Trustee shall make distributions of Litigation Trust Proceeds in accordance with the provisions of Article 6 of this Agreement.

3.5 Tenure, Removal, and Replacement of the Litigation Trustee

- (a) Each Litigation Trustee will serve until the earliest of (i) the completion of all the Litigation Trustee's duties, responsibilities and obligations under this Agreement, (ii) the Litigation Trustee's resignation and the appointment of a successor pursuant to Section 3.5(b) of this Agreement, (iii) the Litigation Trustee's removal pursuant to Section 3.5(c) of this Agreement, (iv) the Litigation Trustee's death (if applicable) and (v) the termination of the Litigation Trust in accordance with this Agreement.
- (b) The Litigation Trustee may resign by giving not less than 90 days' prior written notice to the Litigation Trust Board. Such resignation will become effective on the later to occur of: (i) the day specified in such written notice and (ii) the appointment of a successor trustee as provided herein and the acceptance by such successor trustee of such appointment in accordance with Section 3.6 of this Agreement. If a successor trustee is not appointed or does not accept its appointment within 90 days following delivery of notice of resignation, the Litigation Trustee may file a motion with the CCAA Court, upon notice and hearing, for the appointment of a successor trustee.
- (c) The Litigation Trustee may be removed for any reason by majority vote of the members of the Litigation Trust Board.
- (d) In the event of a vacancy in the position of the Litigation Trustee (whether by removal, resignation, or death, if applicable), the vacancy will be filled by the appointment of a successor trustee by (i) majority vote of the members of the Litigation Trust Board, and by the acceptance of the Litigation Trust by the successor trustee in accordance with Section 3.6 of this Agreement or (ii) an order of the CCAA Court after an opportunity for a hearing (provided, however, that only the Litigation Trust Board shall have standing to seek such an order (and the Litigation Trust Board shall only seek such an order upon a majority vote of the members of the Litigation Trust Board, except as provided in Section 3.5(b) of this Agreement)). If a successor trustee is appointed as provided in clause (i) or (ii) of the preceding sentence, and such appointment is accepted by the successor trustee in accordance with Section 3.6 of this Agreement, the Litigation Trust Board shall provide notice of such appointment to the holders of the Litigation Trust Interests, which notice will include the name, address, and telephone number of the successor trustee provided, however, that the provision of such notice shall not be a condition precedent to the vesting in the successor Litigation Trustee of all the estates, properties, rights, powers, trusts, and duties of its predecessor.
- (e) Immediately upon the appointment of any successor trustee, all rights, powers, duties, authority, and privileges of the predecessor Litigation Trustee hereunder will be vested in and undertaken by the successor trustee without any further act and the successor trustee will not be liable personally for any act or omission of the predecessor Litigation Trustee. A successor trustee shall have all the rights, privileges, powers, and duties of its predecessor under this Agreement.

- (f) Upon the appointment of a successor trustee, the predecessor Litigation Trustee (or the duly appointed legal representative of a deceased Litigation Trustee) shall, if applicable, when requested in writing by the successor trustee or the CCAA Court, execute and deliver an instrument or instruments conveying and transferring to such successor trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of such predecessor Litigation Trustee, and shall duly assign, transfer, and deliver to such successor trustee all property and money held hereunder, and all other assets, documents, instruments, records and other writings relating to the Litigation Trust, the Litigation Trust Assets, the Litigation Trust Proceeds, the Litigation Funding Amount, and the Litigation Trust Interests, then in its possession and held hereunder, and shall execute and deliver such documents, instruments and other writings as may be requested by the successor trustee or the CCAA Court to effect the termination of such predecessor Litigation Trustee's capacity under the Litigation Trust, this Agreement and the Plan and otherwise assist and cooperate, without cost or expense to the predecessor Litigation Trustee, in effectuating the assumption of its obligations and functions by the successor trustee.
- (g) During any period in which there is a vacancy in the position of Litigation Trustee, the Litigation Trust Board shall appoint one of its members to serve as interim Litigation Trustee (the "**Interim Trustee**"). The Interim Trustee shall be subject to all the terms and conditions applicable to a Litigation Trustee hereunder. Such Interim Trustee shall not be limited in any manner from exercising any rights or powers as a member of the Litigation Trust Board merely by its appointment as Interim Trustee.
- (h) The death, resignation or removal of the Litigation Trustee shall not terminate the Litigation Trust or revoke any existing agency created pursuant to this Agreement or invalidate any action theretofore taken by the Litigation Trustee.

3.6 Acceptance of Appointment by Successor Trustee

Any successor trustee appointed hereunder shall execute an instrument accepting such appointment and assuming all of the obligations of the predecessor Litigation Trustee hereunder and accepting the terms of this Agreement and agreeing that the provisions of this Agreement shall be binding upon and inure to the benefit of the successor trustee and all of its heirs, and legal and personal representatives, successors and assigns, and thereupon the successor trustee shall, without any further act, become vested with all the estates, properties, rights, powers, trusts, and duties of its predecessor Litigation Trustee in the Litigation Trust hereunder with like effect as if originally named herein.

3.7 Regular Meetings of the Litigation Trustee and the Litigation Trust Board

Meetings of the Litigation Trustee, on one hand, and the Litigation Trust Board, on the other, are to be held with such frequency and in such manner and at such place as the Litigation Trust Board may determine in its sole discretion, but in no event shall such meetings be held less frequently than one time during each quarter of each calendar year.

3.8 Special Meetings of the Litigation Trustee and the Litigation Trust Board

Special meetings of the Litigation Trustee on the one hand, and the Litigation Trust Board, on the other, may be held whenever, wherever and however called for either by the Litigation Trustee or at least two members of the Litigation Trust Board.

3.9 Notice of, and Waiver of Notice for Litigation Trustee and Litigation Trust Board Meeting

Notice of the time and place (but not necessarily the purpose or all of the purposes) of any regular or special meeting of the Litigation Trust Board and the Litigation Trustee will be given to the Litigation Trustee and the members of the Litigation Trust Board in person or by telephone, or via mail, electronic mail, or facsimile transmission. Notice to the Litigation Trustee and the members of the Litigation Trust Board of any such meeting will be deemed given sufficiently in advance when (i) if given by mail, the same is deposited in the mail at least ten calendar days before the meeting date, with postage thereon prepaid, (ii) if given by electronic mail or facsimile transmission, the same is transmitted at least one Business Day prior to the convening of the meeting, or (iii) if personally delivered (including by overnight courier) or given by telephone, the same is handed, or the substance thereof is communicated over the telephone, to the Litigation Trustee and the members of the Litigation Trust Board or to an adult member of his/her office staff or household, at least one Business Day prior to the convening of the meeting. The Litigation Trustee and any member of the Litigation Trust Board may waive notice of any meeting of the Litigation Trust Board and any adjournment thereof at any time before, during, or after it is held, subject to applicable law. Except as provided in the next sentence below, the waiver must be in writing, signed by the Litigation Trustee or the applicable member or members of the Litigation Trust Board entitled to the notice, and filed with the minutes or records of the Litigation Trust. The attendance of the Litigation Trustee or a member of the Litigation Trust Board at a meeting (whether in person or by telephone or videoconference) shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

3.10 Manner of Acting

The Litigation Trustee or any member of the Litigation Trust Board may participate in a regular or special meeting by, or conduct the meeting through the use of, conference telephone, or similar communications equipment by means of which all persons participating in the meeting may hear each other, in which case any required notice of such meeting may generally describe the arrangements (rather than or in addition to the place) for the holding thereof. The Litigation Trustee or any member of the Litigation Trust Board participating in a meeting by this means is deemed to be present in person at the meeting.

3.11 Role of the Litigation Trustee

In furtherance of and consistent with the purpose of the Litigation Trust, the Litigation Trustee, subject to the terms and conditions of this Agreement, shall have the power to (i) prosecute, compromise and settle, abandon, dismiss or otherwise dispose of for the benefit of the Litigation Trust Beneficiaries all Litigation Trust Claims transferred to the Litigation Trust (whether such

suits are brought in the name of the Litigation Trust, the Litigation Trustee or otherwise), and (ii) otherwise perform the functions and take the actions provided for or permitted in this Agreement. In all circumstances, the Litigation Trustee shall act in the best interests of the Litigation Trust Beneficiaries and in furtherance of the purpose of the Litigation Trust.

3.12 Authority of Litigation Trustee

Subject to any limitations set forth in this Agreement (including, without limitation, Article 4 hereof and Section 3.4 of this Agreement) or in the Plan, but in addition to the other powers and authorities granted to the Litigation Trustee and set forth in this Agreement, the Litigation Trustee shall have the following powers and authorities:

- (a) to hold legal title to any and all rights of the holders of Litigation Trust Interests in or arising from the Litigation Trust Assets, including collecting, receiving any and all money and other property belonging to the Litigation Trust (including any Litigation Trust Proceeds) and, in consultation with the Litigation Trust Board, the right, on behalf of the Litigation Trust Beneficiaries, to vote any claim or interest relating to a Litigation Trust Claim in any proceeding and to receive any distribution thereon;
- (b) in consultation with, and subject to the approval of the Litigation Trust Board where required under the terms of this Agreement, to perform the duties, exercise the powers, and assert the rights of a trustee, including commencing, prosecuting or settling causes of action, enforcing contracts or asserting claims, defences, offsets and privileges;
- (c) in consultation with the Litigation Trust Board, to protect and enforce the rights to the Litigation Trust Claims by any method deemed appropriate including by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;
- (d) in consultation with and subject to the approval of the Litigation Trust Board, to obtain reasonable insurance coverage with respect to the liabilities and obligations of the Litigation Trustee and the Litigation Trust Board under this Agreement (in the form of any errors and omissions policy or otherwise);
- (e) in consultation with the Litigation Trust Board, to obtain insurance coverage with respect to real and personal property that may become assets of the Litigation Trust, if any;
- (f) in consultation with and subject to the approval of the Litigation Trust Board, to retain and pay such counsel and other professionals, including any professionals previously retained by the ad hoc committee of Initial Consenting Noteholders or SFC, as the Litigation Trustee shall select to assist the Litigation Trustee in its duties, on such terms as the Litigation Trustee and the Litigation Trust Board deem reasonable and appropriate, without CCAA Court approval; and subject to the approval of the Litigation Trust Board, the Litigation Trustee may commit the Litigation Trust to and shall pay such counsel and other professionals reasonable

compensation for services rendered (including on an hourly, contingency, or modified contingency basis) and reasonable and documented out-of-pocket expenses incurred;

- (g) in consultation with and subject to the approval of the Litigation Trust Board, to retain and pay an accounting firm to perform such reviews and/or audits of the financial books and records of the Litigation Trust as may be required by applicable laws (including, if applicable, securities laws) and/or this Agreement, and to prepare and file any tax returns, informational returns or periodic and current reports for the Litigation Trust as required by applicable laws (including, if applicable, securities laws) and/or by this Agreement; subject to the approval of the Litigation Trust Board, the Litigation Trustee may commit the Litigation Trust to and shall pay such accounting firm reasonable compensation for services rendered and reasonable and documented out-of-pocket expenses incurred;
- (h) in consultation with and subject to the approval of the Litigation Trust Board, to retain, enter into fee arrangements with and pay such third parties to assist the Litigation Trustee in carrying out its powers, authorities and duties under this Agreement; subject to the approval of the Litigation Trust Board, the Litigation Trustee may commit the Litigation Trust to and shall pay all such Persons reasonable compensation for services rendered and reasonable and documented out-of-pocket expenses incurred, as well as commit the Litigation Trust to indemnify any such Persons in connection with the performance of services (provided that such indemnity shall not cover any losses, costs, damages, expenses or liabilities that result from the gross negligence, bad faith, wilful misconduct or knowing violation of law by such Persons);
- (i) in consultation with and subject to the approval of the Litigation Trust Board, to waive any privilege (including the Privileges) or any defence on behalf of the Litigation Trust or, with respect to the Litigation Trust Claims;
- (j) in consultation with and subject to the approval of the Litigation Trust Board, to investigate, analyze, compromise, adjust, arbitrate, mediate, sue on or defend, pursue; prosecute, abandon, dismiss, exercise rights, powers, and privileges with respect to, or otherwise deal with and settle, in accordance with the terms set forth herein, all causes of action in favour of or against the Litigation Trust;
- (k) at any time from and after the Effective Date, and subject to the approval of the Litigation Trust Board and the prior consent of the Initial Consenting Noteholders, to seek and obtain an order from any court of competent jurisdiction, including an Order of the Court in the CCAA or otherwise, that gives effect to any releases of any Litigation Trust Claims agreed to by the Litigation Trustee in accordance with this Agreement, including a release that fully, finally, irrevocably and forever compromises, releases, discharges, cancels and bars the applicable Litigation Trust Claims as if they were Excluded Litigation Trust Claims released in accordance with Article 7 of the Plan;

- (l) in consultation with and subject to the approval of the Litigation Trust Board, and solely with respect to Litigation Trust Claims, to avoid and recover transfers of SFC's property as may be permitted by applicable law;
- (m) to invest any moneys held as part of the Litigation Trust in accordance with the terms of Section 3.19 of this Agreement;
- (n) in consultation with the Litigation Trust Board, to request any appropriate tax determination with respect to the Litigation Trust;
- (o) subject to applicable securities and other laws, if any, to establish and maintain a website for the purpose of providing notice of Litigation Trust activities in lieu of sending written notice to the holders of the Litigation Trust Interests and other such Persons entitled thereto, subject to providing notice of such website to such holders and other Persons;
- (p) in consultation with the Litigation Trust Board, to seek the examination of any Person, subject to the provisions of any applicable laws or rules;
- (q) to make distributions in accordance with Article 6 of this Agreement;
- (r) to take or refrain from taking any and all other actions that the Litigation Trustee, upon consultation with the Litigation Trust Board, reasonably deems necessary or convenient for the continuation, protection and maximization of the Litigation Trust Claims or to carry out the purposes hereof; provided, however, that the Litigation Trustee shall not be required to consult with or obtain approval of the Litigation Trust Board to the extent such actions are purely administrative in nature; and
- (s) in consultation with and subject to the approval of the Litigation Trust Board, to incur or receive on any terms that the Litigation Trustee and the Litigation Trust Board may approve, any further amounts to be used as a "Litigation Funding Amount" pursuant to the terms of this Agreement.

3.13 Limitation of Litigation Trustee's Authority

- (a) Notwithstanding anything herein to the contrary, the Litigation Trustee shall not (i) be authorized to engage in any trade or business or (ii) take any such actions as would be inconsistent with the purposes of this Agreement, the preservation of the assets of the Litigation Trust and the best interests of the Litigation Trust Beneficiaries.
- (b) The Litigation Trust shall not hold 50% or more of the stock (in either vote or value) of any Person that is treated as a corporation for federal income tax purposes, nor be the sole member of a limited liability company, nor have any interest in a Person that is treated as a partnership for federal income tax purposes, unless such stock, membership interest, or partnership interest was obtained involuntarily or as a matter of practical economic necessity in order to preserve the value of the Litigation Trust Assets.

3.14 Books and Records

- (a) The Litigation Trustee shall maintain books and records relating to the Litigation Trust Assets and the Litigation Trust Proceeds and the payment of expenses of, liabilities of, and claims against or assumed by, the Litigation Trust in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof. Such books and records shall be maintained on a modified cash or other comprehensive basis of accounting necessary to facilitate compliance with the tax reporting and securities law requirements, if any, of the Litigation Trust as well as the reporting requirements set forth in Article 8 and elsewhere in this Agreement. Nothing in this Agreement requires the Litigation Trustee to file any accounting or seek approval of any court with respect to the administration of the Litigation Trust, or as a condition for managing any payment or distribution out of the assets of the Litigation Trust.
- (b) Holders of the Litigation Trust Interests and their duly authorized representatives shall have the right, upon reasonable prior written notice to the Litigation Trustee, and in accordance with the reasonable regulations prescribed by the Litigation Trustee, to inspect and, at the sole expense of such holder seeking the same, make copies of the books and records relating to the Litigation Trust on any Business Day and as often as may be reasonably be desired, in each case for a purpose reasonably related to such holder's Litigation Trust Interests and subject to any confidentiality restrictions set forth herein or as the Litigation Trustee or the Litigation Trust Board may deem appropriate.

3.15 Inquiries into Trustee's Authority

Except as otherwise set forth in this Agreement or the Plan, no Person dealing with the Litigation Trust shall be obligated to inquire into the authority of the Litigation Trustee in connection with the protection, conservation or disposition of the Litigation Trust Claims.

3.16 Compliance with Laws

Any and all distributions of assets of the Litigation Trust shall be in compliance with applicable laws, including applicable provincial securities laws.

3.17 Compensation of the Litigation Trustee

Notwithstanding anything to the contrary contained herein, the Litigation Trustee shall be compensated for its services, and reimbursed for its expenses, in accordance with, and pursuant to the terms of, a separate agreement to be negotiated and executed by the Litigation Trust Board, which agreement shall not be subject to any third-party notice or approval.

3.18 Reliance by Litigation Trustee

Except as otherwise provided herein:

- (a) the Litigation Trustee may rely on, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request,

consent, order or other paper or document reasonably believed by the Litigation Trustee to be genuine and to have been signed or presented by the proper party or parties; and

- (b) Persons dealing with the Litigation Trustee shall look only to the assets of the Litigation Trust to satisfy any liability incurred by the Litigation Trustee to such Person in carrying out the terms of this Agreement, and neither the Litigation Trustee nor any member of the Litigation Trust Board shall have any personal obligation to satisfy any such liability.

3.19 Investment and Safekeeping of Litigation Trust Assets

Subject to Section 3.4 of this Agreement, the Litigation Trustee shall invest all Litigation Trust Assets (other than Litigation Trust Claims), all Litigation Trust Proceeds, the Litigation Funding Amount and all income earned by the Litigation Trust (pending distribution in accordance with Article 6 of this Agreement) only in cash and government securities, and the Litigation Trustee may retain any Litigation Trust Proceeds received that are not cash only for so long as may be required for the prompt and orderly liquidation of such assets into cash.

3.20 Standard of Care; Exculpation

Neither the Litigation Trustee nor any of its duly designated agents or representatives or professionals shall be liable for any act or omission taken or omitted to be taken by the Litigation Trustee in good faith, other than (i) acts or omissions resulting from the Litigation Trustee's or any such agent's, representative's or professional's gross negligence, bad faith, wilful misconduct or knowing violation of law or (ii) acts or omissions from which the Litigation Trustee or any such agent, representative or professional derived an improper personal benefit. The Litigation Trustee may, in connection with the performance of its functions, and in its sole and absolute discretion, consult with its counsel, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons. Notwithstanding such authority, the Litigation Trustee shall be under no obligation to consult with its counsel, accountants, financial advisors or agents, and its good faith determination not to do so shall not result in the imposition of liability on the Litigation Trustee, unless such determination is based on gross negligence, bad faith, wilful misconduct or knowing violation of law. No amendment, modification or repeal of this Section 3.20 shall adversely affect any right or protection of the Litigation Trustee or any of its agents, representatives or professionals that exists at the time of such amendment, modification or repeal.

ARTICLE 4 LITIGATION TRUST BOARD

4.1 Litigation Trust Board

A litigation trust board (the "**Litigation Trust Board**") shall initially consist of three Persons selected to serve in such capacity prior to the Effective Date by the Initial Consenting Noteholders, as listed on Schedule C hereto. No holder of Litigation Trust Interests (except to

the extent such holder is a member of the Litigation Trust Board) shall have any consultation or approval rights whatsoever in respect of management and operation of the Litigation Trust.

4.2 Authority of the Litigation Trust Board

The Litigation Trust Board shall have the authority and responsibility to oversee, review, and guide the activities and performance of the Litigation Trustee and shall have the authority to remove the Litigation Trustee in accordance with Section 3.5(c) of this Agreement. The Litigation Trustee shall consult with and provide information to the Litigation Trust Board in accordance with and pursuant to the terms of this Agreement and the Plan. The Litigation Trust Board shall have the authority to select and engage such Persons, and select and engage such professional advisors, including any professional previously retained by the Initial Consenting Noteholders or SFC, in accordance with the terms of this Agreement, as the Litigation Trust Board deems necessary and desirable to assist the Litigation Trust Board in fulfilling its obligations under this Agreement. The Litigation Trustee shall pay the reasonable fees of such Persons and firms (including on an hourly, contingency, or modified contingency basis) and reimburse such Persons for their reasonable and documented out-of-pocket costs and expenses consistent with the terms of this Agreement.

4.3 Regular Meetings of the Litigation Trust Board

Meetings of the Litigation Trust Board are to be held with such frequency and in such manner and at such place and time as the members of the Litigation Trust Board may determine in their reasonable discretion, but in no event shall such meetings be held less frequently than one time during each quarter of each calendar year.

4.4 Special Meetings of the Litigation Trust Board

Special meetings of the Litigation Trust Board may be held whenever, wherever and however called for by the Litigation Trust Board or any two members of the Litigation Trust Board.

4.5 Manner of Acting

- (a) A majority of the total number of members of the Litigation Trust Board then in office shall constitute a quorum for the transaction of business at any meeting of the Litigation Trust Board (whether at a meeting with or without the Litigation Trustee); provided, however, that all decisions or approvals or other actions of the Litigation Trust Board shall require the affirmative vote of a majority of all of the members of the Litigation Trust Board, and such an affirmative vote obtained as to any particular matter, decision, approval or other action at a meeting at which a quorum is present shall be the act of the Litigation Trust Board, except as otherwise required by law or as provided in this Agreement.
- (b) Voting may, if approved by the majority of all of the members of the Litigation Trust Board, be conducted by electronic mail or individual communications by each member of the Litigation Trust Board.
- (c) Any member of the Litigation Trust Board who is present and entitled to vote at a meeting of the Litigation Trust Board (including any meeting of the Litigation

Trustee and the Litigation Trust Board) when action is taken is deemed to have assented to the action taken, subject to the requisite vote of the Litigation Trust Board unless: (i) such member of the Litigation Trust Board objects at the beginning of the meeting (or promptly upon his/her arrival) to holding it or transacting business at the meeting; or (ii) his/her dissent or abstention from the action taken is entered in the minutes of the meeting; or (iii) he/she delivers written notice (including by electronic or facsimile transmission) of his/her dissent or abstention to the Litigation Trust Board before its adjournment. The right of dissent or abstention is not available to any member of the Litigation Trust Board who votes in favour of the action taken.

- (d) Prior to the taking of a vote on any matter or issue or the taking of any action with respect to any matter or issue, each member of the Litigation Trust Board shall report to the Litigation Trust Board any conflict of interest such member has or may have with respect to the matter or issue at hand and fully disclose the nature of such conflict or potential conflict (including disclosing any and all financial or other pecuniary interests that such member might have with respect to or in connection with such matter or issue, other than solely as a holder of a Litigation Trust Interest). A member who has or who may have a conflict of interest shall be deemed to be a “conflicted member” who shall not be entitled to vote or take part in any action with respect to such matter or issue (provided, however, such member shall be counted for purposes of determining the existence of a quorum); the vote or action with respect to such matter or issue shall be undertaken only by members of the Litigation Trust Board who are not “conflicted members” and, notwithstanding anything contained herein to the contrary, the affirmative vote of only a majority of the members of the Litigation Trust Board who are not “conflicted members” shall be required to approve of such matter or issue and the same shall be the act of the Litigation Trust Board.

4.6 Litigation Trust Board’s Action Without a Meeting

Any action required or permitted to be taken by the Litigation Trust Board at a meeting of the Litigation Trust Board may be taken without a meeting if the action is taken by unanimous written consent of the Litigation Trust Board as evidenced by one or more written (including by way of email) consents describing the action taken, signed by all members of the Litigation Trust Board and recorded in the minutes or other transcript of proceedings of the Litigation Trust Board.

4.7 Notice of, and Waiver of Notice for Litigation Trust Board Meetings

Notice of the time and place (but not necessarily the purpose or all of the purposes) of any regular or special meeting of the Litigation Trust Board will be given to the members of the Litigation Trust Board in person or by telephone, or via mail, electronic mail, or facsimile transmission. Notice to the members of the Litigation Trust Board of any such special meeting will be deemed given sufficiently in advance when (i) if given by mail, the same is deposited in the mail at least ten calendar days before the meeting date, with postage thereon prepaid, (ii) if given by electronic mail or facsimile transmission, the same is transmitted at least one Business Day prior to the convening of the meeting, or (iii) if personally delivered (including by overnight

courier) or given by telephone, the same is handed, or the substance thereof is communicated over the telephone to the members of the Litigation Trust Board or to an adult member of his/her office staff or household, at least one Business Day prior to the convening of the meeting. Any member of the Litigation Trust Board may waive notice of any meeting and any adjournment thereof at any time before, during, or after it is held, subject to applicable law. Except as provided in the next sentence below, the waiver must be in writing, signed by the applicable member or members of the Litigation Trust Board entitled to the notice. The attendance of a member of the Litigation Trust Board at a meeting (whether in person or by telephone or videoconference) shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

4.8 Telephonic Communications

Any member of the Litigation Trust Board may participate in a regular or special meeting of the Litigation Trust Board by, or conduct the meeting through the use of, conference telephone, or similar communications equipment by means of which all persons participating in the meeting may hear each other, in which case any required notice of such meeting may generally describe the arrangements (rather than or in addition to the place) for the holding thereof. Any member of the Litigation Trust Board participating in a meeting by this means is deemed to be present in person at the meeting.

4.9 Tenure, Removal and Replacement of the Members of the Litigation Trust Board

The authority of the members of the Litigation Trust Board will be effective as of the Effective Date and will remain and continue in full force and effect until the Litigation Trust is terminated in accordance with Section 8.1 hereof. The service of the members of the Litigation Trust Board will be subject to the following:

- (a) The members of the Litigation Trust Board will serve until death or resignation pursuant to Section 4.9(b) of this Agreement, or removal pursuant to Section 4.9(c) of this Agreement.
- (b) A member of the Litigation Trust Board may resign at any time by providing a written notice of resignation to the remaining members of the Litigation Trust Board. Such resignation will be effective upon the date received by the Litigation Trust Board or such later date specified in the written notice.
- (c) A member of the Litigation Trust Board may be removed by the majority vote of the other members of the Litigation Trust Board, written resolution of which shall be delivered to the removed Litigation Trust Board member; provided, however, that such removal may only be made for Cause. For purposes of this Section 4.9(c), “Cause” shall be defined as: (i) such Litigation Trust Board member’s theft or embezzlement or attempted theft or embezzlement of money or tangible or intangible assets or property; (ii) such Litigation Trust Board member’s violation of any law (whether foreign or domestic), which results in an indictable offence or similar judicial proceeding; (iii) such Litigation Trust Board member’s gross negligence, bad faith, wilful misconduct or knowing violation of law, in the

performance of his or her duties as a member of the Litigation Trust Board; or (iv) such Litigation Trust Board member's failure to perform any of his or her other material duties under this Agreement (including the regular attendance at meetings of the Litigation Trust Board and of the Litigation Trustee and the Litigation Trust Board); provided, however, that such Litigation Trust Board member shall have been given a reasonable period to cure any alleged Cause under clauses (iii) (other than bad faith, wilful misconduct or knowing violation of law) and (iv).

- (d) In the event of a vacancy on the Litigation Trust Board (whether by removal, death or resignation), the remaining members of the Litigation Trust Board shall appoint a new member to fill such position. In the event that there are no members of the Litigation Trust Board selected or appointed in accordance with the preceding sentence, appointments to fill such vacancies that would have been made in accordance with the preceding sentence shall be made by the Litigation Trustee, following consultation with the Monitor (if available in such capacity). Upon any such appointment of a successor member of the Litigation Trust Board, the Litigation Trustee shall provide the holders of the Litigation Trust Interests with notice of the name of the new member of the Litigation Trust Board, provided, however, that the provision of such notice shall not be a condition precedent to the rights and power of the new member of the Litigation Trust Board to act in such capacity.
- (e) Immediately upon the appointment of any successor member of the Litigation Trust Board all rights, powers, duties, authority, and privileges of the predecessor member of the Litigation Trust Board hereunder will be vested in and undertaken by the successor member of the Litigation Trust Board without any further act; and the successor member of the Litigation Trust Board will not be liable personally for any act or omission of the predecessor member of the Litigation Trust Board.

4.10 Compensation of the Litigation Trust Board

Each member of the Litigation Trust Board shall be paid an annual amount as compensation for his or her services hereunder as a member of the Litigation Trust Board, which amount shall be determined by the Board of Newco (as defined in the Plan) from time to time. In addition, each member of the Litigation Trust Board shall be entitled to be reimbursed from the Litigation Trust for his or her reasonable and documented out-of-pocket expenses incurred in connection with the performance of his or her duties hereunder by the Litigation Trust upon demand for payment thereof.

4.11 Standard of Care; Exculpation

None of the Litigation Trust Board, its respective members, designees, professionals, or duly designated agents, counsel or representatives, shall be liable for the act or omission of any other member, designee, professional, agent, or representative of the Litigation Trust Board, nor shall any member of the Litigation Trust Board be liable for any act or omission taken or omitted to be taken by the Litigation Trust Board in good faith, other than for (i) acts or omissions resulting

from the Litigation Trust Board's or any such member's, designee's, professional's, agent's or representative's gross negligence, bad faith, wilful misconduct or knowing violation of law or (ii) acts or omissions from which the Litigation Trust Board or such member, designee, professional, agent or representative derived an improper personal benefit. The Litigation Trust Board may, in connection with the performance of its functions, and in its sole and absolute discretion, consult with the Litigation Trust Board's counsel, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in good faith in accordance with advice or opinions rendered by such Persons. Notwithstanding such authority, none of the Litigation Trust Board or any of its members shall be under any obligation to consult with the Litigation Trust Board's counsel, accountants, financial advisors or agents, and their good faith determination not to do so shall not result in the imposition of liability on the Litigation Trust Board or, as applicable, any of its members, designees, professionals, agents or representatives, unless such determination is based on gross negligence, bad faith, wilful misconduct or knowing violation of law. No amendment modification or repeal of this Section 4.11 shall adversely affect any right or protection of the Litigation Trust Board, its members, designees, professional agents or representatives that exists at the time of such amendment, modification or repeal.

ARTICLE 5 TAX MATTERS

5.1 U.S. Federal Income Tax Treatment of the Litigation Trust

- (a) For all U.S. federal income tax purposes, all parties (including SFC and the other Litigation Trust Claims Transferors, the Litigation Trustee, the Litigation Trust Board and the Litigation Trust Beneficiaries) shall treat the transfer of the Litigation Trust Assets to the Litigation Trustee for the benefit of the Litigation Trust Beneficiaries as (a) a transfer of the Litigation Trust Assets directly to those Litigation Trust Beneficiaries receiving Litigation Trust Interests (other than to the extent allocable to Unresolved Claims), followed by (b) the transfer by such Litigation Trust Beneficiaries to the Litigation Trustee of the Litigation Trust Assets in exchange for the Litigation Trust Interests (and in respect of the Litigation Trust Assets allocable to the Unresolved Claims, as a transfer to the Unresolved Claims Reserve by the Litigation Trust Claim Transferors). Accordingly, those Litigation Trust Beneficiaries receiving Litigation Trust Interests shall be treated for U.S. federal income tax purposes as the grantors and owners of their respective shares of the Litigation Trust Assets. The foregoing treatment also shall apply, to the extent permitted by applicable law, for U.S. state and local income tax purposes.

- (b) Subject to definitive guidance from the I.R.S. or a court of competent jurisdiction to the contrary, the Litigation Trustee shall file returns for the Litigation Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with this Article 5. The Litigation Trustee shall also annually send to each holder of a Litigation Trust Interest a separate statement setting forth such holder's share of items of income, gain, loss, deduction, or credit and will instruct all such holders and parties to report such items on their federal income tax returns. The Litigation Trustee also shall file (or cause to be filed) any other

statements, returns or disclosures relating to the Litigation Trust that are required by any governmental unit.

- (c) The Litigation Trust Board shall inform, in writing, the Litigation Trustee of the fair market value of the Litigation Trust Assets transferred to the Litigation Trust based on the good faith determination of the Litigation Trust Board, and the Litigation Trustee shall apprise, in writing, the Litigation Trust Beneficiaries of such valuation. In such circumstances, the valuation shall be used consistently by all parties (including SFC and the other Litigation Trust Claim Transferors, the Litigation Trustee, the Litigation Trust Board and the Litigation Trust Beneficiaries) for all federal income tax purposes, as applicable. As applicable or necessary, the Litigation Trustee shall make such valuation prepared by the Litigation Trust Board available from time to time, to the extent relevant or reasonably necessary, and such valuation shall be used consistently by all parties (including SFC and the other Litigation Trust Claim Transferors, the Litigation Trustee, the Litigation Trust Board and the Litigation Trust Beneficiaries) for all federal income tax purposes. In connection with the preparation of any such valuation, the Litigation Trust Board shall be entitled to retain such professionals and advisors as the Litigation Trust Board shall determine to be appropriate or necessary, and the Litigation Trust Board shall take such other actions in connection therewith as it determines to be appropriate or necessary in connection therewith. The Litigation Trust shall bear all of the reasonable costs and expenses incurred in connection with determining such value, including the fees and expenses of any Persons retained by the Litigation Trust Board in connection therewith.
- (d) If applicable, the Litigation Trustee may request an expedited determination of taxes of the Litigation Trust for all returns filed for, or on behalf of, the Litigation Trust for all taxable periods through the dissolution of the Litigation Trust.
- (e) The Litigation Trustee shall be responsible for payments, out of the Litigation Trust Assets and Litigation Trust Proceeds, of any taxes imposed on the Litigation Trust or the Litigation Trust Assets.
- (f) The Litigation Trustee may require any of the Litigation Trust Beneficiaries to furnish to the Litigation Trustee its Employer or Taxpayer Identification Number and the Litigation Trustee may condition any distribution or payment to any of them upon receipt of such identification number.

5.2 Allocations of Litigation Trust Taxable Income For U.S. Federal Income Tax Purposes

Allocations of Litigation Trust taxable income among the holders of the Litigation Trust Interests shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restrictions on distributions described herein) if, immediately prior to such deemed distribution, the Litigation Trust had distributed all of its other assets (valued at their tax book value) to the holders of the Litigation Trust Interests, in each case up to the tax book value of the assets treated as contributed by such holders, adjusted

for prior taxable income and loss and taking into account all prior and concurrent distributions from the Litigation Trust (including all distributions held in escrow pending the resolution of Unresolved Claims). Similarly, taxable loss of the Litigation Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Litigation Trust Assets. The tax book value of the Litigation Trust Assets for this purpose shall equal their fair market value on the Effective Date (or otherwise, as applicable) as determined under Section 5.1(c) above, adjusted in either case in accordance with tax accounting principles prescribed by the Internal Revenue Code, and applicable tax regulations, and other applicable administrative and judicial authorities and pronouncements.

5.3 Canadian Tax Treatment of Distributions by Litigation Trustee

Amounts distributed by the Litigation Trustee shall be treated as distributions of income or capital for Canadian federal income tax purposes, as determined by the Litigation Trustee. The Litigation Trustee shall be entitled to file any election for tax purposes which it considers desirable or appropriate. The Litigation Trustee may create a legally enforceable right of Litigation Trust Beneficiaries in respect of any particular distribution to enforce payment of that distribution on or before December 31 of the relevant taxation year of the Litigation Trust.

ARTICLE 6 DISTRIBUTIONS

6.1 Distributions; Withholding

Subject to Section 3.4 of this Agreement, the Litigation Trustee shall distribute, in accordance with this Article 6, to the holders of the Litigation Trust Interests the Litigation Trust Proceeds (including, without limitation, all net cash income plus all net cash proceeds from the liquidation of Litigation Trust Assets (including as cash, for this purpose, all cash equivalents), but excluding, for greater certainty, the Litigation Funding Amount or any remaining portion thereof); provided, however, that the Litigation Trustee may retain and not distribute to holders of the Litigation Trust Interests such amounts as determined by the Litigation Trust Board (i) as are reasonably necessary to meet contingent liabilities of the Litigation Trust during liquidation and (ii) to pay reasonable and necessary administrative expenses incurred in connection with liquidation and any taxes imposed on the Litigation Trust or in respect of the Litigation Trust Assets, and provided further that prior to any distribution of Litigation Trust Proceeds to the holders of the Litigation Trust Interests, the Litigation Trustee shall first pay to Newco an amount in cash equivalent to the Litigation Funding Amount (together with any other amounts that may have been advanced by Newco as Litigation Funding Amounts). All distributions and/or payments to be made to the holders of the Litigation Trust Interests pursuant to this Agreement shall be made to the holders of the Litigation Trust Interests pro rata based on the amount of Litigation Trust Interests held by a holder compared with the aggregate amount of the Litigation Trust Interests outstanding, subject, in each case, to the terms of the Plan and this Agreement. The Litigation Trustee may withhold from amounts distributable to any Person any and all amounts, determined in the Litigation Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

6.2 Manner of Payment or Distribution

All distributions to be made by the Litigation Trustee hereunder to the holders of the Litigation Trust Interests shall be made to a disbursing agent acceptable to the Litigation Trust Board for further distribution to the holders of the Litigation Trust Interests and shall be payable to the holders of Litigation Trust Interests of record as of the 20th day prior to the date scheduled for the distribution, unless such day is not a Business Day, then such day shall be the following Business Day. If the distribution shall be in cash, the Litigation Trustee shall distribute such cash by wire, check, or such other method as the Litigation Trustee deems appropriate under the circumstances.

6.3 Cash Distributions

No cash distributions shall be required to be made to any holders of a Litigation Trust Interest in an amount less than \$100.00. Any funds so withheld and not distributed shall be held in reserve and distributed in subsequent distributions. Notwithstanding the foregoing, all cash shall be distributed in the final distribution of the Litigation Trust.

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification of Litigation Trustee and the Litigation Trust Board

- (a) To the fullest extent permitted by law, the Litigation Trust, to the extent of its assets legally available for that purpose, shall indemnify and hold harmless the Litigation Trustee, each of the members of the Litigation Trust Board and each of their respective directors, members, shareholders, partners, officers, agents, employees, counsel and other professionals (collectively, the “**Indemnified Persons**”) from and against any and all losses, costs, damages, reasonable and documented out-of-pocket expenses (including reasonable fees and expenses of counsel and other advisors and any court costs incurred by any Indemnified Person) or liability by reason of anything any Indemnified Person did, does, or refrains from doing for the business or affairs of the Litigation Trust, except to the extent that the loss, cost, damage, expense or liability resulted (i) from the Indemnified Person’s gross negligence, bad faith, wilful misconduct or knowing violation of law or (ii) from an act or omission from which the Indemnified Person derived an improper personal benefit. To the extent reasonable, the Litigation Trust shall pay in advance or reimburse reasonable and documented out-of-pocket expenses (including advancing reasonable costs of defence) incurred by the Indemnified Person who is or is threatened to be named or made a defendant or a respondent in a proceeding concerning the business and affairs of the Litigation Trust. The indemnification provided under this Section 7.1 shall survive the death, dissolution, resignation or removal, as may be applicable, of the Litigation Trustee, the Litigation Trust Board, any Litigation Trust Board member and/or any other Indemnified Person, and shall enure to the benefit of the Litigation Trustee’s, each Litigation Trust Board member’s and each other Indemnified Person’s heirs, successors and assigns.

- (b) Any Indemnified Person may waive the benefits of indemnification under this Section 7.1, but only by an instrument in writing executed by such Indemnified Person.
- (c) The rights to indemnification under this Section 7.1 are not exclusive of other rights which any Indemnified Person may otherwise have at law or in equity, including without limitation common law rights to indemnification or contribution. Nothing in this Section 7.1 will affect the rights or obligations of any Person (or the limitations on those rights or obligations) under this Agreement, or any other agreement or instrument to which that Person is a party.

ARTICLE 8 REPORTING OBLIGATIONS OF LITIGATION TRUSTEE

8.1 Reports

- (a) The Litigation Trustee shall prepare such reports as the Litigation Trust Board shall request from time to time, which reports may be marked privileged and confidential at the discretion of the Litigation Trust Board or the Litigation Trustee, and shall distribute such reports to the Litigation Trust Board and, if directed by the Litigation Trust Board, to all holders of the Litigation Trust Interests as provided in this Article 8. For the avoidance of doubt, the holders of the Litigation Trust Interests shall not be entitled to any report, financial or otherwise, unless determined by the Litigation Trust Board in its sole discretion.
- (b) Without limiting the foregoing, the Litigation Trustee shall timely (i) prepare, file and distribute such statements, reports, tax returns and forms, and submissions as may be necessary to cause the Litigation Trust and the Litigation Trustee to be in compliance with all applicable laws (including any quarterly and annual reports to the extent required by applicable law or in order to gain an exemption from compliance with applicable law) and (ii) prepare and file with the CCAA Court such reports and submissions as may be required by the CCAA Court.
- (c) The Litigation Trustee may post any report required to be provided under this Section 8.1 on a web site maintained by the Litigation Trustee in lieu of actual notice, subject to also filing such reports with the CCAA Court when required to do so.

ARTICLE 9 TERM; TERMINATION OF THE LITIGATION TRUST

9.1 Term; Termination of the Litigation Trust

- (a) The Litigation Trust shall commence on the date hereof and terminate no later than the fifth anniversary of the Effective Date; provided, however, that, on or prior to the date that is 90 days prior to such termination, the Litigation Trust Board may extend the term of the Litigation Trust if it is necessary to the efficient and proper administration of the Litigation Trust Assets in accordance with the

purposes and terms of this Agreement. Notwithstanding the foregoing, multiple extensions can be obtained so long as each extension is obtained not less than 90 days prior to the expiration of each extended term; and provided, further, that neither this Agreement nor the continued existence of the Litigation Trust shall prevent SFC from terminating the CCAA Proceeding.

- (b) The Litigation Trust may be terminated earlier than its scheduled termination if:
- (i) the Litigation Trustee has administered all Litigation Trust Assets and performed all other duties required by this Agreement and the Litigation Trust; or
 - (ii) if the Litigation Trustee, in consultation with and subject to the approval of the Litigation Trust Board, determines that it is not in the best interests of the Litigation Trust Beneficiaries to continue pursuing the Litigation Trust Claims. Upon termination of the Litigation Trust pursuant to subsection (ii) hereof, any and all remaining portion of the Litigation Funding Amount shall be paid to Newco in cash by wire, check, or such other method as agreed to by the Litigation Trustee and Newco.

9.2 Continuance of Trust for Winding Up

After the termination of the Litigation Trust and for the purpose of liquidating and winding up the affairs of the Litigation Trust, the Litigation Trustee shall continue to act as such until its duties have been fully performed. Prior to the final distribution of all of the remaining assets of the Litigation Trust and upon approval of the Litigation Trust Board, the Litigation Trustee shall be entitled to reserve from such assets any and all amounts required to provide for its own reasonable costs and expenses, in accordance with Section 3.17, until such time as the winding up of the Litigation Trust is completed. Upon termination of the Litigation Trust, the Litigation Trustee shall retain for a period of two years the books, records and other documents and files that have been delivered to or created by the Litigation Trustee. At the Litigation Trustee's discretion, all of such records and documents may, but need not, be destroyed at any time after two years from the completion and winding up of the affairs of the Litigation Trust. Except as otherwise specifically provided herein, upon the termination of the Litigation Trust, the Litigation Trustee shall have no further duties or obligations hereunder.

ARTICLE 10 AMENDMENT AND WAIVER

10.1 Amendment and Waiver

The Litigation Trustee, with the prior approval of the majority of the members of the Litigation Trust Board, may amend, supplement or waive any provision of, this Agreement, without notice to or the consent of the holders of the Litigation Trust Interests or the approval of the CCAA Court to (or on behalf or for the account of) any of the holders of the Litigation Trust Interests: (i) to cure any ambiguity, omission, defect or inconsistency in this Agreement; (ii) to comply with any requirements in connection with the tax status of the Litigation Trust; (iii) to comply with any requirements in connection with maintaining that the Litigation Trust is not subject to registration or reporting requirements; (iv) to make the Litigation Trust a reporting entity and, in such event, to comply with any requirements in connection with satisfying any applicable registration or reporting requirements; (v) to evidence and provide for the acceptance of

appointment hereunder by a successor trustee in accordance with the terms of this Agreement; and (vi) to achieve any other purpose that is not inconsistent with the purpose and intention of this Agreement; provided, that, no such amendment, supplement or waiver shall adversely affect the payments and/or distributions to be made under this Agreement.

ARTICLE 11 MISCELLANEOUS PROVISIONS

11.1 Intention of Parties to Establish the Litigation Trust

This Agreement is intended to create a liquidating trust for U.S. federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as such a trust and any ambiguity herein shall be construed consistent herewith and, if necessary, this Agreement may be amended in accordance with Section 10.1 to comply with such federal income tax laws, which amendments may apply retroactively.

11.2 Laws as to Construction

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to whether any conflicts of law would require the application of the law of another jurisdiction.

11.3 Jurisdiction

Without limiting any Person's right to appeal any order of the CCAA Court with regard to any matter, (i) the CCAA Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all actions related to the foregoing shall be filed and maintained only in the CCAA Court, and the parties, including the holders of the Litigation Trust Interests, and holders of Claims, hereby consent to and submit to the jurisdiction and venue of the CCAA Court.

11.4 Severability

If any provision of this Agreement or the application thereof to any Person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11.5 Notices

All notices, requests or other communications to the parties hereto shall be in writing and shall be sufficiently given only if (i) delivered in person; (ii) sent by electronic mail or facsimile communication (as evidenced by a confirmed fax transmission report); (iii) sent by registered or certified mail, return receipt requested; or (iv) sent by commercial delivery service or courier. Until a change of address is communicated, as provided below, all notices, requests and other communications shall be sent to the parties at the following addresses or facsimile numbers:

If to the Litigation Trustee: Cosimo Borrelli
c/o Borrelli Walsh
Level 17, Tower 1, Admiralty Centre
18 Harcourt Road
Hong Kong
Telephone: 852.3761.3800
Facsimile: 852.3761.3889
Email: cb@borrelliwalsh.com

If to the Litigation Trust Board Members: Paul Brough
c/o Blue Willow Limited
11th Floor, Waga Commercial Centre
99 Wellington Street
Central, Hong Kong
Telephone: 852.9109.6469
Facsimile: 852.2319.1001
Email: paulbrough@bluewillowhk.com

And to: Eugene Davis
5 Canoe Brook Dr.
Livingston, NJ
07039-6121, USA
Telephone: 1.973.464.9333
Facsimile: 1.973.535.1843
Email: genedavis@pirinateconsulting.com

And to: Barry Field
140 The Street,
Rushmere St Andrew, Ipswich
IP5 1 DH, UK
Telephone: 44. 14.7348.4437
Email: barry.field2@gmail.com

(with a copy to)

Hogan Lovells LLP
11th Floor, One Pacific Place
88 Queensway
Hong Kong
Telephone: 852.2840.5002
Facsimile: 852.2219.0222
Email: neil.mcdonald@hoganlovells.com
Attn: Neil McDonald

All notices shall be effective and shall be deemed delivered (i) if by personal delivery, delivery service or courier, on the date of delivery; (ii) if by electronic mail or facsimile communication, on the date of receipt or confirmed transmission of the communication; and (iii) if by mail, on the date of receipt. Any Person from time to time may change his, her or its address, facsimile number, or other information for the purpose of notices to that Person by giving notice specifying such change to the Litigation Trustee and the Persons who are at the time of such notice members of the Litigation Trust Board.

11.6 Fiscal Year

The fiscal year of the Litigation Trust will begin on the first day of January and end on the last day of December of each calendar year.

11.7 Construction; Usage

- (a) Interpretation. In this Agreement, unless a clear contrary intention appears:
- (i) the singular number includes the plural number and vice versa;
 - (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
 - (iii) reference to any gender includes each other gender;
 - (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;
 - (v) reference to any applicable law means such applicable law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any applicable law means that provision of such applicable law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;

- (vi) “hereunder,” “hereof,” “hereto,” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;
 - (vii) reference to Articles, Sections, Schedules or Exhibits herein shall be deemed to be references to the Articles, Sections, Schedules and Exhibits to this Agreement unless otherwise specified;
 - (viii) “including” means including without limiting the generality of any description preceding such term; and
 - (ix) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.
- (b) Legal Representation of the Parties. This Agreement was negotiated by the parties and beneficiaries hereto with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party hereto shall not apply to any construction or interpretation hereof.
- (c) Headings. The headings contained in this Agreement are for the convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

11.8 Counterparts; Facsimile; PDF

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Any facsimile or portable document format copies hereof or signature hereon shall, for all purposes, be deemed originals.

11.9 Confidentiality

The Litigation Trustee and each successor trustee and each member of the Litigation Trust Board and each successor member of the Litigation Trust Board (each a “**Covered Person**”) shall, during the period that they serve in such capacity under this Agreement and following either the termination of this Agreement or such individual’s removal, incapacity, or resignation hereunder, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any Person to which any of the assets of the Litigation Trust relates or of which it has become aware in its capacity (the “**Information**”), including without limitation, the identity of any Holder of Litigation Trust Interests and the extent of their holdings thereof, except to the extent disclosure of any such information is required by applicable law, order, regulation or legal process. In the event that any Covered Person is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigation, demand or similar legal process) to disclose any Information, such Covered Person shall notify the Litigation Trust Board reasonably promptly (unless prohibited by law) so that the Litigation Trust Board may seek an appropriate protective order or other appropriate remedy or, in its discretion, waive compliance with the terms of this Section 11.9 (and if the Litigation Trust

Board seeks such an order, the relevant Covered Person will provide cooperation as the Litigation Trust Board shall reasonably request). In the event that no such protective order or other remedy is obtained, or that the Litigation Trust Board waives compliance with the terms of this Section 11.9 and that any Covered Person is nonetheless legally compelled to disclose the Information, the Covered Person will furnish only that portion of the Information, which the Covered Person, advised by counsel, is legally required and will give the Litigation Trust Board written notice (unless prohibited by law) of the Information to be disclosed as far in advance as practicable and exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Information.

11.10 Entire Agreement

This Agreement (including the Recitals), the Plan, and the Plan Sanction Order constitute the entire agreement by and among the parties hereto and there are no representations, warranties, covenants or obligations except as set forth herein or therein. This Agreement, the Plan and the Plan Sanction Order supersede all prior and contemporaneous agreements, understandings, negotiations, discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder. Except as otherwise specifically provided herein, in the Plan or in the Plan Sanction Order, nothing in this Agreement is intended or shall be construed to confer upon or to give any Entity or Person other than the parties hereto and their respective heirs, administrators, executors, permitted successors, or permitted assigns any right to remedies under or by reason of this Agreement, except that (i) the Persons identified in Article 7 hereof are intended third party beneficiaries of Article 7 hereof and shall be entitled to enforce the provisions thereof as if they were parties hereto and (ii) the members (and former members) of the Litigation Trust Board are intended third party beneficiaries of Article 4 hereof and shall be entitled to enforce the provisions thereof as if they were parties hereto.

11.11 No Bond

Notwithstanding any state or federal law to the contrary, the Litigation Trustee (including any successor trustee) shall be exempt from giving any bond or other security in any jurisdiction.

11.12 Effectiveness

This Agreement shall become effective on the Effective Date.

11.13 Successor and Assigns

This Agreement shall inure to the benefit of the parties hereto and the intended third party beneficiaries identified in Section 11.10 hereof (to the extent specified therein), and shall be binding upon the parties hereto, and each of their respective successors and assigns to the extent permitted by this Agreement and applicable law.

11.14 No Execution

All funds in the Litigation Trust shall be deemed in *custodia legis* until such times as the funds have actually been paid to or for the benefit of a holder of a Litigation Trust Interest, and no holder of a Litigation Trust Interest or any other Person can execute upon, garnish or attach the assets of the Litigation Trust in any manner or compel payment from the Litigation Trust except

by an order of the CCAA Court. Distributions from the Litigation Trust will be governed solely by the Plan and this Agreement.

11.15 Irrevocability

The Litigation Trust is irrevocable, but is subject to amendment and waiver as provided for in this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers all as of the date first above written.

SINO-FOREST CORPORATION:

By: _____
Name:
Title:

LITIGATION TRUSTEE:

Name: Cosimo Borrelli, solely in his
capacity as the Litigation Trustee and not in
his personal capacity

6148079

SCHEDULE A

Index of Defined Terms

<u>Term</u>	<u>Location</u>
Agreement	Introduction
Cause	Section 4.9(c)
Causes of Action	Preliminary Statement
CCAA	Preliminary Statement
CCAA Court	Preliminary Statement
Covered Person	Section 11.9
Effective Date	Section 1.2(b)
Excluded Litigation Trust Claims	Section 1.3(b)
Filing Date	Preliminary Statement
Indemnified Persons	Section 7.1(a)
Information	Section 11.9
Interim Trustee	Section 3.5(g)
Litigation Trust Assets	Preliminary Statement
Litigation Trust Beneficiary	Preliminary Statement
Litigation Trust Board	Section 4.1
Litigation Trust Claims	Preliminary Statement
Litigation Trust Claims Transferors	Section 1.4(a)
Litigation Trust Proceeds	Section 3.1
Litigation Trustee	Introduction
Plan	Preliminary Statement
Privileges	Section 1.3(a)
Registrar	Section 2.5(b)
Settlement Funds	Section 1.1
SFC	Introduction
SFC Litigation Trust	Section 1.2(a)
Third Party Disclosers	Section 1.3(f)
Transfer	Section 2.5(a)
Trust Register	Section 2.5(c)

SCHEDULE B

Form of Promissory Note for Litigation Trust Funding Amount

SCHEDULE C

Initial Members of the Litigation Trust Board

Paul Brough

Gene Davis

Barry Field

EXHIBIT B

DRAFT OF LITIGATION TRUST AGREEMENT

SINO-FOREST LITIGATION TRUST AGREEMENT

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 ESTABLISHMENT OF THE LITIGATION TRUST	2
1.1 Settling the Litigation Trust and Funding Expenses of the Litigation Trust	2
1.2 Establishment of Litigation Trust and Appointment of the Litigation Trustee	2
1.3 Transfer of Assets and Rights to the Litigation Trustee.....	3
1.4 Title to Litigation Trust Assets.....	<u>45</u>
1.5 Nature and Purpose of the Litigation Trust	5
1.6 Incorporation of Plan	<u>67</u>
ARTICLE 2 LITIGATION TRUST INTERESTS	<u>67</u>
2.1 Allocation of Litigation Trust Interests	<u>67</u>
2.2 Interests Beneficial Only	7
2.3 Evidence of Beneficial Interests	7
2.4 Securities Law Registration.....	<u>78</u>
2.5 No Transfers	<u>78</u>
2.6 Absolute Owners	8
ARTICLE 3 THE LITIGATION TRUSTEE	<u>89</u>
3.1 Litigation Trust Proceeds	<u>89</u>
3.2 Collection of Litigation Trust Proceeds	<u>89</u>
3.3 Payment of Litigation Trust Expenses	<u>89</u>
3.4 Distributions	9
3.5 Tenure, Removal, and Replacement of the Litigation Trustee.....	<u>910</u>
3.6 Acceptance of Appointment by Successor Trustee	11
3.7 Regular Meetings of the Litigation Trustee and the Litigation Trust Board.....	11
3.8 Special Meetings of the Litigation Trustee and the Litigation Trust Board.....	<u>112</u>
3.9 Notice of, and Waiver of Notice for Litigation Trustee and Litigation Trust Board Meeting.....	<u>112</u>
3.10 Manner of Acting	12
3.11 Role of the Litigation Trustee.....	12
3.12 Authority of Litigation Trustee	<u>1213</u>
3.13 Limitation of Litigation Trustee’s Authority.....	<u>1415</u>
3.14 Books and Records	<u>1516</u>
3.15 Inquiries into Trustee’s Authority	<u>1516</u>
3.16 Compliance with Laws	<u>1516</u>
3.17 Compensation of the Litigation Trustee	<u>1516</u>
3.18 Reliance by Litigation Trustee	16
3.19 Investment and Safekeeping of Litigation Trust Assets.....	<u>1617</u>
3.20 Standard of Care; Exculpation.....	<u>1617</u>
ARTICLE 4 LITIGATION TRUST BOARD	17
4.1 Litigation Trust Board	17
4.2 Authority of the Litigation Trust Board	<u>1718</u>
4.3 Regular Meetings of the Litigation Trust Board	<u>1718</u>

4.4	Special Meetings of the Litigation Trust Board	<u>1718</u>
4.5	Manner of Acting.....	<u>1718</u>
4.6	Litigation Trust Board’s Action Without a Meeting	<u>1819</u>
4.7	Notice of, and Waiver of Notice for Litigation Trust Board Meetings	<u>19</u>
4.8	Telephonic Communications.....	<u>1920</u>
4.9	Tenure, Removal and Replacement of the Members of the Litigation Trust Board.....	<u>1920</u>
4.10	Compensation of the Litigation Trust Board.....	<u>2021</u>
4.11	Standard of Care; Exculpation.....	<u>21</u>
ARTICLE 5 TAX MATTERS		<u>2122</u>
5.1	{ <u>U.S.</u> Federal Income Tax Treatment of the Litigation Trust.....	<u>2122</u>
5.2	Allocations of Litigation Trust Taxable Income <u>For U.S. Federal Income Tax Purposes</u>	<u>23</u>
5.3	Canadian Tax Treatment of Distributions by Litigation Trustee	<u>2324</u>
ARTICLE 6 DISTRIBUTIONS		<u>2324</u>
6.1	Distributions; Withholding	<u>2324</u>
6.2	Manner of Payment or Distribution.....	<u>2425</u>
6.3	Cash Distributions	<u>2425</u>
ARTICLE 7 INDEMNIFICATION		<u>2425</u>
7.1	Indemnification of Litigation Trustee and the Litigation Trust Board.....	<u>2425</u>
ARTICLE 8 REPORTING OBLIGATIONS OF LITIGATION TRUSTEE.....		<u>2526</u>
8.1	Reports.....	<u>2526</u>
ARTICLE 9 TERM; TERMINATION OF THE LITIGATION TRUST		<u>26</u>
9.1	Term; Termination of the Litigation Trust	<u>26</u>
9.2	Continuance of Trust for Winding Up.....	<u>2627</u>
ARTICLE 10 AMENDMENT AND WAIVER.....		<u>27</u>
10.1	Amendment and Waiver.....	<u>27</u>
ARTICLE 11 MISCELLANEOUS PROVISIONS		<u>2728</u>
11.1	Intention of Parties to Establish the Litigation Trust.....	<u>2728</u>
11.2	Laws as to Construction	<u>2728</u>
11.3	Jurisdiction	<u>2728</u>
11.4	Severability.....	<u>28</u>
11.5	Notices	<u>2829</u>
11.6	Fiscal Year.....	<u>2930</u>
11.7	Construction; Usage	<u>2930</u>
11.8	Counterparts; Facsimile; PDF	<u>3031</u>
11.9	Confidentiality	<u>3031</u>
11.10	Entire Agreement.....	<u>31</u>
11.11	No Bond.....	<u>3132</u>
11.12	Effectiveness.....	<u>3132</u>
11.13	Successor and Assigns.....	<u>3132</u>
11.14	No Execution	<u>3132</u>
11.15	Irrevocability	<u>32</u>

THIS LITIGATION TRUST AGREEMENT (this “**Agreement**”), dated as of the Effective Date, is entered into by and among:

1. Sino-Forest Corporation (“**SFC**”); and
2. ~~{●}~~ Cosimo Borrelli, as trustee of the Litigation Trust (the “**Litigation Trustee**”).

PRELIMINARY STATEMENT

~~SFC has filed that certain Plan of Compromise and Arrangement dated ●, 2012 in the Ontario Superior Court of Justice (the “**CCAA Court**”) pursuant to the provisions of On March 30, 2012 (the “**Filing Date**”), SFC commenced reorganization proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) (Case No. CV-12-9667-CL) before the Ontario Superior Court of Justice (the “**CCAA Court**”).~~

On December 3, 2012, SFC filed that certain Plan of Compromise and Reorganization dated December 3, 2012 pursuant to the provisions of the CCAA and the *Companies Business Corporations Act* (together with any supplement to such Plan and the exhibits and schedules thereto, as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof, the “**Plan**”).

~~On March 30, 2012 (the “**Filing Date**”), SFC commenced reorganization proceedings under the CCAA before the CCAA Court.~~

~~On ●, December 12, 2012, the CCAA Court entered the Plan Sanction Order approving the Plan. The, which contemplates the creation of this Litigation Trust, which is hereby created pursuant to this Agreement and in accordance with the laws of Ontario. ~~The Litigation Trust is created pursuant to this Agreement~~ in order to effectuate certain provisions of the Plan and the Plan Sanction Order and, in accordance therewith and herewith, the Litigation Trustee will hold the Litigation Trust Claims and the other Litigation Trust Assets for the benefit of the Litigation Trust Beneficiaries, all as defined herein or in the Plan.~~

In this Agreement, “**Litigation Trust Claims**” means any and all claims, actions, causes of action, demands, counterclaims, suits, rights, entitlements, litigation, arbitration, proceeding, hearing or complaint, complaint, debt, obligation, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries of whatever nature that any Person may be entitled to assert in law, equity or otherwise, whether known or unknown, foreseen or unforeseen, reduced to judgment or not reduced to judgment, liquidated or unliquidated, contingent or non-contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly, indirectly or derivatively, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring at any time, whether existing or hereafter arising and whether pertaining to events occurring before, on or after the Filing Date (the “**Causes of Action**”) which have been or may be asserted, by or on behalf of (i)a) SFC against any and all third parties; or (ii)b) the Trustees (on behalf of the Noteholders or any representative thereof (including the Trustees) against any and all third parties Persons in

connection with ~~any of the~~ Notes issued by SFC, ~~other than Noteholder Class Action Claims~~which claims are transferred to and vested in the Litigation Trustee pursuant to the Plan, the Plan Sanction Order and this Agreement; provided, however, that in no event shall Litigation Trust Claims include any ~~Claim or Cause of Action~~(i) claim, right or cause of action against any Person that is released pursuant to Sections 7.1 of the Plan Article 7 of the Plan or (ii) Excluded Litigation Trust Claim. For greater certainty: (x) the claims being advanced or that are subsequently advanced in the Class Actions are not being transferred to the Litigation Trust; and (y) the claims transferred to the Litigation Trust shall not be advanced in the Class Actions.

In this Agreement, “**Litigation Trust Assets**” means the Litigation Trust Claims, the Litigation Funding Amount, and any other assets acquired by the Litigation Trust on or after the Effective Date pursuant to this Agreement or the Plan.

The Litigation Trust is established for the sole purpose of liquidating and distributing the Litigation Trust Assets pursuant to the Plan and this Agreement with no objective to continue or engage in the conduct of a trade or business.

The Litigation Trust is established for ~~the~~(i) the benefit of the Affected Creditors with Proven Claims and the Noteholder Class Action Claimants entitled to receive Litigation Trust Interests under the Plan (individually, a “**Litigation Trust Beneficiary**” and collectively, the “**Litigation Trust Beneficiaries**”) and (ii) the pursuit of all Litigation Trust Claims.

The Litigation Trustee ~~has been~~is duly appointed pursuant to the Plan, the Plan Sanction Order and Section 1.2(b) of this Agreement.

Unless the context otherwise requires, capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Plan. Schedule A to this Agreement sets forth an index of terms that are defined in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein and in the Plan, SFC, and the Litigation Trustee ~~and the Litigation Trust Board~~, intending to be legally bound, agree as follows:

ARTICLE 1 ESTABLISHMENT OF THE LITIGATION TRUST

1.1 Settling the Litigation Trust and Funding Expenses of the Litigation Trust

SFC ~~shall settle~~hereby settles the Litigation Trust ~~and shall transfer~~with the sum of twenty (\$20.00) Canadian dollars (serial number: BIR6584805) (the “Settlement Funds”), the receipt of which is hereby acknowledged by the Litigation Trustee, and loans the Litigation Funding Amount to the Litigation Trustee ~~by way of a loan or otherwise, by way of the form of promissory note appended hereto at Schedule B, which is executed as of the date of this Agreement,~~ to finance the operations of the Litigation Trust. The Litigation Trust Claims Transferors ~~shall~~(as defined below) have no other funding obligations with respect to the Litigation Trust.

1.2 Establishment of Litigation Trust and Appointment of the Litigation Trustee

- (a) Pursuant to the Plan, the Plan Sanction Order and this Agreement, the Litigation Trust is hereby established on the date and at the time set out in section 6.4 of the Plan, and shall be known as the “~~Sino-Forest~~**SFC Litigation Trust**” on behalf of and for the benefit of the Litigation Trust Beneficiaries.
- (b) The Litigation Trustee ~~is hereby appointed~~accepts its appointment as trustee of the Litigation Trust ~~effective~~ as of the Plan Implementation Date (the “**Effective Date**”) and agrees to accept and hold the Settlement Funds and the Litigation Trust Assets in trust for the Litigation Trust Beneficiaries, subject to the terms of this Agreement. The Litigation Trustee (and each successor trustee thereto serving from time to time hereunder) shall have all the rights, powers and duties set forth herein and pursuant to applicable law for accomplishing the purposes of the Litigation Trust.

1.3 Transfer of Assets and Rights to the Litigation Trustee

- (a) ~~On~~Subject to section 1.3(b), on the Effective Date, pursuant to the Plan and the Plan Sanction Order, each of the Litigation Trust Claims shall be deemed to be irrevocably transferred, assigned and delivered to the Litigation Trustee, including (i) all rights, title and interests in and to the Litigation Trust Claims (and with respect to the ~~Indenture~~ Trustees, all of the rights, title and interests of the Noteholders in and to the Litigation Trust Claims on behalf of the Noteholders), free and clear of any and all liens, claims (other than claims in the nature of setoff or recoupment), encumbrances or interests of any kind in such property of any other Person, and (ii) all respective rights, title and interests in and to any lawyer-client privilege, work product privilege or other privilege or immunity attaching to any documents or communications (whether written or oral) associated with the Litigation Trust Claims (collectively, the “**Privileges**”) (and with respect to the ~~Indenture~~ Trustees, all of the rights, title and interests of the Noteholders in and to the Privileges on behalf of the Noteholders), all of which shall, and shall be deemed to, vest in the Litigation Trustee for the benefit of the Litigation Trust Beneficiaries. In no event shall any part of the Litigation Trust Claims revert to or be distributed to SFC or the Noteholders (or any representative thereof (including the Trustees). None of the foregoing transfers to the Litigation Trustee shall constitute a merger or consolidation of the respective Litigation Trust Claims, each of which shall retain its separateness following the transfer for all purposes relevant to the prosecution thereof. The Litigation Trustee’s receipt of the Privileges shall be without waiver in recognition of the joint and/or successor interest in prosecuting claims on behalf of the Litigation Trust Claims Transferors.
- (b) At any time prior to the Effective Date, SFC and the Initial Consenting Noteholders may agree to exclude one or more Causes of Action from the Litigation Trust Claims and/or to specify that any Causes of Action against a specified Person will not constitute Litigation Trust Claims (“**Excluded Litigation Trust Claims**”), in which case, any such Causes of Action shall not be

transferred to the Litigation Trust on the Effective Date. Any such Excluded Litigation Trust Claims shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Plan Implementation Date in accordance with Article 7 of the Plan.

- (c) Pursuant to and consistent with the provisions of the Plan, all Causes of Action against the Underwriters by (i) SFC or (ii) the Trustees (on behalf of the Noteholders) shall be deemed to be Excluded Litigation Trust Claims that are fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred on the Plan Implementation Date in accordance with Article 7 of the Plan, provided that, unless otherwise agreed by SFC and the Initial Consenting Noteholders prior to the Plan Implementation Date in accordance with section 4.12(a) of the Plan, any such Causes of Action for fraud or criminal conduct shall not constitute Excluded Litigation Trust Claims and shall be transferred to the Litigation Trust in accordance with section 6.4(o) of the Plan.
- (d) ~~(b)~~ Subject to Section 1.3(~~ee~~), after the Effective Date, SFC shall (i) deliver or cause to be delivered to the Litigation Trustee, documents reasonably requested and related to the Litigation Trust Claims (including those maintained in electronic format), whether held by SFC or its employees, agents, advisors, counsel, accountants, or other professionals and (ii) provide reasonable access to such employees, agents, advisors, counsel, accountants or other professionals with knowledge of matters relevant to the Litigation Trust Claims. Where original documents are required, SFC will make reasonable efforts to make such original documents available. For the avoidance of doubt, the rights of the Litigation Trustee pursuant to this Section 1.3(~~bd~~) shall include the right to demand or compel the production of copies of any such documents or information from any party, committee or person who may have produced such documents for or on behalf of SFC or any committee appointed by SFC or its board of directors.
- (e) ~~(e)~~ Any documents or information delivered by SFC to the Litigation Trustee pursuant to Section 1.3(~~bd~~): (i) shall be used strictly for the purposes of advancing the Litigation Trust Claims and for no other purpose, (ii) shall not, except as may be required by law, be used for any purpose in relation to any regulatory proceedings involving the Named Directors and Officers, and (iii) shall be subject to the continuation of any privilege attaching to such documents, including but not limited to lawyer-client privilege, litigation privilege, and common interest privilege, which privileges the Litigation Trustee agrees to maintain and uphold.
- (f) ~~(d)~~ Where documents, information and/or access is requested of third party agents, advisors, lawyers, accountants or other professionals ("**Third Party Disclosers**"), the Litigation Trustee shall pay such reasonable fees and costs of such Third Party Disclosers as are necessary for them to comply with the requests of the Litigation Trustee.
- (g) ~~(e)~~ SFC hereby agrees at any time and from time to time on and after the Effective Date, (i) at the reasonable request of the Litigation Trustee, to execute and/or deliver any instruments, documents, books, and records (including those

maintained in electronic format and original documents as may be needed), (ii) to take, or cause to be taken, all such further actions as the Litigation Trustee may reasonably request in order to evidence or effectuate the transfer of the Litigation Trust Claims and the Privileges to the Litigation Trustee contemplated hereby and by the Plan and to otherwise carry out the intent of the parties hereunder, and (iii) to cooperate with the Litigation Trustee in the prosecution of Litigation Trust Claims to the extent reasonable.

- (h) ~~(f)~~ The Litigation Trustee agrees that it will accommodate reasonable requests by Named Directors and Officers (and their agents, advisors, lawyers, accountants or other professionals) to access, at their expense, copies or originals of any documents obtained by the Litigation Trustee pursuant to the terms of this Agreement, for the purposes of defending any civil, regulatory or other proceedings involving the Named Directors and Officers or in connection with their financial affairs.

1.4 Title to Litigation Trust Assets

- (a) Upon the transfer of the Litigation Trust Claims to the Litigation Trust pursuant to the Plan, the Plan Sanction Order and this Agreement, SFC and any other holders of the Litigation Trust Claims (the “**Litigation Trust Claims Transferors**”) shall have no interest in or with respect to the Litigation Trust Assets, and the Litigation Trustee, on behalf of the Litigation Trust Beneficiaries, shall succeed to all of the Litigation Trust Claims Transferors’ rights, title and interests in and to the Litigation Trust Claims.
- (b) Notwithstanding anything in the Plan or in this Agreement to the contrary, the transfer of the Litigation Trust Claims to the Litigation Trustee does not diminish, and fully preserves, any defences or privileges a defendant would have if such Litigation Trust Claims had been retained by the Litigation Trust Claims Transferors.
- (c) To the extent that any Litigation Trust Assets cannot be transferred to the Litigation Trustee because of a restriction on transferability under applicable non-bankruptcy law, such Litigation Trust Assets shall be deemed to have been retained by the applicable Litigation Trust Claims Transferors, and the Litigation Trustee shall be deemed to have been designated as ~~at~~ the exclusive representative of such Litigation Trust Claims Transferors to enforce and pursue such Litigation Trust Assets on behalf of such Litigation Trust Claims Transferors, and all proceeds, income and recoveries on account of any such Litigation Trust Assets shall be assets of the Litigation Trust and paid over thereto immediately upon receipt by the Litigation Trust Claims Transferors, or any other Person. Notwithstanding the foregoing, but subject to ~~Sections 1.1~~ Section 3.4 and 3.4 Article 6 of this Agreement, all net proceeds, income, and recoveries of or on account of such Litigation Trust Assets shall be transferred to the Litigation Trust to be distributed to the holders of the Litigation Trust Interests consistent with the terms of this Agreement.

1.5 Nature and Purpose of the Litigation Trust

- (a) Purpose. The Litigation Trust is organized and established as a trust pursuant to which the Litigation Trustee, subject to the terms and conditions contained herein, is to (i) hold the assets of the Litigation Trust and (ii) oversee the efficient prosecution of the Litigation Trust Claims, on the terms and conditions set forth herein.
- (b) Actions of the Litigation Trustee. Subject to the terms of this Agreement, the Litigation Trustee, ~~upon direction of~~ shall, in consultation with the Litigation Trust Board, and subject to the exercise of their collective reasonable business judgment, ~~shall and with the consent of the Litigation Trust Board where required under the terms of this Agreement,~~ in an efficient and responsible manner prosecute the Litigation Trust Claims and preserve and endeavour to enhance the value of the Litigation Trust Assets. The efficient and responsible prosecution of the Litigation Trust Claims may be accomplished either through the prosecution, compromise and settlement, abandonment ~~or~~, dismissal or other disposition of any or all claims, rights or causes of action, or otherwise, as determined by the Litigation Trustee and the Litigation Trustee Board in accordance with the terms of this Agreement and the exercise of their collective reasonable best judgement. The Litigation Trustee, ~~upon direction by the Litigation Trust Board, and except as set forth in Section 3.12 herein,~~ shall, subject to the terms of this Agreement, have the absolute right to pursue, settle and compromise or not pursue any and all Litigation Trust Claims as it determines is in the best interests of the Litigation Trust Beneficiaries; and consistent with the purposes of the Litigation Trust, and the Litigation Trustee shall have no liability for the outcome of any such decision except for any damages caused by gross negligence, bad faith, wilful misconduct or knowing violation of law.
- (c) Limitation on Actions Against Named Directors and Officers. From and after the Plan Implementation Date, to the extent that the Litigation Trust Claims include rights of action against a Named Director or Officer, (a) the Litigation Trustee may only commence or prosecute an action for a Non-Released D&O Claim against a Named Director or Officer if the Litigation Trustee has first obtained (i) the consent of the Monitor or (ii) leave of the Court on notice to the applicable Directors and Officers, SFC, the Monitor, the Initial Consenting Noteholders and any applicable insurers; and (b) in connection with any action brought or prosecuted by the Litigation Trustee against a Named Director or Officer asserting a Section 5.1(2) D&O Claim or a Conspiracy Claim, the Litigation Trustee shall, as against the Named Directors and Officers, in relation to such claims, be irrevocably limited to recovery solely from the proceeds of the Insurance Policies paid or payable on behalf of SFC or its Directors or Officers, and shall have no right to, and shall not, directly or indirectly, make any claim or seek any recoveries from any of the Named Directors and Officers other than enforcing the Litigation Trustee's rights to be paid from the proceeds of an Insurance Policy by the applicable insurer(s). ~~Any defined term used in this subparagraph not defined in this Agreement shall be as defined in the Plan.~~

- (d) Relationship. This Agreement is intended to create a trust and a trust relationship and to be governed and construed in all respects as a trust. The Litigation Trust is not intended to be, and shall not be deemed to be or treated as, a general partnership, limited partnership, joint venture, corporation, joint stock company or association, nor shall the Litigation Trustee, or the Litigation Trust Board (or any of its members or *ex officio* members), or the Litigation Trust Beneficiaries, or any of them, for any purpose be, or be deemed to be or treated in any way whatsoever to be, liable or responsible hereunder as partners or joint venturers. The relationship of the Litigation Trust Beneficiaries, on the one hand, to the Litigation Trustee and the Litigation Trust Board, on the other, shall not be deemed a principal or agency relationship, and their rights shall be limited to those conferred upon them by this Agreement.
- (e) No Waiver of Claims. ~~The~~ Subject to the terms of this Agreement, the Litigation Trustee may enforce all rights to commence and pursue, as appropriate, any and all Litigation Trust Claims after the Effective Date. The Litigation Trustee shall have, retain, reserve, and be entitled to assert all such Litigation Trust Claims, rights of setoff, and other legal or equitable defences which the Litigation Trust Claims Transferors had on the Effective Date fully as if the Litigation Trust Claims had not been transferred to the Litigation Trustee in accordance with the Plan, the Plan Sanction Order and this Agreement, and all of the Litigation Trust Claims Transferors' legal and equitable rights— may be asserted after the Effective Date. Nothing in this Agreement shall be construed in a manner that is inconsistent with the Plan, the Plan Sanction Order or any other orders made by the CCAA Court.

1.6 Incorporation of Plan

The Plan and the Plan Sanction Order are each hereby incorporated into this Agreement and made a part hereof by this reference; provided, however, to the extent that there is conflict between the provisions of this Agreement, the provisions of the Plan, and/or the Plan Sanction Order, each such document shall have controlling effect in the following rank order: (1) the ~~Sanction Order~~Plan; (2) the Plan Sanction Order; and (3) this Agreement.

ARTICLE 2 LITIGATION TRUST INTERESTS

2.1 Allocation of Litigation Trust Interests

The Litigation Trust Interests shall be allocated pursuant to the Plan.

2.2 Interests Beneficial Only

The ownership of a Litigation Trust Interest shall not entitle any holder of Litigation Trust Interests to any title in or to the assets of the Litigation Trust as such (which title shall be vested in the Litigation Trustee) or to any right to call for a partition or division of the assets of the Litigation Trust or to require an accounting.

2.3 Evidence of Beneficial Interests

The entitlements of the holders of Litigation Trust Interests (and the beneficial interests therein) are as established pursuant to the Plan and the Plan Sanction Order and will not be represented by any certificates, securities, receipts or in any other form or manner whatsoever, except as may be maintained on the books and records of the Litigation Trust by the Litigation Trustee or the Registrar. The death, incapacity or bankruptcy of any Litigation Trust Beneficiary during the term of the Litigation Trust shall not (i) operate to terminate the Litigation Trust, (ii) entitle the representatives or creditors of the deceased party to an accounting, (iii) entitle the representatives or creditors of the deceased party to take any action in the CCAA Court or elsewhere for the distribution of the Litigation Trust Assets or for a partition thereof or (iv) otherwise affect the rights and obligations of any of the Litigation Trust Beneficiaries hereunder.

2.4 Securities Law Registration

It is intended that the Litigation Trust Interests shall not constitute “securities.” To the extent the Litigation Trust Interests are deemed to be “securities,” the issuance of Litigation Trust Interests to Litigation Trust Beneficiaries hereunder or under the Plan (and any redistribution of any of the foregoing pursuant to the Plan or otherwise) shall be exempt from the prospectus and registration requirements of any applicable provincial laws pursuant to section 2.11 of National Instrument 45-106 – Prospectus and Registration Exemptions. If the Litigation Trustee determines, with the advice of counsel, that the Litigation Trust is required to comply with registration and/or reporting requirements of any applicable securities laws, then the Litigation Trustee shall, after consultation with the Litigation Trust Board, take any and all actions to comply with such registration and reporting requirements, if any, to the extent required by applicable law. Notwithstanding the foregoing, nothing herein shall be deemed to preclude the Litigation Trust Board and the Litigation Trustee from amending this Agreement to make such changes as are deemed necessary or appropriate by the Litigation Trustee, with the advice of counsel, to ensure that the Litigation Trust is not subject to any such registration and/or reporting requirements.

2.5 No Transfers

- (a) No transfer, sale assignment, distribution, exchange, pledge, hypothecation, mortgage or other disposition (each, a “**Transfer**”) of a Litigation Trust Interest may be effected or made; provided, that, Transfers of a Litigation Trust Interest may be made by operation of law or by will or the laws of descent and distribution.
- (b) The Litigation Trustee ~~shall~~may appoint a registrar, which may be the Litigation Trustee (the “**Registrar**”), for the purpose of recording entitlement to the Litigation Trust Interests as provided for in this Agreement. The Registrar, if other than the Litigation Trustee, may be such other institution acceptable to the Litigation Trust Board. For its services hereunder, the Registrar, unless it is the Litigation Trustee, shall be entitled to receive reasonable compensation from the Litigation Trust as approved by the Litigation Trust Board, as an expense of the Litigation Trust.

- (c) The Litigation Trustee ~~shall~~may cause to be kept at the office of the Registrar, or at such other place or places as shall be designated by the Litigation Trustee from time to time, a registry of the holders of Litigation Trust Interests (the “**Trust Register**”) which shall be maintained on a strictly confidential basis by the Registrar. The identity and extent of the Litigation Trust Interests of any Litigation Trust Beneficiary shall not be disclosed to any third party (other than the Litigation Trustee, the Litigation Trust Board and the Registrar, each of them shall maintain any such information in strict confidence), without the prior written consent of such Litigation Trust Beneficiary in each case.

2.6 Absolute Owners

The Litigation Trustee may deem and treat the holder of a Litigation Trust Interest (of record in the Trust Register or otherwise) as the absolute owner of such Litigation Trust Interests for the purpose of receiving distributions and payment thereon or on account thereof and for all other purposes whatsoever and the Litigation Trustee shall not be charged with having received notice of any claim or demand to such Litigation Trust Interests or the interest therein of any other Person.

ARTICLE 3 THE LITIGATION TRUSTEE

3.1 Litigation Trust Proceeds

Any and all proceeds, income and/or recoveries obtained on account of or from the Litigation Trust Assets shall be added to the assets of the Litigation Trust (the “**Litigation Trust Proceeds**”, which, for greater certainty, shall not include the Litigation Funding Amount), held as a part thereof and dealt with in accordance with the terms of this Agreement.

3.2 Collection of Litigation Trust Proceeds

The Litigation Trustee shall collect all Litigation Trust Proceeds and title therein shall be vested in the Litigation Trustee, in trust for the benefit of the Litigation Trust Beneficiaries, to be dealt with in accordance with the terms of this Agreement.

3.3 Payment of Litigation Trust Expenses

Subject to Section 3.12 of this Agreement and the obligations of the Litigation Trustee under ~~Sections 4.1 and~~Section 3.4 of this Agreement, the Litigation Trustee shall maintain the Litigation Funding Amount, and expend the Litigation Funding Amount, together with any other amounts received as litigation funding amounts in accordance with Section 3.12(s), (i) as is reasonably necessary to pay reasonable and necessary administrative expenses (including but not limited to, the reasonable costs and expenses of the Litigation Trustee (including reasonable fees, costs, and expenses of professionals retained thereby) and the compensation and the reasonable costs and expenses of the members of the Litigation Trust Board as contemplated by Section ~~and~~ 4.10 hereof (including the fees of professionals retained by such members as contemplated by Sections 4.2 hereof), any taxes imposed on the Litigation Trust or in respect of the Litigation Trust Assets or reasonable fees and expenses in connection with, arising out of, or related to, the

Litigation Trust Assets and litigations associated therewith), (ii) to pay the costs and expenses of the valuations of the Litigation Trust Assets incurred by the Litigation Trust Board and/or the Litigation Trustee in accordance with Section 5.1(c) of this Agreement, (iii) to pay or reimburse amounts in accordance with Article 7 hereof and (iv) to satisfy other liabilities incurred or assumed by the Litigation Trust (or to which the assets of the Litigation Trust are otherwise subject) in accordance with this Agreement.

3.4 Distributions

The Litigation Trustee shall make distributions of Litigation Trust Proceeds in accordance with the provisions of Article 6 of this Agreement.

3.5 Tenure, Removal, and Replacement of the Litigation Trustee

- (a) Each Litigation Trustee will serve until the earliest of (i) the completion of all the Litigation Trustee's duties, responsibilities and obligations under this Agreement, (ii) the Litigation Trustee's resignation and the appointment of a successor pursuant to Section 3.5(b) of this Agreement, (iii) the Litigation Trustee's removal pursuant to Section 3.5(c) of this Agreement, (iv) the Litigation Trustee's death (if applicable) and (v) the termination of the Litigation Trust in accordance with this Agreement.
- (b) The Litigation Trustee may resign by giving not less than 90 days' prior written notice to the Litigation Trust Board. Such resignation will become effective on the later to occur of: (i) the day specified in such written notice and (ii) the appointment of a successor trustee as provided herein and the acceptance by such successor trustee of such appointment in accordance with Section 3.6 of this Agreement. If a successor trustee is not appointed or does not accept its appointment within 90 days following delivery of notice of resignation, the Litigation Trustee may file a motion with the CCAA Court, upon notice and hearing, for the appointment of a successor trustee.
- (c) The Litigation Trustee may be removed for any reason by majority vote of the members of the Litigation Trust Board.
- (d) In the event of a vacancy in the position of the Litigation Trustee (whether by removal, resignation, or death, if applicable), the vacancy will be filled by the appointment of a successor trustee by (i) majority vote of the members of the Litigation Trust Board, and by the acceptance of the Litigation Trust by the successor trustee in accordance with Section 3.6 of this Agreement or (ii) an order of the CCAA Court after an opportunity for a hearing (provided, however, that only the Litigation Trust Board shall have standing to seek such an order (and the Litigation Trust Board shall only seek such an order upon a majority vote of the members of the Litigation Trust Board, except as provided in Section 3.5(b) of this Agreement)). If a successor trustee is appointed as provided in clause (i) or (ii) of the preceding sentence, and such appointment is accepted by the successor trustee in accordance with Section 3.6 of this Agreement, the Litigation Trust Board shall provide notice of such appointment to the holders of the Litigation

Trust Interests, which notice will include the name, address, and telephone number of the successor trustee provided, however, that, the provision of such notice shall not be a condition precedent to the vesting in the successor Litigation Trustee of all the estates, properties, rights, powers, trusts, and duties of its predecessor.

- (e) Immediately upon the appointment of any successor trustee, all rights, powers, duties, authority, and privileges of the predecessor Litigation Trustee hereunder will be vested in and undertaken by the successor trustee without any further act; and the successor trustee will not be liable personally for any act or omission of the predecessor Litigation Trustee. A successor trustee shall have all the rights, privileges, powers, and duties of its predecessor under this Agreement.
- (f) Upon the appointment of a successor trustee, the predecessor Litigation Trustee (or the duly appointed legal representative of a deceased Litigation Trustee) shall, if applicable, when requested in writing by the successor trustee or the CCAA Court, execute and deliver an instrument or instruments conveying and transferring to such successor trustee upon the ~~trust~~trusts herein expressed all the estates, properties, rights, powers and trusts of such predecessor Litigation Trustee, and shall duly assign, transfer, and deliver to such successor trustee all property and money held hereunder, and all other assets, documents, instruments, records and other writings relating to the Litigation Trust, the Litigation Trust Assets, the Litigation Trust Proceeds, the Litigation Funding Amount, and the Litigation Trust Interests, then in its possession and held hereunder, and shall execute and deliver such documents, instruments and other writings as may be requested by the successor trustee or the CCAA Court to effect the termination of such predecessor Litigation Trustee's capacity under the Litigation Trust, this Agreement and the Plan and otherwise assist and cooperate, without cost or expense to the predecessor Litigation Trustee, in effectuating the assumption of its obligations and functions by the successor trustee.
- (g) During any period in which there is a vacancy in the position of Litigation Trustee, the Litigation Trust Board shall appoint one of its members to serve as interim Litigation Trustee (the "**Interim Trustee**"). The Interim Trustee shall be subject to all the terms and conditions applicable to a Litigation Trustee hereunder. Such Interim Trustee shall not be limited in any manner from exercising any rights or powers as a member of the Litigation Trust Board merely by its appointment as Interim Trustee.
- (h) The death, resignation or removal of the Litigation Trustee shall not terminate the Litigation Trust or revoke any existing agency created pursuant to this Agreement or invalidate any action theretofore taken by the Litigation Trustee.

3.6 Acceptance of Appointment by Successor Trustee

Any successor trustee appointed hereunder shall execute an instrument accepting such appointment and assuming all of the obligations of the predecessor Litigation Trustee hereunder and accepting the terms of this Agreement and agreeing that the provisions of this Agreement

shall be binding upon and inure to the benefit of the successor trustee and all of its heirs, and legal and personal representatives, successors and assigns, and thereupon the successor trustee shall, without any further act, become vested with all the estates, properties, rights, powers, trusts, and duties of its predecessor Litigation Trustee in the Litigation Trust hereunder with like effect as if originally named herein.

3.7 Regular Meetings of the Litigation Trustee and the Litigation Trust Board

Meetings of the Litigation Trustee, on one hand, and the Litigation Trust Board, on the other, are to be held with such frequency and in such manner and at such place as the Litigation Trust Board may determine in its sole discretion, but in no event shall such meetings be held less frequently than one time during each quarter of each calendar year.

3.8 Special Meetings of the Litigation Trustee and the Litigation Trust Board

Special meetings of the Litigation Trustee on the one hand, and the Litigation Trust Board, on the other, may be held whenever ~~and~~, wherever and however called for either by the Litigation Trustee or at least two members of the Litigation Trust Board.

3.9 Notice of, and Waiver of Notice for Litigation Trustee and Litigation Trust Board Meeting

Notice of the time and place (but not necessarily the purpose or all of the purposes) of any regular or special meeting of the Litigation Trust Board and the Litigation Trustee will be given to the Litigation Trustee and the members of the Litigation Trust Board in person or by telephone, or via mail, electronic mail, or facsimile transmission. Notice to the Litigation Trustee and the members of the Litigation Trust Board of any such ~~special meeting of the Litigation Trust Board~~ will be deemed given sufficiently in advance when (i) if given by mail, the same is deposited in the mail at least ten calendar days before the meeting date, with postage thereon prepaid, (ii) if given by electronic mail or facsimile transmission, the same is transmitted at least one Business Day prior to the convening of the meeting, or (iii) if personally delivered (including by overnight courier) or given by telephone, the same is handed, or the substance thereof is communicated over the telephone, to the Litigation Trustee and the members of the Litigation Trust Board or to an adult member of his/her office staff or household, at least one Business Day prior to the convening of the meeting. The Litigation Trustee and any member of the Litigation Trust Board may waive notice of any meeting of the Litigation Trust Board and any adjournment thereof at any time before, during, or after it is held, subject to applicable law. Except as provided in the next sentence below, the waiver must be in writing, signed by the Litigation Trustee or the applicable member or members of the Litigation Trust Board entitled to the notice, and filed with the minutes or records of the Litigation Trust. The attendance of the Litigation Trustee or a member of the Litigation Trust Board at a meeting (whether in person or by telephone or videoconference) shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

3.10 Manner of Acting

The Litigation Trustee or any member of the Litigation Trust Board may participate in a regular or special meeting by, or conduct the meeting through the use of, conference telephone, or similar communications equipment by means of which all persons participating in the meeting may hear each other, in which case any required notice of such meeting may generally describe the arrangements (rather than or in addition to the place) for the holding thereof. The Litigation Trustee or any member of the Litigation Trust Board participating in a meeting by this means is deemed to be present in person at the meeting.

3.11 Role of the Litigation Trustee

In furtherance of and consistent with the purpose of the Litigation Trust, the Litigation Trustee, subject to the terms and conditions ~~contained herein~~ of this Agreement, shall have the power to (i) prosecute, compromise and settle, abandon ~~or~~, dismiss or otherwise dispose of for the benefit of the Litigation Trust Beneficiaries all Litigation Trust Claims transferred to the Litigation Trust (whether such suits are brought in the name of the Litigation Trust, the Litigation Trustee or otherwise), and (ii) otherwise perform the functions and take the actions provided for or permitted in this Agreement. In all circumstances, the Litigation Trustee shall act in the best interests of the Litigation Trust Beneficiaries and in furtherance of the purpose of the Litigation Trust.

3.12 Authority of Litigation Trustee

Subject to any limitations ~~contained herein~~ set forth in this Agreement (including, without limitation, Article 4 hereof and ~~Sections 1.1 and~~ Section 3.4 of this Agreement) or in the Plan, but in addition to the other powers and authorities granted to the Litigation Trustee and set forth in this Agreement, the Litigation Trustee shall have the following powers and authorities:

- (a) to hold legal title to any and all rights of the holders of Litigation Trust Interests in or arising from the Litigation Trust Assets, including collecting, receiving any and all money and other property belonging to the Litigation Trust (including any Litigation Trust Proceeds) and, ~~subject to the approval of~~ in consultation with the Litigation Trust Board, the right, on behalf of the Litigation Trust Beneficiaries, to vote any claim or interest relating to a Litigation Trust Claim in any proceeding and to receive any distribution thereon;
- (b) in consultation with, and subject to the approval of the Litigation Trust Board where required under the terms of this Agreement, to perform the duties, exercise the powers, and assert the rights of a trustee, including commencing, prosecuting or settling causes of action, enforcing contracts or asserting claims, ~~defenses~~ defences, offsets and privileges;
- (c) in consultation with ~~and subject to the approval of~~ the Litigation Trust Board, to protect and enforce the rights to the Litigation Trust Claims by any method deemed appropriate including by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

- (d) in consultation with and subject to the approval of the Litigation Trust Board, to obtain reasonable insurance coverage with respect to the liabilities and obligations of the Litigation Trustee and the Litigation Trust Board under this Agreement (in the form of any errors and omissions policy or otherwise);
- (e) in consultation with ~~and subject to the approval of~~ the Litigation Trust Board, to obtain insurance coverage with respect to real and personal property that may become assets of the Litigation Trust, if any;
- (f) in consultation with and subject to the approval of the Litigation Trust Board, to retain and pay such counsel and other professionals, including any professionals previously retained by the ad hoc committee of Initial Consenting Noteholders (~~the “Ad Hoc Committee”~~) or SFC, as the Litigation Trustee shall select to assist the Litigation Trustee in its duties, on such terms as the Litigation Trustee and the Litigation Trust Board deem reasonable and appropriate, without CCAA Court approval; and subject to the approval of the Litigation Trust Board, the Litigation Trustee may commit the Litigation Trust to and shall pay such counsel and other professionals reasonable compensation for services rendered (including on an hourly, contingency, or modified contingency basis) and reasonable and documented out-of-pocket expenses incurred;
- (g) in consultation with and subject to the approval of the Litigation Trust Board, to retain and pay an accounting firm to perform such reviews and/or audits of the financial books and records of the Litigation Trust as may be required by applicable laws (including, if applicable, securities laws) and/or this Agreement, and to prepare and file any tax returns, informational returns or periodic and current reports for the Litigation Trust as required by applicable laws (including, if applicable, securities laws) and/or by this Agreement; subject to the approval of the Litigation Trust Board, the Litigation Trustee may commit the Litigation Trust to and shall pay such accounting firm reasonable compensation for services rendered and reasonable and documented out-of-pocket expenses incurred;
- (h) in consultation with and subject to the approval of the Litigation Trust Board, to retain, enter into fee arrangements with and pay such third parties to assist the Litigation Trustee in carrying out its powers, authorities and duties under this Agreement; subject to the approval of the Litigation Trust Board, the Litigation Trustee may commit the Litigation Trust to and shall pay all such Persons reasonable compensation for services rendered and reasonable and documented out-of-pocket expenses incurred, as well as commit the Litigation Trust to indemnify any such Persons in connection with the performance of services (provided that such indemnity shall not cover any losses, costs, damages, expenses or liabilities that result from the gross negligence, bad faith, wilful misconduct or knowing violation of law by such Persons);
- (i) in consultation with and subject to the approval of the Litigation Trust Board, to waive any privilege (including the Privileges) or any defence on behalf of the Litigation Trust or, with respect to the Litigation Trust Claims;

- (j) in consultation with and subject to the approval of the Litigation Trust Board, to investigate, analyze, compromise, adjust, arbitrate, mediate, sue on or defend, pursue; prosecute, abandon, dismiss, exercise rights, powers, and privileges with respect to, or otherwise deal with and settle, in accordance with the terms set forth herein, all causes of action in favour of or against the Litigation Trust;
- (k) at any time from and after the Effective Date, and subject to the approval of the Litigation Trust Board and the prior consent of the Initial Consenting Noteholders, to seek and obtain an order from any court of competent jurisdiction, including an Order of the Court in the CCAA or otherwise, that gives effect to any releases of any Litigation Trust Claims agreed to by the Litigation Trustee in accordance with this Agreement, including a release that fully, finally, irrevocably and forever compromises, releases, discharges, cancels and bars the applicable Litigation Trust Claims as if they were Excluded Litigation Trust Claims released in accordance with Article 7 of the Plan;
- (l) ~~(k)~~ in consultation with and subject to the approval of the Litigation Trust Board, and solely with respect to Litigation Trust Claims, to avoid and recover transfers of SFC's property as may be permitted by applicable law;
- (m) ~~(l)~~ to invest any moneys held as part of the Litigation Trust in accordance with the terms of Section 3.19 of this Agreement;
- (n) ~~(m)~~ in consultation with and subject to the approval of the Litigation Trust Board, to request any appropriate tax determination with respect to the Litigation Trust;
- (o) ~~(n)~~ subject to applicable securities and other laws, if any, to establish and maintain a website for the purpose of providing notice of Litigation Trust activities in lieu of sending written notice to the holders of the Litigation Trust Interests and other such Persons entitled thereto, subject to providing notice of such website to such holders and other Persons;
- (p) ~~(o)~~ in consultation with and subject to the approval of the Litigation Trust Board, to seek the examination of any Person, subject to the provisions of any applicable laws or rules;
- (q) ~~(p)~~ to make distributions in accordance with Article 6 of this Agreement; ~~and~~
- (r) ~~(q)~~ to take or refrain from taking any and all other actions that the Litigation Trustee, upon consultation with and subject to the approval of the Litigation Trust Board, reasonably deems necessary or convenient for the continuation, protection and maximization of the Litigation Trust Claims or to carry out the purposes hereof; provided, however, that the Litigation Trustee shall not be required to consult with or obtain approval of the Litigation Trust Board, to the extent such actions are purely ~~ministerial~~ administrative in nature; and
- (s) in consultation with and subject to the approval of the Litigation Trust Board, to incur or receive on any terms that the Litigation Trustee and the Litigation Trust

Board may approve, any further amounts to be used as a “Litigation Funding Amount” pursuant to the terms of this Agreement.

3.13 Limitation of Litigation Trustee’s Authority

- (a) Notwithstanding anything herein to the contrary, the Litigation Trustee shall not (i) be authorized to engage in any trade or business or (ii) take any such actions as would be inconsistent with the purposes of this Agreement, the preservation of the assets of the Litigation Trust and the best interests of the Litigation Trust Beneficiaries.
- (b) {The Litigation Trust shall not hold 50% or more of the stock (in either vote or value) of any Person that is treated as a corporation for federal income tax purposes, nor be the sole member of a limited liability company, nor have any interest in a Person that is treated as a partnership for federal income tax purposes, unless such stock, membership interest, or partnership interest was obtained involuntarily or as a matter of practical economic necessity in order to preserve the value of the Litigation Trust Assets.}

3.14 Books and Records

- (a) The Litigation Trustee shall maintain books and records relating to the Litigation Trust Assets and the Litigation Trust Proceeds and the payment of expenses of, liabilities of, and claims against or assumed by, the Litigation Trust in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof. Such books and records shall be maintained on a modified cash or other comprehensive basis of accounting necessary to facilitate compliance with the tax reporting and securities law requirements, if any, of the Litigation Trust as well as the reporting requirements set forth in Article 8 and elsewhere in this Agreement. Nothing in this Agreement requires the Litigation Trustee to file any accounting or seek approval of any court with respect to the administration of the Litigation Trust, or as a condition for managing any payment or distribution out of the assets of the Litigation Trust.
- (b) Holders of the Litigation Trust Interests and their duly authorized representatives shall have the right, upon reasonable prior written notice to the Litigation Trustee, and in accordance with the reasonable regulations prescribed by the Litigation Trustee, to inspect and, at the sole expense of such holder seeking the same, make copies of the books and records relating to the Litigation Trust on any Business Day and as often as may be reasonably be desired, in each case for a purpose reasonably related to such holder’s Litigation Trust Interests and subject to ~~the any~~ confidentiality restrictions set forth in Section 2.5(c) and any other confidentiality restrictions herein or as the Litigation Trustee or the Litigation Trust Board ~~may~~ may deem appropriate.

3.15 Inquiries into Trustee's Authority

Except as otherwise set forth in this Agreement or the Plan, no Person dealing with the Litigation Trust shall be obligated to inquire into the authority of the Litigation Trustee in connection with the protection, conservation or disposition of the Litigation Trust Claims.

3.16 Compliance with Laws

Any and all distributions of assets of the Litigation Trust shall be in compliance with applicable laws, including applicable provincial securities laws.

3.17 Compensation of the Litigation Trustee

Notwithstanding anything to the contrary contained herein, the Litigation Trustee shall be compensated for its services, and reimbursed for its expenses, in accordance with, and pursuant to the terms of, a separate agreement to be negotiated and executed by the Litigation Trust Board, which agreement shall not be subject to any third-party notice or approval.

3.18 Reliance by Litigation Trustee

Except as otherwise provided herein:

- (a) the Litigation Trustee may rely on, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order or other paper or document reasonably believed by the Litigation Trustee to be genuine and to have been signed or presented by the proper party or parties; and
- (b) Persons dealing with the Litigation Trustee shall look only to the assets of the Litigation Trust to satisfy any liability incurred by the Litigation Trustee to such Person in carrying out the terms of this Agreement, and neither the Litigation Trustee nor any member of the Litigation Trust Board shall have any personal obligation to satisfy any such liability.

3.19 Investment and Safekeeping of Litigation Trust Assets

Subject to ~~Sections 1.1 and~~ Section 3.4 of this Agreement, the Litigation Trustee shall invest all Litigation Trust Assets (other than Litigation Trust Claims), all Litigation Trust Proceeds, the Litigation Funding Amount and all income earned by the Litigation Trust (pending distribution in accordance with Article 6 of this Agreement) only in cash and government securities, and the Litigation Trustee may retain any Litigation Trust Proceeds received that are not cash only for so long as may be required for the prompt and orderly liquidation of such assets into cash.

3.20 Standard of Care; Exculpation

Neither the Litigation Trustee nor any of its duly designated agents or representatives or professionals shall be liable for any act or omission taken or omitted to be taken by the Litigation Trustee in good faith, other than (i) acts or omissions resulting from the Litigation Trustee's or any such agent's, representative's or professional's gross negligence, bad faith, wilful

misconduct or knowing violation of law or (ii) acts or omissions from which the Litigation Trustee or any such agent, representative or professional derived an improper personal benefit. The Litigation Trustee may, in connection with the performance of its functions, and in its sole and absolute discretion, consult with its counsel, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in accordance with advice or opinions rendered by such Persons. Notwithstanding such authority, the Litigation Trustee shall be under no obligation to consult with its counsel, accountants, financial advisors or agents, and its good faith determination not to do so shall not result in the imposition of liability on the Litigation Trustee, unless such determination is based on gross negligence, bad faith, wilful misconduct or knowing violation of law. No amendment, modification or repeal of this Section 3.20 shall adversely affect any right or protection of the Litigation Trustee or any of its agents, representatives or professionals that exists at the time of such amendment, modification or repeal.

ARTICLE 4 LITIGATION TRUST BOARD

4.1 Litigation Trust Board

A litigation trust board (the “**Litigation Trust Board**”) shall ~~be established and initially~~ consist of three Persons. ~~The initial Litigation Trust Board members shall consist of the three Persons appointed selected~~ to serve in such capacity pursuant to the Sanction Order. ~~The members of the Litigation Trust Board shall have the right to direct and remove the Litigation Trustee in accordance with Section 3.5(c) of this Agreement, and shall have such other rights to operate and manage the Litigation Trust as are not inconsistent with the terms of this Agreement prior to the Effective Date by the Initial Consenting Noteholders, as listed on Schedule C hereto.~~ No holder of Litigation Trust Interests (except to the extent such holder is a member of the Litigation Trust Board) shall have any consultation or approval rights whatsoever in respect of management and operation of the Litigation Trust.

4.2 Authority of the Litigation Trust Board

The Litigation Trust Board shall have the authority and responsibility to oversee, review, and guide the activities and performance of the Litigation Trustee and shall have the authority to remove the Litigation Trustee in accordance with Section 3.5(c) of this Agreement. The Litigation Trustee shall consult with and provide information to the Litigation Trust Board in accordance with and pursuant to the terms of this Agreement and the Plan. The Litigation Trust Board shall have the authority to select and engage such Persons, and select and engage such professional advisors, including any professional previously retained by the ~~Ad Hoc Committee~~ Initial Consenting Noteholders or SFC, in accordance with the terms of this Agreement, as the Litigation Trust Board deems necessary and desirable to assist the Litigation Trust Board in fulfilling its obligations under this Agreement. The Litigation Trustee shall pay the reasonable fees of such Persons and firms (including on an hourly, contingency, or modified contingency basis) and reimburse such Persons for their reasonable and documented out-of-pocket costs and expenses consistent with the terms of this Agreement.

4.3 Regular Meetings of the Litigation Trust Board

Meetings of the Litigation Trust Board are to be held with such frequency and in such manner and at such place and time ~~as the Litigation Trustee and~~ the members of the Litigation Trust Board may determine in their reasonable discretion, but in no event shall such meetings be held less frequently than one time during each quarter of each calendar year.

4.4 Special Meetings of the Litigation Trust Board

Special meetings of the Litigation Trust Board may be held whenever ~~and~~, wherever and however called for by the Litigation ~~Trustee~~ Trust Board or any two members of the Litigation Trust Board.

4.5 Manner of Acting

- (a) A majority of the total number of members of the Litigation Trust Board then in office shall constitute a quorum for the transaction of business at any meeting of the Litigation Trust Board (whether at a meeting with or without the Litigation Trustee); provided, however, that all decisions or approvals or other actions of the Litigation Trust Board shall require the affirmative vote of a majority of all of the members of the Litigation Trust Board, and such an affirmative vote obtained as to any particular matter, decision, approval or other action at a meeting at which a quorum is present shall be the act of the Litigation Trust Board, except as otherwise required by law or as provided in this Agreement.
- (b) Voting may, if approved by the majority of all of the members of the Litigation Trust Board, be conducted by electronic mail or individual communications by ~~the Litigation Trustee and~~ each member of the Litigation Trust Board.
- (c) Any member of the Litigation Trust Board who is present and entitled to vote at a meeting of the Litigation Trust Board (including any meeting of the Litigation Trustee and the Litigation Trust Board) when action is taken is deemed to have assented to the action taken, subject to the requisite vote of the Litigation Trust Board unless: (i) such member of the Litigation Trust Board objects at the beginning of the meeting (or promptly upon his/her arrival) to holding it or transacting business at the meeting; or (ii) his/her dissent or abstention from the action taken is entered in the minutes of the meeting; or (iii) he/she delivers written notice (including by electronic or facsimile transmission) of his/her dissent or abstention to the Litigation Trust Board before its adjournment. The right of dissent or abstention is not available to any member of the Litigation Trust Board who votes in favour of the action taken.
- (d) Prior to the taking of a vote on any matter or issue or the taking of any action with respect to any matter or issue, each member of the Litigation Trust Board shall report to the Litigation Trust Board any conflict of interest such member has or may have with respect to the matter or issue at hand and fully disclose the nature of such conflict or potential conflict (including disclosing any and all financial or other pecuniary interests that such member might have with respect to or in

connection with such matter or issue, other than solely as a holder of a Litigation Trust Interest). A member who has or who may have a conflict of interest shall be deemed to be a “conflicted member” who shall not be entitled to vote or take part in any action with respect to such matter or issue (provided, however, such member shall be counted for purposes of determining the existence of a quorum); the vote or action with respect to such matter or issue shall be undertaken only by members of the Litigation Trust Board who are not “conflicted members” and, notwithstanding anything contained herein to the contrary, the affirmative vote of only a majority of the members of the Litigation Trust Board who are not “conflicted members” shall be required to approve of such matter or issue and the same shall be the act of the Litigation Trust Board.

4.6 Litigation Trust Board’s Action Without a Meeting

Any action required or permitted to be taken by the Litigation Trust Board at a meeting of the Litigation Trust Board may be taken without a meeting if the action is taken by unanimous written consent of the Litigation Trust Board as evidenced by one or more written (including by way of email) consents describing the action taken, signed by all members of the Litigation Trust Board and recorded in the minutes or other transcript of proceedings of the Litigation Trust Board.

4.7 Notice of, and Waiver of Notice for Litigation Trust Board Meetings

Notice of the time and place (but not necessarily the purpose or all of the purposes) of any regular or special meeting of the Litigation Trust Board will be given to the members of the Litigation Trust Board in person or by telephone, or via mail, electronic mail, or facsimile transmission. Notice to the members of the Litigation Trust Board of any such special meeting will be deemed given sufficiently in advance when (i) if given by mail, the same is deposited in the ~~United States~~ mail at least ten calendar days before the meeting date, with postage thereon prepaid, (ii) if given by electronic mail or facsimile transmission, the same is transmitted at least one Business Day prior to the convening of the meeting, or (iii) if personally delivered (including by overnight courier) or given by telephone, the same is handed, or the substance thereof is communicated over the telephone to the members of the Litigation Trust Board or to an adult member of his/her office staff or household, at least one Business Day prior to the convening of the meeting. Any member of the Litigation Trust Board may waive notice of any meeting and any adjournment thereof at any time before, during, or after it is held, subject to applicable law. Except as provided in the next sentence below, the waiver must be in writing, signed by the applicable member or members of the Litigation Trust Board entitled to the notice. The attendance of a member of the Litigation Trust Board at a meeting (whether in person or by telephone or videoconference) shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

4.8 Telephonic Communications

Any member of the Litigation Trust Board may participate in a regular or special meeting of the Litigation Trust Board by, or conduct the meeting through the use of, conference telephone, or

similar communications equipment by means of which all persons participating in the meeting may hear each other, in which case any required notice of such meeting may generally describe the arrangements (rather than or in addition to the place) for the holding thereof. Any member of the Litigation Trust Board participating in a meeting by this means is deemed to be present in person at the meeting.

4.9 Tenure, Removal and Replacement of the Members of the Litigation Trust Board

The authority of the members of the Litigation Trust Board will be effective as of the Effective Date and will remain and continue in full force and effect until the Litigation Trust is terminated in accordance with Section 8.1 hereof. The service of the members of the Litigation Trust Board will be subject to the following:

- (a) The members of the Litigation Trust Board will serve until death or resignation pursuant to Section 4.9(b) of this Agreement, or removal pursuant to Section 4.9(c) of this Agreement.
- (b) A member of the Litigation Trust Board may resign at any time by providing a written notice of resignation to the remaining members of the Litigation Trust Board. Such resignation will be effective upon the date received by the Litigation Trust Board or such later date specified in the written notice.
- (c) A member of the Litigation Trust Board may be removed by the majority vote of the other members of the Litigation Trust Board, written resolution of which shall be delivered to the removed Litigation Trust Board member; provided, however, that such removal may only be made for Cause. For purposes of this Section 4.9(c), “Cause” shall be defined as: (i) such Litigation Trust Board member’s theft or embezzlement or attempted theft or embezzlement of money or tangible or intangible assets or property; (ii) such Litigation Trust Board member’s violation of any law (whether foreign or domestic), which results in an indictable offence or similar judicial proceeding; (iii) such Litigation Trust Board member’s gross negligence, bad faith, wilful misconduct or knowing violation of law, in the performance of his or her duties as a member of the Litigation Trust Board; or (iv) such Litigation Trust Board member’s failure to perform any of his or her other material duties under this Agreement (including the regular attendance at meetings of the Litigation Trust Board and of the Litigation Trustee and the Litigation Trust Board); provided, however, that such Litigation Trust Board member shall have been given a reasonable period to cure any alleged Cause under clauses (iii) (other than bad faith, wilful misconduct or knowing violation of law) and (iv).
- (d) In the event of a vacancy on the Litigation Trust Board (whether by removal, death or resignation), the remaining members of the Litigation Trust Board shall appoint a new member to fill such position. In the event that there are no members of the Litigation Trust Board selected or appointed in accordance with the preceding sentence, appointments to fill such vacancies that would have been made in accordance with the preceding sentence shall be made by the Litigation Trustee, following consultation with, ~~and with the consent of,~~ the Monitor (if

available in such capacity). Upon any such appointment of a successor member of the Litigation Trust Board, the Litigation Trustee shall provide the holders of the Litigation Trust Interests with notice of the name of the new member of the Litigation Trust Board, provided, however, that the provision of such notice shall not be a condition precedent to the rights and power of the new member of the Litigation Trust Board to act in such capacity.

- (e) Immediately upon the appointment of any successor member of the Litigation Trust Board all rights, powers, duties, authority, and privileges of the predecessor member of the Litigation Trust Board hereunder will be vested in and undertaken by the successor member of the Litigation Trust Board without any further act; and the successor member of the Litigation Trust Board will not be liable personally for any act or omission of the predecessor member of the Litigation Trust Board.

4.10 Compensation of the Litigation Trust Board

Each member of the Litigation Trust Board shall be paid ~~by the Litigation Trust~~ an annual amount of [●] annually as compensation for his or her services hereunder as a member of the Litigation Trust Board, which amount shall be determined by the Board of Newco (as defined in the Plan) from time to time. In addition, each member of the Litigation Trust Board shall be entitled to be reimbursed from the Litigation Trust for his or her reasonable and documented out-of-pocket expenses incurred in connection with the performance of his or her duties hereunder by the Litigation Trust upon demand for payment thereof.

4.11 Standard of Care; Exculpation

None of the Litigation Trust Board, its respective members, designees, professionals, or duly designated agents, counsel or representatives, shall be liable for the act or omission of any other member, designee, professional, agent, or representative of the Litigation Trust Board, nor shall any member of the Litigation Trust Board be liable for any act or omission taken or omitted to be taken by the Litigation Trust Board in good faith, other than for (i) acts or omissions resulting from the Litigation Trust Board's or any such member's, designee's, professional's, agent's or representative's gross negligence, bad faith, wilful misconduct or knowing violation of law or (ii) acts or omissions from which the Litigation Trust Board or such member, designee, professional, agent or representative derived an improper personal benefit. The Litigation Trust Board may, in connection with the performance of its functions, and in its sole and absolute discretion, consult with the Litigation Trust Board's counsel, accountants, financial advisors and agents, and shall not be liable for any act taken, omitted to be taken, or suffered to be done in good faith in accordance with advice or opinions rendered by such Persons. Notwithstanding such authority, none of the Litigation Trust Board or any of its members shall be under any obligation to consult with the Litigation Trust Board's counsel, accountants, financial advisors or agents, and their good faith determination not to do so shall not result in the imposition of liability on the Litigation Trust Board or, as applicable, any of its members, designees, professionals, agents or representatives, unless such determination is based on gross negligence, bad faith, wilful misconduct or knowing violation of law. No amendment modification or repeal of this Section 4.11 shall adversely affect any right or protection of the Litigation Trust Board, its

members, designees, professional agents or representatives that exists at the time of such amendment, modification or repeal.

ARTICLE 5 TAX MATTERS

5.1 U.S. Federal Income Tax Treatment of the Litigation Trust

- (a) For all U.S. federal income tax purposes, all parties (including SFC and the other Litigation Trust Claims Transferors, the Litigation Trustee, the Litigation Trust Board and the Litigation Trust Beneficiaries) shall treat the transfer of the Litigation Trust Assets to the Litigation Trustee for the benefit of the Litigation Trust Beneficiaries as (a) a transfer of the Litigation Trust Assets directly to those Litigation Trust Beneficiaries receiving Litigation Trust Interests (other than to the extent allocable to Unresolved Claims), followed by (b) the transfer by such Litigation Trust Beneficiaries to the Litigation Trustee of the Litigation Trust Assets in exchange for the Litigation Trust Interests (and in respect of the Litigation Trust Assets allocable to the Unresolved Claims, as a transfer to the Unresolved Claims Reserve by the Litigation Trust Claim Transferors). Accordingly, those Litigation Trust Beneficiaries receiving Litigation Trust Interests shall be treated for U.S. federal income tax purposes as the grantors and owners of their respective shares of the Litigation Trust Assets. The foregoing treatment also shall apply, to the extent permitted by applicable law, for ~~provincial~~U.S. state and local income tax purposes.]
- (b) ~~{Subject to definitive guidance from the~~ I.R.S. ~~, or a court of competent jurisdiction to the contrary (including receipt by the Litigation Trustee of a private letter ruling if the Litigation Trustee so requests one, or the receipt of an adverse determination by the~~ I.R.S. ~~, upon audit, or otherwise if not contested by the Litigation Trustee), the Litigation Trustee shall file returns for the Litigation Trust as a grantor trust pursuant to {Treasury Regulation section 1.671-4(a)} and in accordance with this Article 5. The Litigation Trustee shall also annually send to each holder of a Litigation Trust Interest a separate statement setting forth such holder's share of items of income, gain, loss, deduction, or credit and will instruct all such holders and parties to report such items on their federal income tax returns. The Litigation Trustee also shall file (or cause to be filed) any other statements, returns or disclosures relating to the Litigation Trust that are required by any governmental unit.]~~
- (c) ~~{As soon as possible after the creation of the Litigation Trust, but in no event later than 60 days thereafter, the~~ The ~~Litigation Trust Board shall inform, in writing, the Litigation Trustee of the fair market value of the Litigation Trust Assets transferred to the Litigation Trust based on the good faith determination of the Litigation Trust Board, and the Litigation Trustee shall apprise, in writing, the Litigation Trust Beneficiaries of such valuation. ~~The~~ In such circumstances, the ~~valuation shall be used consistently by all parties (including SFC and the other Litigation Trust Claim Transferors, the Litigation Trustee, the Litigation Trust Board and the Litigation Trust Beneficiaries) for all federal income tax purposes:~~~~

~~As soon as possible after the Effective Date, as applicable. As applicable or necessary,~~ the Litigation Trustee shall make such valuation prepared by the Litigation Trust Board available from time to time, to the extent relevant or reasonably necessary, and such valuation shall be used consistently by all parties (including SFC and the other Litigation Trust Claim Transferors, the Litigation Trustee, the Litigation Trust Board and the Litigation Trust Beneficiaries) for all federal income tax purposes. In connection with the preparation of ~~the~~ any such valuation contemplated hereby, the Litigation Trust Board shall be entitled to retain such professionals and ~~advisers~~ advisors as the Litigation Trust Board shall determine to be appropriate or necessary, and the Litigation Trust Board shall take such other actions in connection therewith as it determines to be appropriate or necessary in connection therewith. The Litigation Trust shall bear all of the reasonable costs and expenses incurred in connection with determining such value, including the fees and expenses of any Persons retained by the Litigation Trust Board in connection therewith.}

- (d) ~~{The~~ If applicable, the Litigation Trustee may request an expedited determination of taxes of the Litigation Trust for all returns filed for, or on behalf of, the Litigation Trust for all taxable periods through the dissolution of the Litigation Trust.}
- (e) {The Litigation Trustee shall be responsible for payments, out of the Litigation Trust Assets and Litigation Trust Proceeds, of any taxes imposed on the Litigation Trust or the Litigation Trust Assets.}
- (f) {The Litigation Trustee may require any of the Litigation Trust Beneficiaries to furnish to the Litigation Trustee its Employer or Taxpayer Identification Number ~~as assigned by the~~ and the Litigation Trustee may condition any distribution or payment to any of them upon receipt of such identification number.}

5.2 Allocations of Litigation Trust Taxable Income For U.S. Federal Income Tax Purposes

{Allocations of Litigation Trust taxable income among the holders of the Litigation Trust Interests shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restrictions on distributions described herein) if, immediately prior to such deemed distribution, the Litigation Trust had distributed all of its other assets (valued at their tax book value) to the holders of the Litigation Trust Interests, in each case up to the tax book value of the assets treated as contributed by such holders, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Litigation Trust (including all distributions held in escrow pending the resolution of Unresolved Claims). Similarly, taxable loss of the Litigation Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Litigation Trust Assets. The tax book value of the Litigation Trust Assets for this purpose shall equal their fair market value on the Effective Date (or otherwise, as applicable) as determined under Section 5.1(c) above, adjusted in either case in accordance with tax accounting principles prescribed by the

~~{Tax Internal Revenue Code}~~, and applicable tax regulations, and other applicable administrative and judicial authorities and pronouncements.}

5.3 Canadian Tax Treatment of Distributions by Litigation Trustee

Amounts distributed by the Litigation Trustee shall be treated as distributions of income or capital for Canadian federal income tax purposes, as determined by the Litigation Trustee. The Litigation Trustee shall be entitled to file any election for tax purposes which it considers desirable or appropriate. The Litigation Trustee may create a legally enforceable right of Litigation Trust Beneficiaries in respect of any particular distribution to enforce payment of that distribution on or before December 31 of the relevant taxation year of the Litigation Trust.

ARTICLE 6 DISTRIBUTIONS

6.1 Distributions; Withholding

Subject to ~~Sections 1.1 and~~Section 3.4 of this Agreement, the Litigation Trustee shall distribute, in accordance with this Article 6, to the holders of the Litigation Trust Interests the Litigation Trust Proceeds (including, without limitation, all net cash income plus all net cash proceeds from the liquidation of Litigation Trust Assets (including as cash, for this purpose, all cash equivalents), but excluding, for greater certainty, the Litigation Funding Amount or any remaining portion thereof); provided, however, that the Litigation ~~Trust~~Trustee may retain and not distribute to holders of the Litigation Trust Interests such amounts as determined by the Litigation Trust Board (i) as are reasonably necessary to meet contingent liabilities of the Litigation Trust during liquidation and (ii) to pay reasonable and necessary administrative expenses incurred in connection with liquidation and any taxes imposed on the Litigation Trust or in respect of the Litigation Trust Assets, and provided further that prior to any distribution of Litigation Trust Proceeds to the holders of the Litigation Trust Interests, the Litigation Trustee shall first pay to Newco an amount in cash equivalent to the Litigation Funding Amount (together with any other amounts that may have been advanced by Newco as Litigation Funding Amounts). All distributions and/or payments to be made to the holders of the Litigation Trust Interests pursuant to this Agreement shall be made to the holders of the Litigation Trust Interests pro rata based on the amount of Litigation Trust Interests held by a holder compared with the aggregate amount of the Litigation Trust Interests outstanding, subject, in each case, to the terms of the Plan and this Agreement. The Litigation Trustee may withhold from amounts distributable to any Person any and all amounts, determined in the Litigation Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

6.2 Manner of Payment or Distribution

All distributions to be made by the Litigation Trustee hereunder to the holders of the Litigation Trust Interests shall be made to a disbursing agent acceptable to the Litigation Trust Board for further distribution to the holders of the Litigation Trust Interests and shall be payable to the holders of Litigation Trust Interests of record as of the 20th day prior to the date scheduled for the distribution, unless such day is not a Business Day, then such day shall be the following Business Day. If the distribution shall be in cash, the Litigation Trustee shall distribute such cash by wire,

check, or such other method as the Litigation Trustee deems appropriate under the circumstances.

6.3 Cash Distributions

No cash distributions shall be required to be made to any holders of a Litigation Trust Interest in an amount less than \$100.00. Any funds so withheld and not distributed shall be held in reserve and distributed in subsequent distributions. Notwithstanding the foregoing, all cash shall be distributed in the final distribution of the Litigation Trust.

ARTICLE 7 INDEMNIFICATION

7.1 Indemnification of Litigation Trustee and the Litigation Trust Board

- (a) To the fullest extent permitted by law, the Litigation Trust, to the extent of its assets legally available for that purpose, shall indemnify and hold harmless the Litigation Trustee, each of the members of the Litigation Trust Board and each of their respective directors, members, shareholders, partners, officers, agents, employees, counsel and other professionals (collectively, the “**Indemnified Persons**”) from and against any and all losses, costs, damages, reasonable and documented out-of-pocket expenses (including reasonable fees and expenses of counsel and other advisors and any court costs incurred by any Indemnified Person) or liability by reason of anything any Indemnified Person did, does, or refrains from doing for the business or affairs of the Litigation Trust, except to the extent that the loss, cost, damage, expense or liability resulted (~~(x)~~) from the Indemnified Person’s gross negligence, bad faith, wilful misconduct or knowing violation of law or (~~(y)~~) from an act or omission from which the Indemnified Person derived an improper personal benefit. To the extent reasonable, the Litigation Trust shall pay in advance or reimburse reasonable and documented out-of-pocket expenses (including advancing reasonable costs of defence) incurred by the Indemnified Person who is or is threatened to be named or made a defendant or a respondent in a proceeding concerning the business and affairs of the Litigation Trust. The indemnification provided under this Section 7.1 shall survive the death, dissolution, resignation or removal, as may be applicable, of the Litigation Trustee, the Litigation Trust Board, any Litigation Trust Board member and/or any other Indemnified Person, and shall ~~inure~~inure to the benefit of the Litigation Trustee’s, each Litigation Trust Board member’s and each other Indemnified Person’s heirs, successors and assigns.
- (b) Any Indemnified Person may waive the benefits of indemnification under this Section 7.1, but only by an instrument in writing executed by such Indemnified Person.
- (c) The rights to indemnification under this Section 7.1 are not exclusive of other rights which any Indemnified Person may otherwise have at law or in equity, including without limitation common law rights to indemnification or contribution. Nothing in this Section 7.1 will affect the rights or obligations of

any Person (or the limitations on those rights or obligations) under this Agreement, or any other agreement or instrument to which that Person is a party.

ARTICLE 8 REPORTING OBLIGATIONS OF LITIGATION TRUSTEE

8.1 Reports

- (a) The Litigation Trustee shall prepare such reports as the Litigation Trust Board shall request from time to time, which reports may be marked privileged and confidential at the discretion of the Litigation Trust Board or the Litigation Trustee, and shall distribute such reports to the Litigation Trust Board and, if directed by the Litigation Trust Board, to all holders of the Litigation Trust Interests as provided in this Article 8. For the avoidance of doubt, the holders of the Litigation Trust Interests shall not be entitled to any report, financial or otherwise, unless determined by the Litigation Trust Board in its sole discretion.
- (b) Without limiting the foregoing, the Litigation Trustee shall timely (i) prepare, file and distribute such statements, reports, tax returns and forms, and submissions as may be necessary to cause the Litigation Trust and the Litigation Trustee to be in compliance with all applicable laws (including any quarterly and annual reports to the extent required by applicable law or in order to gain an exemption from compliance with applicable law) and (ii) prepare and file with the CCAA Court such reports and submissions as may be required by the CCAA Court.
- (c) ~~Any report to be given to the holders of the Litigation Trust Interests at their addresses set forth in the Trust Register and filed with the CCAA Court; provided that the~~ The Litigation Trustee may post any report required to be provided to such Persons under this Section 8.1 on a web site maintained by the Litigation Trustee in lieu of actual notice, subject to providing notice of such postings to the Persons listed in Section 11.5 herein and, if required by the Litigation Trust Board in its sole discretion, to the holders of the holders of Litigation Trust Interests, also filing such reports with the CCAA Court when required to do so.

ARTICLE 9 TERM; TERMINATION OF THE LITIGATION TRUST

9.1 Term; Termination of the Litigation Trust

- (a) The Litigation Trust shall commence on the date hereof and terminate no later than the fifth anniversary of the Effective Date; provided, however, that, on or prior to the date that is 90 days prior to such termination, the Litigation Trust Board may extend the term of the Litigation Trust if it is necessary to the efficient and proper administration of the Litigation Trust Assets in accordance with the purposes and terms of this Agreement. Notwithstanding the foregoing, multiple extensions can be obtained so long as each extension is obtained not less than 90 days prior to the expiration of each extended term; and provided, further, that

neither this Agreement nor the continued existence of the Litigation Trust shall prevent SFC from terminating the CCAA Proceeding.

- (b) The Litigation Trust may be terminated earlier than its scheduled termination if:
 - (i) the Litigation Trustee has administered all Litigation Trust Assets and performed all other duties required by this Agreement and the Litigation Trust; or
 - (ii) if the Litigation Trustee, in consultation with and subject to the approval of the Litigation Trust Board, determines that it is not in the best interests of the Litigation Trust Beneficiaries to continue pursuing the Litigation Trust Claims. Upon termination of the Litigation Trust pursuant to subsection (ii) hereof, any and all remaining portion of the Litigation Funding Amount shall be paid to Newco in cash by wire, check, or such other method as agreed to by the Litigation Trustee and Newco.

9.2 Continuance of Trust for Winding Up

After the termination of the Litigation Trust and for the purpose of liquidating and winding up the affairs of the Litigation Trust, the Litigation Trustee shall continue to act as such until its duties have been fully performed. Prior to the final distribution of all of the remaining assets of the Litigation Trust and upon approval of the Litigation Trust Board, the Litigation Trustee shall be entitled to reserve from such assets any and all amounts required to provide for its own reasonable costs and expenses, in accordance with Section 3.17, until such time as the winding up of the Litigation Trust is completed. Upon termination of the Litigation Trust, the Litigation Trustee shall retain for a period of two years the books, records, ~~lists of the holders of the Litigation Trust Interests, the Trust Register,~~ and other documents and files that have been delivered to or created by the Litigation Trustee. At the Litigation Trustee's discretion, all of such records and documents may, but need not, be destroyed at any time after two years from the completion and winding up of the affairs of the Litigation Trust. Except as otherwise specifically provided herein, upon the termination of the Litigation Trust, the Litigation Trustee shall have no further duties or obligations hereunder.

ARTICLE 10 AMENDMENT AND WAIVER

10.1 Amendment and Waiver

The Litigation Trustee, with the prior approval of the majority of the members of the Litigation Trust Board, may amend, supplement or waive any provision of, this Agreement, without notice to or the consent of the holders of the Litigation Trust Interests or the approval of the CCAA Court; ~~provided, that such amendment, supplement or waiver shall not adversely affect the payments and/or distributions to be made under this Agreement~~ to (or on behalf or for the account of) any of the holders of the Litigation Trust Interests: (i) to cure any ambiguity, omission, defect or inconsistency in this Agreement; (ii) to comply with any requirements in connection with the tax status of the Litigation Trust; (iii) to comply with any requirements in connection with maintaining that the Litigation Trust is not subject to registration or reporting requirements; (iv) to make the Litigation Trust a reporting entity and, in such event, to comply with any requirements in connection with satisfying any applicable registration or reporting requirements; (v) to evidence and provide for the acceptance of appointment hereunder by a

successor trustee in accordance with the terms of this Agreement; and (vi) to achieve any other purpose that is not inconsistent with the purpose and intention of this Agreement; provided, that, no such amendment, supplement or waiver shall adversely affect the payments and/or distributions to be made under this Agreement.

ARTICLE 11 MISCELLANEOUS PROVISIONS

11.1 Intention of Parties to Establish the Litigation Trust

{This Agreement is intended to create a liquidating trust for U.S. federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as such a trust and any ambiguity herein shall be construed consistent herewith and, if necessary, this Agreement may be amended in accordance with Section 10.1 to comply with such federal income tax laws, which amendments may apply retroactively.}

11.2 Laws as to Construction

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to whether any conflicts of law would require the application of the law of another jurisdiction.

11.3 Jurisdiction

Without limiting any Person's right to appeal any order of the CCAA Court with regard to any matter, (i) the CCAA Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all actions related to the foregoing shall be filed and maintained only in the CCAA Court, and the parties, including the holders of the Litigation Trust Interests, and holders of Claims, hereby consent to and submit to the jurisdiction and venue of the CCAA Court.

11.4 Severability

If any provision of this Agreement or the application thereof to any Person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

11.5 Notices

All notices, requests or other communications to the parties hereto shall be in writing and shall be sufficiently given only if (i) delivered in person; (ii) sent by electronic mail or facsimile communication (as evidenced by a confirmed fax transmission report); (iii) sent by registered or certified mail, return receipt requested; or (iv) sent by commercial delivery service or courier.

Until a change of address is communicated, as provided below, all notices, requests and other communications shall be sent to the parties at the following addresses or facsimile numbers:

If to the Litigation Trustee: ~~[Address]~~ Cosimo Borrelli
c/o Borrelli Walsh
Level 17, Tower 1, Admiralty Centre
18 Harcourt Road
Hong Kong
Telephone: ~~{●}~~ 852.3761.3800
Facsimile: ~~{●}~~
Attn 852.3761.3889
Email: ~~{●}~~ cb@borrelliwalsh.com

(with a copy to) ~~[Address]~~
Telephone: ~~{●}~~
Facsimile: ~~{●}~~
Attn: ~~{●}~~

If to SFC: ~~[Address]~~
Telephone: ~~{●}~~
Facsimile: ~~{●}~~
Attn: ~~{●}~~

(with a copy to) ~~[Address]~~
Telephone: ~~{●}~~
Facsimile: ~~{●}~~
Attn: ~~{●}~~

If to the Litigation Trust Board Members: ~~[Address]~~ Paul Brough
c/o Blue Willow Limited
11th Floor, Waga Commercial Centre
99 Wellington Street
Central, Hong Kong
Telephone: ~~{●}~~ 852.9109.6469
Facsimile: ~~{●}~~
Attn 852.2319.1001
Email: ~~{●}~~ paulbrough@bluewillowhk.com

And to: Eugene Davis
5 Canoe Brook Dr.
Livingston, NJ
07039-6121, USA
Telephone: 1.973.464.9333
Facsimile: 1.973.535.1843
Email: genedavis@pirinateconsulting.com

And to: Barry Field
140 The Street,
Rushmere St Andrew, Ipswich
IP5 1 DH, UK
Telephone: 44. 14.7348.4437
Email: barry.field2@gmail.com

(with a copy to) ~~{Address}~~ Hogan Lovells LLP
11th Floor, One Pacific Place
88 Queensway
Hong Kong
Telephone: {●}852.2840.5002
Facsimile: {●}852.2219.0222
Email: neil.mcdonald@hoganlovells.com
Attn: {●}Neil McDonald

~~**If to a holder of a
Litigation Trust Interest:**~~ ~~To the name and address set forth on the Trust
Register.~~

All notices shall be effective and shall be deemed delivered (i) if by personal delivery, delivery service or courier, on the date of delivery; (ii) if by electronic mail or facsimile communication, on the date of receipt or confirmed transmission of the communication; and (iii) if by mail, on the date of receipt. Any Person from time to time may change his, her or its address, facsimile number, or other information for the purpose of notices to that Person by giving notice specifying such change to the Litigation Trustee and the Persons who are at the time of such notice members of the Litigation Trust Board.

11.6 Fiscal Year

The fiscal year of the Litigation Trust will begin on the first day of January and end on the last day of December of each calendar year.

11.7 Construction; Usage

- (a) Interpretation. In this Agreement, unless a clear contrary intention appears:
- (i) the singular number includes the plural number and vice versa;
 - (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
 - (iii) reference to any gender includes each other gender;
 - (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;

- (v) reference to any applicable law means such applicable law as amended, modified, codified, replaced or ~~reenacted~~re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any applicable law means that provision of such applicable law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or ~~reenactment~~re-enactment of such section or other provision;
 - (vi) “hereunder,” “hereof,” “hereto,” and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;
 - (vii) reference to Articles, Sections, Schedules or Exhibits herein shall be deemed to be references to the Articles, Sections, Schedules and Exhibits to this Agreement unless otherwise specified;
 - (viii) “including” means including without limiting the generality of any description preceding such term; and
 - (ix) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.
- (b) Legal Representation of the Parties. This Agreement was negotiated by the parties and beneficiaries hereto with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party hereto shall not apply to any construction or interpretation hereof.
- (c) Headings. The headings contained in this Agreement are for the convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

11.8 Counterparts; Facsimile; PDF

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument. Any facsimile or portable document format copies hereof or signature hereon shall, for all purposes, be deemed originals.

11.9 Confidentiality

The Litigation Trustee and each successor trustee and each member of the Litigation Trust Board and each successor member of the Litigation Trust Board (each a “**Covered Person**”) shall, during the period that they serve in such capacity under this Agreement and following either the termination of this Agreement or such individual’s removal, incapacity, or resignation hereunder, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any Person to which any of the assets of the Litigation Trust relates or of which it

has become aware in its capacity (the “**Information**”), including without limitation, the identity of any Holder of Litigation Trust Interests and the extent of their holdings thereof, except to the extent disclosure of any such information is required by applicable law, order, regulation or legal process. In the event that any Covered Person is requested or required (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigation, demand or similar legal process) to disclose any Information, such Covered Person shall notify the Litigation Trust Board reasonably promptly (unless prohibited by law) so that the Litigation Trust Board may seek an appropriate protective order or other appropriate remedy or, in its discretion, waive compliance with the terms of this Section 11.9 (and if the Litigation Trust Board seeks such an order, the relevant Covered Person will provide cooperation as the Litigation Trust Board shall reasonably request). In the event that no such protective order or other remedy is obtained, or that the Litigation Trust Board waives compliance with the terms of this Section 11.9 and that any Covered Person is nonetheless legally compelled to disclose the Information, the Covered Person will furnish only that portion of the Information, which the Covered Person, advised by counsel, is legally required and will give the Litigation Trust Board written notice (unless prohibited by law) of the Information to be disclosed as far in advance as practicable and exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Information.

11.10 Entire Agreement

This Agreement (including the Recitals), the Plan, and the Plan Sanction Order constitute the entire agreement by and among the parties hereto and there are no representations, warranties, covenants or obligations except as set forth herein or therein. This Agreement, the Plan and the Plan Sanction Order supersede all prior and contemporaneous agreements, understandings, negotiations, discussions, written or oral, of the parties hereto, relating to any transaction contemplated hereunder. Except as otherwise specifically provided herein, in the Plan or in the Plan Sanction Order, nothing in this Agreement is intended or shall be construed to confer upon or to give any Entity or Person other than the parties hereto and their respective heirs, administrators, executors, permitted successors, or permitted assigns any right to remedies under or by reason of this Agreement, except that (i) the Persons identified in Article 7 hereof are intended third party beneficiaries of Article 7 hereof and shall be entitled to enforce the provisions thereof as if they were parties hereto and (ii) the members (and former members) of the Litigation Trust Board are intended third party beneficiaries of Article 4 hereof and shall be entitled to enforce the provisions thereof as if they were parties hereto.

11.11 No Bond

Notwithstanding any state or federal law to the contrary, the Litigation Trustee (including any successor trustee) shall be exempt from giving any bond or other security in any jurisdiction.

11.12 Effectiveness

This Agreement shall become effective on the Effective Date.

11.13 Successor and Assigns

This Agreement shall inure to the benefit of the parties hereto and the intended third party beneficiaries identified in Section 11.10 hereof (to the extent specified therein), and shall be binding upon the parties hereto, and each of their respective successors and assigns to the extent permitted by this Agreement and applicable law.

11.14 No Execution

All funds in the Litigation Trust shall be deemed in *custodia legis* until such times as the funds have actually been paid to or for the benefit of a holder of a Litigation Trust Interest, and no holder of a Litigation Trust Interest or any other Person can execute upon, garnish or attach the assets of the Litigation Trust in any manner or compel payment from the Litigation Trust except by an order of the CCAA Court. Distributions from the Litigation Trust will be governed solely by the Plan and this Agreement.

11.15 Irrevocability

The Litigation Trust is irrevocable, but is subject to amendment and waiver as provided for in this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers all as of the date first above written.

SINO-FOREST CORPORATION:

SINO-FOREST CORPORATION
(~~on behalf of itself and the direct and indirect subsidiaries listed in Schedule A~~)

By: _____
Name:
Title:

LITIGATION TRUSTEE:

{●}

By: _____
Name: Cosimo Borrelli, solely in his capacity as the Litigation Trustee and not in his personal capacity
Title: _____

6148079

SCHEDULE A

Index of Defined Terms

Term	Location
2013 and 2016 Note Indenture Trustee	Introduction
2014 and 2017 Note Indenture Trustee	Introduction
Ad Hoc Committee	Section 3.12(f)
Agreement	Introduction
Cause	Section 4.9(c)
CCAACauses of Action	Preliminary Statement
<u>CCAACauses of Action</u>	<u>Preliminary Statement</u>
CCAACourt	Preliminary Statement
Companies	Introduction
Covered Person	Section 11.9
Effective Date	Section 1.2(b)
Exchange Act Excluded Litigation Trust	Section 2.41.3(b)
<u>Claims</u>	
Filing Date	Preliminary Statement
Indemnified Persons	Section 7.1(a)
Indenture Trustees	Introduction
Information	Section 11.9
Interim Trustee	Section 3.5(g)
Investment Company Act	Section 2.4
Litigation Trust Assets	Preliminary Statement
Litigation Trust Beneficiary	Preliminary Statement
Litigation Trust Board	Section 4.1
Litigation Trust Claims	Preliminary Statement
Litigation Trust Claims Transferors	Preliminary Statement
	<u>Section 1.4(a)</u>
Litigation Trust Proceeds	Section 3.1
Litigation Trustee	Introduction
Plan	Preliminary Statement
Privileges	Section 1.3(a)
Registrar	Section 2.5(ab)
SECSettlement Funds	Section 2.41.1
<u>Settlement Funds</u>	<u>Section 2.41.1</u>
Securities Act	Section 2.4
SFC	Introduction
Sino ForestSFC Litigation Trust	Section 1.2(a)
<u>SFC Litigation Trust</u>	<u>Section 1.2(a)</u>
Subsidiaries Third Party Disclosers	Introduction Section 1.3(f)
Transfer	Section 2.5(a)
Trust Indenture Act	Section 2.4
Trust Register	Section 2.5(c)

SCHEDULE B

Form of Promissory Note for Litigation Trust Funding Amount

SCHEDULE C

Initial Members of the Litigation Trust Board

Paul Brough

Gene Davis

Barry Field

Document comparison by Workshare Professional on Tuesday, January 29, 2013
10:02:48 AM

Input:	
Document 1 ID	file://C:/Documents and Settings/descour/Desktop/Exhibit B - Draft Litigation Trust Agreement [Final Draft].doc
Description	Exhibit B - Draft Litigation Trust Agreement [Final Draft]
Document 2 ID	PowerDocs://GOODMANS/6148079/6
Description	GOODMANS-#6148079-v6-Litigation_Trust_Agreement
Rendering set	Goodmans STANDARD - STRIKEOUT

Legend:	
<u>Insertion</u>	
Deletion	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	260
Deletions	331
Moved from	9
Moved to	9
Style change	0
Format changed	0
Total changes	609

APPENDIX “B” – NEWCO NOTE INDENTURE

(See Attached)

EMERALD PLANTATION HOLDINGS LIMITED

and

COMPUTERSHARE TRUST COMPANY, N.A.
as Trustee and as Security Trustee

and

The entities listed on Schedule I hereto
as Initial Subsidiary Guarantors

INDENTURE

Dated as of January 30, 2013

US\$300,000,000

6.00% Guaranteed Senior Notes
Due 2020

TABLE OF CONTENTS

<u>ARTICLE 1 DEFINITIONS AND INCORPORATION BY REFERENCE</u>	1
<u>Section 1.01 Definitions</u>	1
<u>Section 1.02 Incorporation by Reference of Trust Indenture Act</u>	25
<u>Section 1.03 Rules of Construction</u>	26
<u>ARTICLE 2 ISSUE, EXECUTION, FORM AND REGISTRATION OF NOTES</u>	26
<u>Section 2.01 Authentication And Delivery of Notes and Subsidiary Guarantees</u>	26
<u>Section 2.02 Execution of Notes and Subsidiary Guarantees</u>	26
<u>Section 2.03 Certificate of Authentication</u>	27
<u>Section 2.04 Form, Denomination and Date of Notes; Interest Payments</u>	27
<u>Section 2.05 Registration, Transfer and Exchange</u>	29
<u>Section 2.06 Book-entry Provisions For Global Notes</u>	31
<u>Section 2.07 Holder Lists</u>	32
<u>Section 2.08 Special Transfer Provisions</u>	32
<u>Section 2.09 Mutilated, Defaced, Destroyed, Stolen and Lost Notes</u>	33
<u>Section 2.10 Further Issues</u>	34
<u>Section 2.11 Cancellation of Notes; Disposition Thereof</u>	35
<u>Section 2.12 CUSIP Numbers</u>	35
<u>ARTICLE 3 REDEMPTION</u>	35
<u>Section 3.01 Taxation Redemption</u>	35
<u>Section 3.02 Optional Redemption</u>	36
<u>Section 3.03 Method and Effect of Redemption</u>	37
<u>Section 3.04 Mandatory Redemption of Notes upon an Entire Sale Transaction</u>	38
<u>ARTICLE 4 COVENANTS</u>	39
<u>Section 4.01 Payment of Notes</u>	39
<u>Section 4.02 Maintenance of Office or Agency</u>	41
<u>Section 4.03 Governmental Approvals and Licenses; Compliance with Law</u>	41
<u>Section 4.04 Payment of Taxes and other Claims</u>	42
<u>Section 4.05 Maintenance of Properties and Insurance</u>	42
<u>Section 4.06 Limitation On Indebtedness And Disqualified Or Preferred Stock</u>	42
<u>Section 4.07 Limitation on Restricted Payments</u>	45
<u>Section 4.08 Limitation on Liens</u>	48
<u>Section 4.09 Limitation on Sale and Leaseback Transactions</u>	48
<u>Section 4.10 Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries</u>	48
<u>Section 4.11 Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries</u>	50
<u>Section 4.12 Limitation on Issuances of Guarantees by Restricted Subsidiaries</u>	50
<u>Section 4.13 Repurchase of Notes Upon a Change of Control Triggering Event</u>	51
<u>Section 4.14 Restriction on an Entire Sale Transaction</u>	51
<u>Section 4.15 Limitation on Asset Sales</u>	51
<u>Section 4.16 Limitation on Transactions with Shareholders and Affiliates</u>	53
<u>Section 4.17 Limitation on the Company's Business Activities</u>	54
<u>Section 4.18 Designation of Restricted and Unrestricted Subsidiaries</u>	54

<u>Section 4.19 Provision of Financial Statements, Reports and Compliance Certificate.</u>	56
<u>Section 4.20 Additional Amounts.</u>	57
<u>Section 4.21 Permitted Priority Secured Indebtedness.</u>	58
<u>Section 4.22 Holders to be Bound by Intercreditor Agreement.</u>	59
<u>ARTICLE 5 CONSOLIDATION, MERGER AND SALE OF ASSETS</u>	60
<u>Section 5.01 Consolidation, Merger and Sale of Assets.</u>	60
<u>ARTICLE 6 DEFAULT AND REMEDIES</u>	62
<u>Section 6.01 Events of Default.</u>	62
<u>Section 6.02 Acceleration.</u>	64
<u>Section 6.03 Other Remedies.</u>	64
<u>Section 6.04 Waiver of Past Defaults.</u>	64
<u>Section 6.05 Control by Majority.</u>	65
<u>Section 6.06 Limitation on Suits.</u>	65
<u>Section 6.07 Rights of Holders to Receive Payment.</u>	65
<u>Section 6.08 Collection Suit by Trustee.</u>	65
<u>Section 6.09 Trustee May File Proofs of Claim.</u>	65
<u>Section 6.10 Priorities.</u>	66
<u>Section 6.11 Restoration of Rights and Remedies.</u>	66
<u>Section 6.12 Undertaking for Costs.</u>	66
<u>Section 6.13 Rights and Remedies Cumulative.</u>	67
<u>Section 6.14 Delay or Omission Not Waiver.</u>	67
<u>Section 6.15 Waiver of Stay, Extension or Usury Laws.</u>	67
<u>Section 6.16 Compliance Certificate.</u>	67
<u>ARTICLE 7 THE TRUSTEE</u>	68
<u>Section 7.01 General.</u>	68
<u>Section 7.02 Certain Rights of Trustee.</u>	68
<u>Section 7.03 Individual Rights of Trustee.</u>	70
<u>Section 7.04 Trustee’s Disclaimer.</u>	70
<u>Section 7.05 Notice of Default.</u>	70
<u>Section 7.06 Reports by Trustee to Holders.</u>	70
<u>Section 7.07 Compensation And Indemnity</u>	70
<u>Section 7.08 Replacement of Trustee.</u>	71
<u>Section 7.09 Successor Trustee by Consolidation, Merger, Conversion or Transfer.</u>	72
<u>Section 7.10 Money Held in Trust.</u>	72
<u>Section 7.11 Eligibility; Disqualification.</u>	72
<u>Section 7.12 Preferential Collection of Claims Against the Company.</u>	72
<u>Section 7.13 Requests for Documentation in Connection with Qualification of the Indenture.</u>	72
<u>Section 7.14 Appointment of Co-Trustee.</u>	72
<u>ARTICLE 8 DEFEASANCE AND DISCHARGE</u>	73
<u>Section 8.01 Defeasance and Discharge of Indenture.</u>	73
<u>Section 8.02 Covenant Defeasance.</u>	74
<u>Section 8.03 Application of Trust Money.</u>	75
<u>Section 8.04 Repayment to Company.</u>	75

<u>Section 8.05 Reinstatement</u>	76
<u>ARTICLE 9 AMENDMENTS, SUPPLEMENTS AND WAIVERS</u>	76
<u>Section 9.01 Amendments Without Consent of Holders</u>	76
<u>Section 9.02 Amendments With Consent of Holders</u>	77
<u>Section 9.03 Effect of Consent</u>	78
<u>Section 9.04 Compliance with Trust Indenture Act</u>	79
<u>Section 9.05 Trustee’s and Security Trustee’s Rights and Obligations</u>	79
<u>Section 9.06 Payments for Consents</u>	79
<u>ARTICLE 10 SECURITY</u>	79
<u>Section 10.01 Security; Security Documents</u>	79
<u>Section 10.02 Future Restricted Subsidiaries</u>	80
<u>Section 10.03 Certificates of the Company</u>	81
<u>Section 10.04 Authorization of Actions to be Taken by the Trustee Under the Security Documents</u>	81
<u>Section 10.05 Authorization of Receipt of Funds by the Security Trustee Under the Security Documents</u>	82
<u>Section 10.06 Release of the Collateral</u>	82
<u>Section 10.07 Additional Security Trustee Terms</u>	83
<u>ARTICLE 11 SUBSIDIARY GUARANTEES</u>	84
<u>Section 11.01 The Subsidiary Guarantees</u>	84
<u>Section 11.02 Guarantee Unconditional</u>	84
<u>Section 11.03 Discharge; Reinstatement</u>	85
<u>Section 11.04 Waiver by the Subsidiary Guarantors</u>	85
<u>Section 11.05 Subrogation and Contribution</u>	85
<u>Section 11.06 Stay of Acceleration</u>	85
<u>Section 11.07 Limitation on Amount of Subsidiary Guarantee</u>	85
<u>Section 11.08 Ranking of Subsidiary Guarantees</u>	86
<u>Section 11.09 Further Subsidiary Guarantors</u>	86
<u>Section 11.10 Execution and Delivery of Guarantee</u>	86
<u>Section 11.11 Release of the Subsidiary Guarantees</u>	87
<u>ARTICLE 12 MISCELLANEOUS</u>	87
<u>Section 12.01 Trust Indenture Act Controls</u>	87
<u>Section 12.02 Communication by Holders with Other Holders</u>	87
<u>Section 12.03 Ranking</u>	88
<u>Section 12.04 Notices</u>	88
<u>Section 12.05 Certificate and Opinion as to Conditions Precedent</u>	89
<u>Section 12.06 Statements Required in Certificate or Opinion</u>	89
<u>Section 12.07 Payment Date Other Than a Business Day</u>	90
<u>Section 12.08 Governing Law, Consent to Jurisdiction; Waiver of Immunities</u>	90
<u>Section 12.09 No Adverse Interpretation of Other Agreements</u>	91
<u>Section 12.10 Successors</u>	91
<u>Section 12.11 Counterparts</u>	91
<u>Section 12.12 Separability</u>	91

<u>Section 12.13 Table of Contents and Headings</u>	91
<u>Section 12.14 No Personal Liability of Incorporators, Stockholders, Members, Directors, Officers, Directors, or Employees</u>	91
<u>Section 12.15 Force Majeure</u>	92
<u>Section 12.16 U.S.A. Patriot Act</u>	92
<u>Section 12.17 Waiver of Jury Trial</u>	92

EXHIBITS

[EXHIBIT A FORM OF FACE OF CERTIFICATED NOTE](#)

[EXHIBIT B FORM OF GLOBAL NOTE](#)

[EXHIBIT C FORM OF AUTHORIZATION CERTIFICATE – SUBSIDIARY GUARANTOR](#)

[EXHIBIT D FORM OF PAYING AND TRANSFER AGENT AND REGISTRAR APPOINTMENT LETTER](#)

[EXHIBIT E FORM OF SUPPLEMENTAL INDENTURE](#)

[EXHIBIT F FORM OF SECURITY DOCUMENTS](#)

[EXHIBIT G FORM OF COMPLIANCE CERTIFICATE UNDER SECTION 10.03](#)

[EXHIBIT H FORM OF TRANSFER NOTICE TO CANADIAN PERSONS WITHIN THE CANADIAN RESTRICTED PERIOD](#)

[EXHIBIT I TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR](#)

[EXHIBIT J PRE-AGREED INTERCREDITOR TERMS](#)

SCHEDULES

Schedule I Initial Subsidiary Guarantors

Schedule II Initial Unrestricted Subsidiaries

INDENTURE, dated as of January 30, 2013, among Emerald Plantation Holdings Limited, an exempted company limited by shares established under the laws of the Cayman Islands, as the Company, the Subsidiary Guarantors listed in Schedule I hereto, Computershare Trust Company, N.A., in its capacity as Trustee, and Computershare Trust Company, N.A., in its capacity as Security Trustee.

RECITALS

WHEREAS, the Company has duly authorized the execution and delivery of the Indenture to provide for the issuance of up to US\$300,000,000 aggregate principal amount of the Company's 6.00% Guaranteed Senior Notes Due 2020 and, if and when issued, any Additional Notes and PIK Notes as provided herein (collectively, the "**Notes**"). All things necessary to make the Indenture a valid agreement of the Company, in accordance with its terms, have been done, and the Company has done all things necessary to make the Notes (in the case of the Additional Notes, when duly authorized), when executed by the Company and authenticated and delivered by the Trustee and duly issued by the Company, the valid obligations of the Company as hereinafter provided.

WHEREAS, the Subsidiary Guarantors party hereto have duly authorized the execution and delivery of the Indenture as guarantors of the Notes. All things necessary to make the Indenture a valid agreement of each Subsidiary Guarantor, in accordance with its terms, have been done, and each Subsidiary Guarantor has done all things necessary to make the Subsidiary Guarantees, when the Notes are executed by the Company and authenticated and delivered by the Trustee and duly issued by the Company, the valid obligations of such Subsidiary Guarantor as hereinafter provided.

WHEREAS, pursuant to the Security Documents (as defined herein), the Company and the initial Subsidiary Guarantors have agreed to grant a security interest in the Collateral (as defined herein) to the Trustee and/or the Security Trustee (on behalf of the Trustee) in order to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantors under the Subsidiary Guarantees.

THIS INDENTURE WITNESSETH

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, the parties hereto covenant and agree, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE 1 DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary.

"Additional Amounts" has the meaning set forth in Section 4.20.

“Additional Closing Date” means the date on which the Additional Notes are issued pursuant to Section 2.10.

“Additional Notes” has the meaning set forth in Section 2.10.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Affiliate Transaction” has the meaning set forth in Section 4.16.

“Agent” means any Registrar, Paying Agent, Transfer Agent or Authenticating Agent.

“Agent Members” means members of, or participants in, the Depository.

“Applicable Premium” means with respect to a Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) the redemption price of such Note at the fourth anniversary date of the Original Issue Date (such redemption price being set forth in the table appearing in Section 3.02(b)), plus (y) all required remaining scheduled interest payments due on such Note (but excluding accrued and unpaid interest to the redemption date) through the fourth anniversary date of the Original Issue Date, computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means

- (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries, or
- (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of

- (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or

(2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

“**Asset Sale**” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person other than the Company or any Wholly-Owned Restricted Subsidiary; provided that “Asset Sale” shall not include:

(1) sales or other dispositions of inventory, receivables and other current assets (including wood chips, logs, lumber, and manufactured wood and wood panel products) or standing timber in the ordinary course of business,

(2) any disposition that constitutes a Change of Control or an Entire Sale Transaction,

(3) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under Section 4.07,

(4) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$5,000,000 (or the Dollar Equivalent thereof) in any transaction or series of related transactions,

(5) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries,

(6) any sale, transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien, or

(7) a transaction covered by the covenant under Section 5.01.

“**Attributable Indebtedness**” means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“**Authenticating Agent**” refers to a Person engaged to authenticate the Notes in the stead of the Trustee.

“**Authorization Certificate**” has the meaning set forth in Section 2.02.

“**Authorized Officer**” means, with respect to the Company or a Subsidiary Guarantor, any one officer or director, who, in each case, is authorized to represent the Company or a Subsidiary Guarantor, as the case may be.

“**Average Life**” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such

Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Board of Directors” means the board of directors elected or appointed by the members of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the City of New York, United States, the city in which the Corporate Trust Office of the Trustee is located, Hong Kong or the Cayman Islands (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Canadian Restricted Period” means the period commencing on the Original Issue Date and ending on the date that is four months and one day after the later of (i) the Original Issue Date and (ii) the date the Company became a reporting issuer in any Province or Territory of Canada.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including all Common Stock and Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with IFRS, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Certificated Notes” means the Notes (with the Subsidiary Guarantees endorsed thereon), in certificated, registered form, executed and delivered by the Company (and the Subsidiary Guarantors) substantially in the form of Exhibit A hereto and (i) presented to the Trustee for authentication by the Trustee pursuant to an Authentication Certificate in accordance with Section 2.01 of this Indenture and authenticated by the Trustee in accordance with Section 2.01, or (ii) authenticated by the Trustee in exchange for the Global Notes, in the event that (x) the Depository is at any time unwilling or unable to act as depository for the Global Notes and a successor depository is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility or (y) an Event of Default has occurred and is continuing with respect to the Notes.

“Change of Control” means the occurrence of one or more of the following events:

(1) the merger, amalgamation, or consolidation of the Company with or into another Person or the merger or amalgamation of another Person with or into the Company, or the sale of all or substantially all the assets of the Company to another Person (other than an Entire Sale Transaction);

(2) any “person” or “group” (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Company;

(3) the majority of the directors of the Company are not Continuing Directors;
or

(4) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Change of Control Offer” has the meaning set forth in Section 4.13.

“Change of Control Triggering Event” means the occurrence of a Change of Control.

“Collateral” means all collateral securing, or purported to be securing, directly or indirectly, the Company’s obligations under the Indenture, the Security Documents and the Notes, any Subsidiary Guarantee, any Permitted Priority Secured Indebtedness or any Permitted Priority Subsidiary Guarantee pursuant to the Security Documents, and shall initially consist of all property and assets (including Capital Stock) of the Company and the initial Subsidiary Guarantors held by the Company or a Subsidiary Guarantor, and may include all property and assets (including any other Capital Stock of any Person) owned by the Company or any Subsidiary Guarantor that becomes a Restricted Subsidiary (other than those organized under the laws of the PRC or a Foreign Subsidiary) as may be pledged, mortgaged or charged by the Company or the Subsidiary Guarantors from time to time pursuant to the provisions of Section 10.02.

“Commodity Agreement” means any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes all series and classes of such common stock or ordinary shares.

“Company” means the party named as such in the first paragraph of the Indenture or any successor obligor under the Indenture and the Notes pursuant to this Indenture.

“Comparable Treasury Issue” means the U.S. Treasury security selected by a Reference Treasury Dealer having a comparable maturity to the fourth anniversary date of the Original Issue Date that would be utilized, at the time of selection and in accordance with

customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the fourth anniversary date of the Original Issue Date.

“Comparable Treasury Price” means, with respect to any redemption date, as calculated by a Reference Treasury Dealer:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities;” or

(2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense,

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets),

(3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than depletion of timber holdings or non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with IFRS, provided that if any Restricted Subsidiary is not a Wholly-Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with IFRS) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly-Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with IFRS for such period of the Company and its Restricted Subsidiaries, plus, to the extent not

included in such gross interest expense, and to the extent incurred or paid during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the interest equivalent costs associated with Interest Rate Agreements, (vi) interest actually paid by the Company or any Restricted Subsidiary on Indebtedness of any other Person that is Guaranteed by the Company or any Restricted Subsidiary and (vii) any capitalized interest, provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with IFRS; provided that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except to the extent of the amount of dividends or similar distributions actually paid in cash to the specified Person or a Restricted Subsidiary of the Person during such period;
- (2) the net income (and loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;
- (3) the net income of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains (or losses) realized on the sale or other disposition of (A) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (B) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);
- (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains (or losses).

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity or members’ equity as set forth on the most recently available semi-annual or annual consolidated balance sheet of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock or shares and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of its Restricted Subsidiaries, each item to be determined in conformity with IFRS.

“Continuing Directors” means, as of any date of determination, any member of the Board of Directors of the Company who:

- (1) was a member of such Board of Directors on the Original Issue Date;
- (2) was designated by any shareholder entitled to designate a director under the Company’s Memorandum and Articles of Association; or
- (3) was elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such director’s nomination or election.

“Corporate Trust Office” means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date of the Indenture is located at 350 Indiana Street, Suite 750, Golden, Colorado, 80401.

“Currency Agreement” means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement.

“Custodian” means a custodian of the Global Notes for DTC.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Default Rate” means 2% per annum.

“Depository” means the depository of each Global Note, which will initially be DTC.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale”, an “entire sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale”, “entire sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in Section 4.13, Section 4.14 and Section 4.15 and such Capital Stock

specifically provides that such Person will not repurchase or redeem any such Capital Stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to Section 4.13, Section 4.14 and Section 4.15.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"DTC" means The Depository Trust Company, a New York corporation, and its successors.

"Entire Sale Transaction" means an Asset Disposition by the Company (other than to a Restricted Subsidiary) of all or substantially all of the Capital Stock of each Subsidiary owned by the Company and/or of all or substantially all of the assets of the Company.

"Entire Sale Transaction Mandatory Redemption" has the meaning assigned to such term in Section 3.04.

"Entire Sale Transaction Redemption Date" has the meaning assigned to such term in Section 3.04.

"Entire Sale Transaction Redemption Price" has the meaning assigned to such term in Section 3.04.

"Equity Offering" means any primary private or public offering of Common Stock of the Company after the Original Issue Date.

"Event of Default" has the meaning assigned to such term in Section 6.01.

"Excess Proceeds" has the meaning assigned to such term in Section 4.15.

"Exchange Act" means the United States Securities Exchange Act of 1934.

"Fair Market Value" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution; provided, however, that for purposes of clause (a)(4)(i) of Section 4.15, such determination may instead be made by the Company's Chief Executive Officer or Chief Financial Officer.

"First Priority Lien" means the first priority Liens on the Collateral (subject to any Permitted Liens) granted to the Trustee for the benefit of the holders of the Notes pursuant to the Security Documents.

"Fixed Charge Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent two fiscal half-years prior to such Transaction Date for which consolidated financial statements of the Company (which the

Company shall use its best efforts to compile in a timely manner) are available and have been provided to the Trustee (the “**Two Half-Year Period**”) to (2) the aggregate Consolidated Fixed Charges during such Two Half-Year Period. In making the foregoing calculation:

(A) *pro forma* effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the “**Reference Period**”) commencing on and including the first day of the Two-Half Year Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Two Half-Year Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period;

(B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(C) *pro forma* effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(D) *pro forma* effect shall be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(E) *pro forma* effect shall be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (D) or (E) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation shall be based upon the two full fiscal half-years immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“**Foreign Subsidiary**” means any Restricted Subsidiary of the Company organized under the laws of a jurisdiction that prohibits such Subsidiary from guaranteeing payments under the Notes.

“**Global Notes**” has the meaning set forth in Section 2.04(c).

“**Guarantee**” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“**Guaranteed Indebtedness**” has the meaning set forth in Section 4.12.

“**Holder**” means the Person in whose name a Note is registered in the Note register.

“**IFRS**” means International Financial Reporting Standards as adopted by the International Accounting Standards Board, applied on a consistent basis. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with IFRS applied on a consistent basis.

“**Incur**” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurring” have meanings correlative with the foregoing.

“**Indebtedness**” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person; and

(8) to the extent not otherwise included in this definition, obligations under Commodity Agreements, Currency Agreements and Interest Rate Agreements.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, provided

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with IFRS,

(B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest, and

(C) that the amount of Indebtedness with respect to any Commodity Agreements, Currency Agreements and Interest Rate Agreements shall be equal to the net amount payable if such agreements terminated at that time due to default by such Person.

“**Indenture**” means this indenture, as amended or supplemented from time to time.

“**Independent Financial Advisor**” means an investment banking firm or accounting firm of national reputation in the United States of America or in Hong Kong (i) which does not, and whose directors, officers, employees and affiliates do not, have a direct or indirect financial interest in the Company or any of its Affiliates, and (ii) which, in the judgement of the Board of Directors of the Company, is otherwise independent and qualified to perform the task for which it is to be engaged.

“**Information Circular**” means the information circular of Sino Forest Corporation, dated October 20, 2012.

“**Initial Subsidiary Guarantor**” means each of the Subsidiary Guarantors named in Schedule I herein.

“**Initial Unrestricted Subsidiary**” means each of the Unrestricted Subsidiaries named in Schedule II herein.

“Intercreditor Agreement” means an intercreditor agreement, containing the Pre-Agreed Intercreditor Terms substantially in the form set forth as Exhibit J hereto, to be entered into prior to the first Incurrence of any Permitted Priority Secured Indebtedness after the Original Issue Date, in a form satisfactory to the Trustee, the Security Trustee and the holders of such Permitted Priority Secured Indebtedness (or the Permitted Priority Trustee as their representative).

“Interest Payment Date” means each June 30 and December 31 of each year, commencing June 30, 2013, and the Maturity Date.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit (other than Trade Payables that are, in conformity with IFRS, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Company or its Restricted Subsidiaries) to another Person,
- (2) capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others),
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person, or
- (4) any Guarantee of any obligation of another Person;

provided that an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists of common equity securities of the Company shall not be deemed to be an Investment.

For the purposes of Section 4.18, the Company will be deemed to have made an investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the assets (net of liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation. For purposes of Section 4.07, any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Issue Date” of any Note means the date on which the Note was originally issued or deemed issued as set forth on the face of the Note.

“Joint Venture” means any Person engaged in a Permitted Business of which the Company, together with its Restricted Subsidiaries, directly holds or, as a result of the respective Investment, will hold, at least 50.1% of its Capital Stock.

“Leverage Ratio” means, as at the time of determination, the aggregate principal amount of Indebtedness of the Company and the Restricted Subsidiaries outstanding at such time determined on a consolidated basis, divided by the Consolidated EBITDA of the Company for the two fiscal half-years immediately preceding the date of determination for which consolidated financial statements of the Company are available and have been provided to the Trustee.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Mandatory Prepayment Account” means the deposit account to be specified by the Company pursuant to which proceeds from an Entire Sale Transaction or from an Asset Sale are to be deposited in accordance with the terms of Section 4.14(b) and Section 4.15(c) of this Indenture, respectively, which account shall be subject to a first priority Lien in favor of the Security Trustee and constitute additional Collateral for the benefit of the Holders, and which account shall not be subject to any other Lien whatsoever.

“Maturity Date” means January 30, 2020.

“Measurement Date” means the first day of the fiscal half-year period of the Company immediately preceding the Original Issue Date.

“Moody’s” means Moody’s Investors Service and its affiliates.

“Net Cash Proceeds” means:

(1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of

(A) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

(B) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;

(C) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

(D) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with IFRS; and

(2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Notes” has the meaning assigned to such term in the Recitals, and for greater certainty, includes all Additional Notes and PIK Notes created and issued in accordance with the terms of the Indenture from time to time.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

(1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting

forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$2,000 or integral multiples of US\$1,000.

On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent pursuant to the procedures described in Section 4.01 money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail or wire to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$2,000 or integral multiples of US\$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company, or, in the case of a Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor.

“Officer’s Certificate” means (i) a certificate signed by two Officers or (ii) in the event the relevant entity has one appointed Officer only, a certificate signed by such Officer or (iii) in the event the relevant entity has no appointed Officer, a certificate signed by either its sole director or two directors if such entity has more than one director. Each Officer’s Certificate shall specify who is required to sign.

“Opinion of Counsel” means a written opinion from legal counsel who is acceptable to the Trustee. The counsel may be an employee of or counsel to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Outstanding” when used with respect to Notes means, as of the date of determination, all Notes theretofore authenticated and delivered under the Indenture, except:

- (i) Notes theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) Notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent in trust for the Holders of such Notes, provided that, if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor reasonably satisfactory to the Trustee has been made; and
- (iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Indenture.

A Note does not cease to be Outstanding because the Company or any Affiliate of the Company holds the Note, provided that in determining whether the Holders of the requisite amount of Outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by the Company or any Affiliate of the Company shall be disregarded and deemed not to be Outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Notes which a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the reasonable satisfaction of the Trustee the pledgee’s right to act with respect to such Notes and that the pledgee is not the Company or an Affiliate of the Company.

“Paying Agent” means any paying agent and transfer agent with respect to the Notes appointed pursuant to a Paying and Transfer Agent and Registrar Appointment Letter in the form of Exhibit D.

“Payment Date” shall have the meaning set forth in Section 4.01.

“Permitted Businesses” means the Permitted Forestry Plantation Business and the manufacturing of wood and wood-based products and related businesses and activities incidental to such activities.

“Permitted Forestry Plantation Business” means the operation of forestry plantations and production and processing facilities, the processing, sale, distribution, transportation, cultivation and development of wood fibers and logs, and other similar wood and wood-based products, including bio-fuels, the operation of plantation nurseries, and the sale and distribution of seeds and saplings, inputs and similar products, or intermediate products and by-products used or produced in connection with such activities, the planting of saplings and trees in city greening and urban landscaping projects, including the design and implementation of such projects, the import and export of logs, lumber and other wood and wood-based products, trading agency activities related to the foregoing, and related businesses and activities incidental to any of the foregoing activities.

“Permitted Indebtedness” has the meaning set forth in Section 4.06(b).

“Permitted Investment” means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Forestry Plantation Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Forestry Plantation Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Forestry Plantation Business;

(2) Temporary Cash Investments;

(3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with IFRS;

(4) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(5) Commodity Agreements, Interest Rate Agreements and Currency Agreements designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(6) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(7) any securities, non-cash consideration or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with Section 4.15;

(8) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under Section 4.08;

(9) loans or advances to employees made in the ordinary course of business and consistent with past practices of the Company or past practices of a Restricted Subsidiary, as the case may be, in an aggregate amount outstanding not to exceed at any one time US\$500,000 (or the Dollar Equivalent thereof); and

(10) loans to employees, directors and officers not exceeding the amount required to exercise an option to purchase the Company’s Capital Stock held by such individual, provided that the Capital Stock issued upon exercise of such option is pledged, mortgaged and/or charged to the Company as security for such loan.

“Permitted Liens” means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly

instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with IFRS shall have been made;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

(5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(6) any interest or title of a lessor in the property subject to any operating lease;

(7) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired;

(8) Liens in favor of the Company or any Wholly-Owned Restricted Subsidiary;

(9) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

(10) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(11) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(12) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Commodity Agreements, Interest Rate Agreements and Currency Agreements designed solely to

protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities;

(13) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business in accordance with the past practices of the Company and its Restricted Subsidiaries prior to the Original Issue Date;

(14) Liens existing on the Original Issue Date;

(15) Liens on real property, trees or current assets securing Indebtedness which is permitted to be Incurred under clause (6) of Section 4.06(b);

(16) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under Section 4.06(b)(5); provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(17) Liens under the Security Documents; and

(18) Liens securing any Permitted Priority Secured Indebtedness that complies with each of the requirements set forth under Section 4.21.

“Permitted Priority Secured Indebtedness” means Indebtedness of the Company which, in the instrument creating or evidencing the same, is expressly stated to be secured by a Lien over the Collateral ranking in priority to the Lien over the Collateral granted to the Holders of the Notes, and all guarantees thereof by any of the Subsidiary Guarantors provided that:

(1) on or before the date on which such Indebtedness is Incurred, the Company, in an Officer’s Certificate delivered to the Trustee and the Security Trustee, designates such Indebtedness as “Permitted Priority Secured Indebtedness” for the purposes of the Indenture, such Indebtedness is certified in such Officer’s Certificate as having been incurred in compliance with the terms of the Indenture and no Default or Event of Default under the Indenture has occurred and is continuing; and

(2) such additional Indebtedness, together with all other outstanding Permitted Priority Secured Indebtedness does not exceed the amount of the Permitted Priority Secured Indebtedness Cap.

“Permitted Priority Secured Indebtedness Cap” means \$200,000,000, less any mandatory pre-payments or repurchases of any Permitted Priority Secured Indebtedness made pursuant to the terms of the instrument or agreement creating such Permitted Priority Secured Indebtedness or any agreements entered into in connection therewith.

“Permitted Priority Subsidiary Guarantee” means a guarantee by any Subsidiary Guarantor of any Permitted Priority Secured Indebtedness; provided that such guarantee ranks *pari passu* with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor.

“Permitted Priority Subsidiary Guarantor” means any Subsidiary Guarantor guaranteeing the obligations of the Company in respect of the Permitted Priority Secured Indebtedness.

“Permitted Priority Trustee” means the Person appointed as the trustee, agent or representative for the holders of any Permitted Priority Secured Indebtedness pursuant to the instrument or agreement creating such Permitted Priority Secured Indebtedness, and its successors and assigns.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PIK Interest” has the meaning set forth in Exhibit A hereto.

“PIK Notes” has the meaning set forth in Exhibit A hereto.

“Plan Supplement” means the plan supplement of Sino-Forest Corporation dated November 21, 2012 made in connection with the Information Circular.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“PRC” means the People’s Republic of China.

“principal” of any Indebtedness means the principal amount of such Indebtedness, (or if such Indebtedness was issued with original issue discount, the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness), together with, unless the context otherwise indicates, any premium then payable on such Indebtedness.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in the City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

“Register” has the meaning assigned to such term in Section 2.05.

“Registrar” has the meaning assigned to such term in Section 2.05.

“**Regular Record Date**” for the interest payable on any Interest Payment Date means June 16 or December 17 (whether or not a Business Day) immediately preceding such Interest Payment Date.

“**Relevant Jurisdiction**” has the meaning set forth in Section 4.20.

“**Replacement Assets**” means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business and shall include Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Company or any of its Restricted Subsidiaries of such Capital Stock, become a Restricted Subsidiary.

“**Responsible Officer**”, when used with respect to the Trustee, means any officer of the Trustee with direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of his knowledge and familiarity with the particular subject.

“**Restricted Payment**” has the meaning assigned to such term in Section 4.07.

“**Restricted Subsidiary**” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“**S&P**” shall mean Standard & Poor’s Ratings Group and its affiliates.

“**Sale and Leaseback Transaction**” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“**Secured Party**” means (i) the Holders, including any holders of Additional Notes and PIK Notes, and the Trustee and the Security Trustee; and (ii) if and when any Permitted Priority Secured Indebtedness is Incurred, the holders of any Permitted Priority Secured Indebtedness Incurred in compliance with Section 4.06, or the Permitted Priority Trustee or Security Trustee on their behalf.

“**Securities Act**” means the United States Securities Act of 1933, as amended.

“**Security Documents**” means, collectively, the pledge agreements, equitable mortgages, charges over shares, and fixed and floating charges to be entered into in accordance with Section 10.01 substantially in the forms as set forth in Exhibit F hereto by and among the Company, the Subsidiary Guarantors and the Security Trustee, on behalf of the Trustee and the Holders, as such agreements may be amended, modified or supplemented from time to time in accordance to the terms thereof and hereof, the Intercreditor Agreement (if any) and any other agreements, equitable mortgages, charges over shares, fixed and floating charges or other agreements or instruments that may evidence or create any Lien in favor of the Security Trustee, the Trustee and/or any Holders in any or all of the Collateral.

“**Security Trustee**” means the party named as such in the first paragraph of the Indenture or any successor security trustee under the Indenture pursuant to Article 7.

“Senior Indebtedness” of the Company or a Subsidiary Guarantor, as the case may be, means all Indebtedness of the Company or the Subsidiary Guarantor, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be not senior in right of payment to the Notes or, in respect of such Subsidiary Guarantor, its Subsidiary Guarantee; provided that Senior Indebtedness does not include (i) any obligation to the Company or any Restricted Subsidiary, (ii) trade payables or (iii) Indebtedness Incurred in violation of the Indenture.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company which is subordinated or junior in right of payment to the Notes pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means each of the Initial Subsidiary Guarantors and any other Restricted Subsidiary which is required to guarantee the payment of the Notes pursuant to the Indenture and the Notes and which is required to pledge, mortgage or charge Collateral to secure the obligations of the Company under the Notes and the Indenture, and of such Subsidiary Guarantor under its Subsidiary Guarantee; provided that a Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes and whose pledge, mortgage or charge under the Security Documents has been released in accordance with the Security Documents, the Indenture and the Notes.

“Surviving Person” shall have the meaning as set forth in Section 5.01.

“Tax Redemption Date” shall have the meaning as set forth in Section 3.01.

“Temporary Cash Investment” means any of the following:

(1) direct obligations of the United States of America or any agency thereof or obligations fully and unconditionally Guaranteed by the United States of America or any agency thereof, in each case maturing within 12 months;

(2) time deposit accounts, certificates of deposit and money market deposits maturing within 12 months of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state

thereof or Hong Kong, and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America or any state thereof, with a rating at the time as of which any investment therein is made of “P-3” (or higher) according to Moody’s or “A-3” (or higher) according to S&P;

(5) securities with maturities of 12 months or less from the date of acquisition issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or Moody’s;

(6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) time deposit accounts, certificates of deposit and money market deposits with (i) Bank of China, Industrial Commercial Bank of China, Construction Bank of China, Shanghai Pudong Development Bank, Bank of Shanghai or (ii) any other bank or trust company organized under the laws of the PRC whose long-term debt is rated as high or higher than any of those banks or (iii) any other bank organized under the laws of the PRC, provided that, in the case of clause (iii), such deposits do not exceed US\$2,500,000 (or the Dollar Equivalent thereof) with any single bank of US\$5,000,000 (or the Dollar Equivalent thereof) in the aggregate, at any date of determination.

“**Trade Payables**” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“**Transaction Date**” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“**Trust Indenture Act**” or “**TIA**” means the Trust Indenture Act of 1939, as amended (15 U. S.C. Section 77aaa-77bbb), as in effect on the date of the Indenture (except as otherwise provided in the Indenture), except that if the Trust Indenture Act of 1939 is amended after such date, “Trust Indenture Act” or “TIA” means, to the extent required by such amendment, the Trust Indenture Act of 1939 as so amended.

“**Trustee**” means the party named as such in the first paragraph of the Indenture or any successor trustee under the Indenture pursuant to Article 7.

“**Unrestricted Subsidiary**” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided herein; (2) any Subsidiary of an Unrestricted Subsidiary and (3) any Initial Unrestricted Subsidiary.

“**UCC**” means the *Uniform Commercial Code* as in effect in the State of New York from time to time.

“**U.S. Government Obligations**” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the Company thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“**Voting Stock**” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“**Wholly-Owned**” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly-Owned Subsidiaries of such Person.

Section 1.02 Incorporation by Reference of Trust Indenture Act. If any provision of the Indenture limits, qualifies or conflicts with the duties that would be imposed by any of Sections 310 to 317 of the TIA through operation of Section 318(c) thereof on any Person if this Indenture were qualified under the TIA, such imposed duties shall control.

Where used herein, the term “**obligor**” in respect of the Notes means the Company and any other obligor on the Notes.

All other TIA terms used in the Indenture that are defined by the TIA, defined in the TIA by reference to another statute or defined by Rules or Regulations of the U.S. Securities and Exchange Commission have the meanings assigned to them by such definitions.

Section 1.03 Rules of Construction. Unless the context otherwise requires or except as otherwise expressly provided,

- (1) an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS;
- (2) “herein,” “hereof” and other words of similar import refer to the Indenture as a whole and not to any particular Section, Article or other subdivision;
- (3) all references to Sections or Articles or Exhibits refer to Sections or Articles or Exhibits of or to the Indenture unless otherwise indicated;
- (4) references to agreements or instruments, or to statutes or regulations, are to such agreements or instruments, or statutes or regulations, as amended from time to time (or to successor statutes and regulations); and
- (5) “including” or “includes” when used in the Indenture means “including without limitation” or “includes without limitation”.

ARTICLE 2 ISSUE, EXECUTION, FORM AND REGISTRATION OF NOTES

Section 2.01 Authentication And Delivery of Notes and Subsidiary Guarantees. Upon the execution and delivery of this Indenture, or from time to time thereafter, Notes in the form of Exhibit A or Exhibit B may be executed and delivered by the Company, with the Subsidiary Guarantees endorsed thereon by the Subsidiary Guarantors, in an aggregate principal amount Outstanding of not more than US\$300,000,000 (other than Notes issued pursuant to Section 2.09 and Section 2.10) to the Trustee for authentication, accompanied by an Officer’s Certificate of the Company directing such authentication (an “**Authentication Certificate**”) and specifying the amount and form of Notes (with the Subsidiary Guarantees endorsed thereon) to be authenticated, the applicable rate at which interest will accrue on such Notes, the date on which the original issuance of such Notes (with the Subsidiary Guarantees endorsed thereon) is to be authenticated, the date from which interest will begin to accrue, the date or dates on which interest on such Notes will be payable and the date on which the principal of such Notes will be payable and other terms relating to such Notes and Subsidiary Guarantees. The Trustee shall thereupon authenticate and deliver said Notes (with the Subsidiary Guarantees endorsed thereon) to or upon the written order of the Company (as set forth in such Officer’s Certificate) signed by two Authorized Officers (or, in the event the Company has one Authorized Officer only, by such Authorized Officer).

Section 2.02 Execution of Notes and Subsidiary Guarantees.

(a) The Notes shall be executed by or on behalf of the Company by the signature of an Authorized Officer of the Company. Each of the Subsidiary Guarantors shall execute the Subsidiary Guarantees by the signature of an Authorized Officer of such Subsidiary Guarantor. Such signatures may be the manual or facsimile signature of the present or any future Authorized Officers. With the delivery of this Indenture, the Company and each of the Subsidiary Guarantors is furnishing, and from time to time thereafter may furnish, a certificate substantially

in the form of Exhibit C (an “**Authorization Certificate**”) identifying and certifying the incumbency and specimen (or facsimile) signatures of the Authorized Officers. Until the Trustee receives a subsequent Authorization Certificate, the Trustee shall be entitled to conclusively rely on the last Authorization Certificate delivered to it for purposes of determining the Authorized Officers. Typographical and other minor errors or defects in any signature shall not affect the validity or enforceability of any Note which has been duly authenticated and delivered by the Trustee.

(b) In case Authorized Officers who shall have signed any of the Notes or any of the Subsidiary Guarantees thereon, as applicable, shall cease to be such Authorized Officers before the Note (with the Subsidiary Guarantees endorsed thereon) shall be authenticated and delivered by the Trustee or disposed of by or on behalf of the Company, such Note (with the Subsidiary Guarantees endorsed thereon) nevertheless may be authenticated and delivered or disposed of as though the Persons who signed such Note and the Subsidiary Guarantees had not ceased to be such Authorized Officers; and any Note may be signed on behalf of the Company and any Subsidiary Guarantee may be signed on behalf of the Subsidiary Guarantors by such Persons as, at the actual date of the execution of such Note and Subsidiary Guarantee, shall be Authorized Officers, although at the date of the execution and delivery of this Indenture any such Persons were not Authorized Officers.

Section 2.03 Certificate of Authentication. Only such Notes (with the Subsidiary Guarantees endorsed thereon) as shall bear thereon a certification of authentication substantially as set forth in the forms of the Notes and Subsidiary Guarantee in Exhibit A and Exhibit B hereto, executed by the Trustee by manual signature of one of its authorized signatories, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certification by the Trustee upon any Note executed by or on behalf of the Company and any Subsidiary Guarantee executed by or on behalf of the Subsidiary Guarantors shall be conclusive evidence that the Note (with the Subsidiary Guarantees endorsed thereon) so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

Section 2.04 Form, Denomination and Date of Notes; Interest Payments.

(a) The Notes, the Subsidiary Guarantees and the Trustee’s certificates of authentication shall be substantially in the form set forth in Exhibit A and Exhibit B hereof. On the Original Issue Date, the Notes shall be issued in the form provided in Section 2.04(c). The Notes shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plans as the officers of the Company executing the same may determine with the approval of the Trustee.

The Notes (with the Subsidiary Guarantees endorsed thereon) may be issued with appropriate insertions, omissions, substitutions and variations, and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, with the rules of any securities market in which the Notes are admitted to trading, or to conform to general usage.

(b) Each Note (with the Subsidiary Guarantees endorsed thereon) shall be dated the date of their authentication. Each Note shall bear interest as provided for therein from the date of

issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for and shall be payable on the dates specified on the face of, and in the manner provided for in, the form of Note set forth as Exhibit A and Exhibit B hereto. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(c) On the Original Issue Date, an appropriate Authorized Officer will execute and deliver to the Trustee one or more Certificated Notes or global Notes (each such global Note, a “**Global Note**”), with the Subsidiary Guarantees endorsed thereon, in definitive, fully registered form without interest coupons, in a minimum denomination of US\$2,000 or any amount in excess thereof which is an integral multiple of US\$1,000, substantially in the form of Exhibit A or Exhibit B hereto, as applicable; all such Notes so executed and delivered to the Trustee pursuant to this subsection (c) shall be in an aggregate principal amount that shall equal the aggregate principal amount of the Notes that are to be issued on the Original Issue Date. The aggregate principal amount of the Notes may from time to time be increased or decreased by adjustments to reflect exchanges and redemptions or as evidence of the obligation to pay PIK Interest made on the records of the Custodian for the Depository or its nominee, as hereinafter provided. Each Note shall bear the following legend as set forth below:

LEGEND APPLICABLE TO CANADIAN HOLDERS:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (i) THE ORIGINAL ISSUE DATE AND (ii) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.”

Each Certificated Note shall be delivered by the Trustee to the Person named as the Holder thereof. Each Global Note (i) shall be delivered by the Trustee to DTC acting as the Depository or, pursuant to DTC’s instructions, shall be delivered by the Trustee on behalf of DTC to and deposited with the Custodian or shall be retained by the Trustee as custodian of DTC, and in either case shall be registered in the name of Cede & Co., or such other name as DTC shall specify, and (ii) shall also bear a legend substantially to the following effect:

“UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN. THIS SECURITY IS A GLOBAL

SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.”

Global Notes may be deposited with such other Depositary that is a clearing agency registered under the Exchange Act as the Company may from time to time designate in writing to the Trustee, and shall bear such legend as may be appropriate.

(d) If at any time the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for such Global Notes or if at any time the Depositary shall no longer be a clearing agency registered under the Exchange Act, the Company shall appoint a successor Depositary with respect to such Global Notes. If (i) a successor Depositary for such Global Notes is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, or (ii) an Event of Default has occurred and is continuing with respect to the Notes, the Company will execute, and the Trustee, upon receipt of an Officer’s Certificate of the Company directing the authentication and delivery thereof, will authenticate and deliver, Certificated Notes in any authorized denominations in an aggregate principal amount equal to the principal amount of such Global Notes in exchange for such Global Notes.

(e) Global Notes shall in all respects be entitled to the same benefits under this Indenture as Certificated Notes authenticated and delivered hereunder.

(f) The Person in whose name any Note is registered at the close of business on any Regular Record Date with respect to any Interest Payment Date shall be entitled to receive the interest, if any, payable on such Interest Payment Date notwithstanding any transfer or exchange of such Note subsequent to the Regular Record Date and prior to such Interest Payment Date.

Section 2.05 Registration, Transfer and Exchange. The Notes are issuable only in registered form. The Company will keep at the office or agency to be maintained for the purpose as provided in Section 4.02 (the “**Registrar**”), a register (the “**Register**”) in which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of, Notes as in this Article provided. The name and address of the registered holder of each Note and the amount of each Note will be recorded in the Register. Such Register shall be in written form in the English language or in any other form capable of being converted into such form within a

reasonable time. Such Register shall be open for inspection by the Trustee at all reasonable times.

The Registrar shall provide to the Company a duplicate of the Register to be maintained by the Company at its registered office in the Cayman Islands (in accordance with the Companies Law of the Cayman Islands). The Registrar agrees to provide to the Company updates to the Register within two (2) Business Days after any changes are made thereto.

Upon due presentation for registration of transfer of any Note, the Company shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Note or Notes in authorized denominations for a like aggregate principal amount.

A Holder may register the transfer of a Note only by written application to the Registrar stating the name of the proposed transferee and that the transfer otherwise complies with the terms of this Indenture. No such registration of transfer shall be effected until, and such transferee shall succeed to the rights of a Holder only upon, final acceptance and registration of the transfer by the Registrar in the Register. Prior to the registration of any transfer by a Holder as provided herein, the Company, the Trustee and any agent of any of them shall treat the Person in whose name the Note is registered as the owner thereof for all purposes whether or not the Note shall be overdue, and neither the Company, the Trustee, nor any such agent shall be affected by notice to the contrary. Furthermore, any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book entry system maintained by the Holder of such Global Note (or its agent) and that ownership of a beneficial interest in the Note shall be required to be reflected in a book entry. At the option of the Holder, Notes may be exchanged for other Notes of any authorized denomination and of a like aggregate principal amount, upon surrender of the Notes to be exchanged to the Registrar. When Notes are presented to the Registrar with a request to register the transfer or to exchange them for an equal principal amount of Notes of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if the requirements for such transactions set forth herein are met. To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Notes at the Registrar's request.

Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Registrar) be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the Holder thereof or his attorney duly authorized in writing in a form satisfactory to the Company and the Registrar.

The Company or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes (other than any such transfer taxes or other similar governmental charge payable upon exchanges). No service charge to any Holder shall be made for any such transaction.

The Company shall not be required to exchange or register a transfer of (a) any Notes for a period of 15 days next preceding the first mailing of notice of redemption of Notes to be redeemed or (b) any Notes called or being called for redemption.

All Notes issued upon any transfer or exchange of Notes shall be valid obligations of the Company, evidencing the same debt and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

Section 2.06 Book-entry Provisions For Global Notes.

(a) Each Global Note initially shall (i) be registered in the name of a nominee of the Depository and (ii) be delivered to the Custodian on behalf of the Depository or retained by the Trustee as custodian of DTC. Each Global Note initially shall (i) be registered in the name of a nominee for the Depository, (ii) be delivered to the Custodian on behalf of the Depository or retained by the Trustee as custodian of DTC.

Agent Members shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depository, or the Custodian, or under the Global Notes, and the Depository may be treated by the Company, the Trustee and any agent of any of them as the absolute owner of such Global Note for all purposes whatsoever (including for purposes of receiving notices and payments). Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of any of them, from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Global Note. None of the Company, the Trustee, the paying agent and the Registrar shall have any responsibility or liability for any acts or omissions of the Depository with respect to such Global Note, for the records of any such Depository, including records in respect of the beneficial owners of any such Global Note, for any transactions between the Depository and any agent member or between or among the Depository, any such agent member and/or any Holder or beneficial owner of such Global Note, or for any transfers of beneficial interests in any such Global Note.

(b) Except as provided in Section 2.08, transfers of a Global Note shall be limited to transfers of such Global Note in whole, but not in part, to the Depository, its successors or their respective nominees. Interests of beneficial owners in a Global Note may be transferred, and transfers increasing or decreasing the aggregate principal amount of Global Notes may be conducted only in accordance with the rules and procedures of the Depository and, to the extent relevant, the provisions of Section 2.08. In addition, Certificated Notes shall be transferred to all beneficial owners in exchange for their beneficial interests in any Global Note under the circumstances set forth in Section 2.04(d).

(c) Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(d) In connection with the transfer of an entire Global Note to beneficial owners pursuant to paragraph (b) of this Section, the Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Certificated Notes of authorized denominations.

(e) The registered holder of a Global Note may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

Section 2.07 Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, or to the extent otherwise required under the TIA, the Company shall furnish to the Trustee, in writing at least three Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

Section 2.08 Special Transfer Provisions.

(a) *Transfers to Canadian Persons.* The following provisions shall apply with respect to registration of transfers of a Note (or interest in a Global Note) to a person that is resident in, or subject to, the securities legislation of any province or territory in Canada (a “**Canadian Person**”) if the transfer of a Note is effected at any time prior to the expiry of the Canadian Restricted Period:

(i) The Registrar shall register the transfer of any Certificated Note to a Canadian Person upon receipt by the Registrar from the transferor of a transfer notice provided for on the form of Note in substantially the form of Exhibit H and shall issue to the transferee a Certificated Note in a like amount containing the following form of legend:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (i) THE ORIGINAL ISSUE DATE AND (ii) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.”

(ii) If the proposed transferor is holding a beneficial interest in a Global Note, the transferor may not transfer such interest to a Canadian Person within the Canadian Restricted Period unless the transferor provides evidence which is reasonably satisfactory to the Company that such transfer is being effected pursuant to and in accordance with exemptions from the prospectus and dealer registration requirements contained in the Canadian securities legislation applicable to the purchaser of such beneficial interest.

(b) *General.* By its acceptance of any Note, each Holder of such a Note acknowledges the restrictions on transfer of such Note set forth in this Indenture and agrees that it will transfer such Note only as provided in this Indenture. The Registrar shall not register a transfer of any Note unless such transfer complies with the restrictions on transfer of such Note set forth in this Indenture. In connection with any transfer of Notes, each Holder agrees by its acceptance of the Notes to furnish the Registrar or the Company such certifications, legal opinions or other information as either of them may reasonably require to confirm that such transfer is being made pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act; provided that the Registrar shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certifications, legal opinions or other information.

The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.06 or this Section 2.08 in accordance with its customary procedures. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Registrar.

(c) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Depository participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Section 2.09 Mutilated, Defaced, Destroyed, Stolen and Lost Notes.

(a) The Company shall execute and deliver to the Trustee Certificated Notes in such amounts and at such times as to enable the Trustee to fulfill its responsibilities under this Indenture and the Notes.

(b) In case any Note shall become mutilated, defaced or be apparently destroyed, lost or stolen, upon the request of the registered holder thereof, the Company in its discretion may execute, and, upon the written request of Authorized Officers of the Company, the Trustee shall authenticate and deliver, a new Note (with the Subsidiary Guarantee endorsed thereon), bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Note, or in lieu of and substitution for the Note so apparently destroyed, lost or stolen. In every case the applicant for a substitute Note shall furnish to the Company, the Subsidiary Guarantors and the Trustee and any agent of the Company, the Subsidiary Guarantors or the Trustee such security or indemnity as may be required by each of them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft evidence to their satisfaction of the apparent destruction, loss or theft of such Note and of the ownership thereof. Upon the issuance of any substitute Note, such Holder, if so requested by the Company, the Trustee or the Subsidiary Guarantors, will pay a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected with the preparation and issuance of the substitute Note. The Trustee is hereby authorized, in accordance with and subject to the

foregoing conditions in this clause (b), to authenticate and deliver from time to time, Notes (with the Subsidiary Guarantee endorsed thereon) in exchange for or in lieu of Notes (with the Subsidiary Guarantee endorsed thereon), respectively, which become mutilated, defaced, destroyed, stolen or lost. Each Note delivered in exchange for or in lieu of any Note shall carry all the rights to interest (including rights to accrued and unpaid interest and Additional Amounts) which were carried by such Note.

(c) All Notes surrendered for payment or exchange shall be delivered to the Trustee. The Trustee shall cancel and destroy all such Notes surrendered for payment or exchange, in accordance with its Note destruction policy, and upon the request of the Company shall deliver a certificate of destruction to the Company and the Subsidiary Guarantors.

(d) In the event any such mutilated, defaced, destroyed, lost or stolen certificate has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new certificate, pay such Notes.

Section 2.10 Further Issues.

(a) *Additional Notes.* The Company may, from time to time, without the consent of the Holders of the Notes, create and issue further debt securities in an aggregate principal amount Outstanding of not more than US\$100,000,000 (“**Additional Notes**”) having the same terms and conditions as the Notes issued prior to the issuance of such Additional Notes (including the benefit of the Subsidiary Guarantees) in all respects (or in all respects except for issue date, issue price, and the first payment of interest thereon and, to the extent necessary, certain temporary securities law transfer restrictions) so that such subsequently issued debt securities may be consolidated and form a single series with the previously outstanding Notes; provided further that any Additional Notes must be treated as part of the same issue as the previously outstanding Notes for U.S. federal income tax purposes. Additional Notes issued in this manner will be consolidated and form a single series with the previously outstanding Notes in accordance with the requirements of the Depository. In connection with any such issuance of Additional Notes, the Company shall deliver an Officer’s Certificate to the Trustee directing the Trustee to authenticate and deliver Additional Notes on the Additional Closing Date specified therein in an aggregate principal amount specified therein and the Trustee, in accordance with such Officer’s Certificate, shall authenticate and deliver such Additional Notes. The Additional Notes will be (i) represented by an increase in the aggregate principal amount of the Global Notes or (ii) issued in the form of Certificated Notes if the Notes are no longer represented by Global Notes.

(b) *PIK Notes.* The Company may, without the consent of the Holders of the Notes, in connection with the payment of PIK Interest in accordance with Section 2.04(c), create and issue PIK Notes having the same terms and conditions as the Notes issued prior to the issuance of such PIK Notes (including the benefit of the Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest thereon and, to the extent necessary, certain temporary securities law transfer restrictions). Any such PIK Notes may be consolidated and form a single series with the previously outstanding Notes, provided that such PIK Notes must be treated as part of the same issue as the previously outstanding Notes for U.S. federal income tax purposes. PIK Notes issued in this manner will be consolidated and form a single series with the previously outstanding Notes in accordance with the requirements of the Depository. In connection with any issuance of PIK Notes, the Company shall deliver an

Authentication Certificate to the Trustee directing the Trustee to authenticate and deliver PIK Notes on the relevant Interest Payment Date that cash interest would otherwise have been payable and in the aggregate principal amount of such PIK Interest specified therein, and the Trustee in accordance with such Authentication Certificate, shall authenticate and deliver such PIK Notes. The PIK Notes will be (i) represented by an increase in the aggregate principal amount of the Global Notes where the PIK Interest is payable in respect of issued Global Notes, or (ii) issued in the form of Certificated Notes where the PIK Interest is payable in respect of issued Certificated Notes or if the Notes are no longer represented by Global Notes. All PIK Notes will rank *pari passu* in right of payment with the Notes, will be guaranteed on a *pari passu* basis by each Subsidiary Guarantor and will be secured equally and ratably with the Notes by Liens on the Collateral held by the Security Trustee for as long as the Notes and the Subsidiary Guarantees are secured by the Collateral, on and subject to the terms contained in the Indenture.

Section 2.11 Cancellation of Notes; Disposition Thereof. All Notes surrendered for payment, redemption, registration of transfer or exchange, if surrendered to the Company or any agent of the Company or the Trustee, shall be delivered to the Trustee for cancellation or, if surrendered to the Trustee, shall be canceled by it; and no Notes shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall dispose of canceled Notes held by it in accordance with its customary procedures, and upon the request of the Company deliver a certificate of disposition to the Company. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes unless and until the same are delivered to the Trustee for cancellation.

Section 2.12 CUSIP Numbers. The Company in issuing the Notes may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use for the Notes “CUSIP” numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the “CUSIP” numbers.

ARTICLE 3 REDEMPTION

Section 3.01 Taxation Redemption.

(a) The Notes may be redeemed, at the option of the Company or Surviving Person, as a whole but not in part, at any time, upon giving not less than 30 days nor more than 60 days’ notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (the “**Tax Redemption Date**”) if, as a result of

(i) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

(ii) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment, or order by a court of competent jurisdiction),

which change, amendment, application or interpretation (x) in the case of the Company, Surviving Person and any initial Subsidiary Guarantor becomes effective on or after the Original Issue Date and (y) in the case of any successor to a Subsidiary Guarantor or a future Subsidiary Guarantor becomes effective after such Subsidiary Guarantor assumes the obligations under the Indenture or becomes a Subsidiary Guarantor, with respect to any payment due or to become due under the Notes or the Indenture, the Company, Surviving Person or a Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to withhold or deduct any tax, duty, assessment or other governmental charge imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction and to pay Additional Amounts, and in each case, such requirement to withhold or deduct cannot be avoided by the taking of reasonable measures by the Company, Surviving Person or a Subsidiary Guarantor; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, Surviving Person or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes was then due.

(b) Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company or Surviving Person will deliver to the Trustee (x) a certificate signed by a duly authorized officer stating that the Company or Surviving Person is entitled to effect the redemption under this Indenture and stating that the conditions precedent to the right of redemption have occurred and (y) an Opinion of Counsel or tax consultant of recognized standing stating that the circumstances referred to in the prior paragraph exist. The Trustee shall accept such Opinion of Counsel as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

(c) Any Notes that are redeemed pursuant to this Section 3.01 will be cancelled.

Section 3.02 Optional Redemption.

(a) At any time prior to the fourth anniversary date of the Original Issue Date, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the redemption date.

(b) At any time and from time to time on or after the fourth anniversary date of the Original Issue Date, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount set forth below plus accrued and unpaid interest to the redemption date if redeemed during the twelve-month period beginning on the anniversary date of the Original Issue Date of the years indicated below:

<u>12- month period commencing in the year</u>	<u>Redemption Price</u>
2017.....	103.125%
2018.....	101.563%

<u>12- month period commencing in the year</u>	<u>Redemption Price</u>
2019 and thereafter	100.000%

(c) At any time prior to the third anniversary date of the Original Issue Date, the Company may redeem up to 35% of the principal amount of the Notes with the Net Cash Proceeds of one or more sales of its Common Stock in an Equity Offering at a redemption price of 106.25% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of Capital Stock.

(d) The Company will give not less than 30 days' nor more than 60 days' notice of any such redemption to Holders, to the Trustee and the Paying Agent. If less than all of the Notes are to be redeemed, selection of the Notes for redemption will be made on a pro-rata basis, or if the Notes are issued in global form, in accordance with applicable DTC procedures (subject, in all cases, to compliance with the rules of any national securities exchange on which the Notes may be listed). However, no Note of US\$2,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note.

Section 3.03 Method and Effect of Redemption.

(a) The notice of redemption for any redemption of Notes pursuant to Section 3.01 or Section 3.02 will identify the Notes to be redeemed and will include or state the following:

- (i) the redemption date;
- (ii) the redemption price, including the portion thereof representing any accrued interest;
- (iii) the place or places where Notes are to be surrendered for redemption;
- (iv) Notes called for redemption must be so surrendered in order to collect the redemption price;
- (v) on the redemption date the redemption price will become due and payable on Notes called for redemption, and, unless the Company and the Subsidiary Guarantors default in paying the redemption price on the redemption date, interest on Notes called for redemption will cease to accrue on and after the redemption date;
- (vi) if the Company is redeeming only part of a Note, the notice that relates to that Note shall state that on and after the redemption date, upon surrender of that Note, the Holder will receive, without charge, a new Note or Notes of authorized denominations for the principal amount of the Note remaining unredeemed; and

(vii) if any Note contains a CUSIP or ISIN number, no representation is being made as to the correctness of the CUSIP or ISIN number either as printed on the Notes or as contained in the notice of redemption and that the Holder should rely only on the other identification numbers printed on the Notes.

(b) Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and upon surrender of the Notes called for redemption, the Company shall redeem such Notes at the redemption price. Commencing on the redemption date, Notes redeemed will cease to accrue interest.

Section 3.04 Mandatory Redemption of Notes upon an Entire Sale Transaction

(a) No later than 10 days after the occurrence of an Entire Sale Transaction, the Company shall issue (by publication and mail) a notice to all Holders to redeem all of the Notes then outstanding (an “**Entire Sale Transaction Mandatory Redemption**”) at a redemption price equal to 100% of their principal amount plus accrued and unpaid interest, if any, to the redemption date (the “**Entire Sale Transaction Redemption Price**”).

(b) The notice of the Entire Sale Transaction Mandatory Redemption will include or state the following:

(i) the redemption date (the “**Entire Sale Transaction Redemption Date**”);

(ii) the Entire Sale Transaction Redemption Price, including the portion thereof representing any accrued interest;

(iii) the place or places where Notes are to be surrendered for redemption;

(iv) Notes called for redemption must be so surrendered in order to collect the Entire Sale Transaction Redemption Price;

(v) On the Entire Sale Transaction Redemption Date, the Entire Sale Transaction Redemption Price will become due and payable on the Notes, and interest on the Notes will cease to accrue on and after the Entire Sale Transaction Redemption Date; and

(vi) If any note contains a CUSIP or ISIN number, no representation is being made as of the correctness of the CUSIP or ISIN number either as printed on the Notes or as contained in the notice of the Entire Sale Transaction Mandatory Redemption and that the Holder should rely only on the other identification numbers printed on the Notes.

(c) Once notice of an Entire Sale Transaction Mandatory Redemption is sent to the Holders, notes called for redemption become due and payable at the Entire Sale Transaction Redemption Price on the Entire Sale Transaction Redemption Date, and upon surrender of the Notes called for redemption, the Company shall redeem such Notes on the Entire Sale Transaction Redemption Date at the Entire Sale Transaction Redemption Price. Commencing on the Entire Sale Transaction Redemption Date, Notes redeemed will cease to accrue interest.

ARTICLE 4 COVENANTS

Section 4.01 Payment of Notes.

(a) The Company agrees to pay the principal of and interest, and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes and the Indenture. Not later than 9:00 A.M. (New York City time) one Business Day prior to the Interest Payment Date, the due date of any principal on any Notes, the Tax Redemption Date pursuant to Section 3.01, the redemption date pursuant to Section 3.02, the Offer to Purchase Payment Date or the Entire Sale Transaction Redemption Date (each a “**Payment Date**”), the Company agrees to pay or cause to be paid to the account of the Trustee at the Corporate Trust Office (or principal Paying Agent), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, in immediately available funds, an amount which shall be sufficient to pay the aggregate amount of interest (other than any PIK Interest, the payment of which shall be satisfied as provided for in the Notes and this Indenture) or principal or both, as the case may be, becoming due in respect of the Notes on such Payment Date; provided that if the Company or any Affiliate of the Company is acting as Paying Agent, it will, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in the Indenture. For purposes of this Indenture, PIK Interest shall be considered paid on the date due if the Trustee is directed by an Authentication Certificate received by it on or prior to such date to issue PIK Notes or to increase the principal amount of the applicable Global Notes in an amount equal to the amount of the PIK Interest, as evidence of the obligation to pay PIK Interest. In each case the Company will promptly notify the Trustee and the Paying Agent of its compliance with this paragraph. The Company shall procure that, before 9:00 A.M. (New York City time) on the third Business Day before each Payment Date, the bank effecting payment for it confirms by tested telex or authenticated SWIFT message to the principal Paying Agent the payment instructions relating to such payment. No Paying Agent shall be bound to make any payment until it is satisfied that the principal Paying Agent has received the full amount due to be paid to it pursuant to this Section 4.01.

(b) An installment of principal or interest (other than any PIK Interest, the payment of which shall be satisfied as provided for in the Notes and this Indenture) will be considered paid on the date due if the Trustee (or the principal Paying Agent, other than the Company or any Affiliate of the Company) holds on that date money designated for and sufficient to pay the installment. If the Company or any Affiliate of the Company acts as Paying Agent, an installment of principal or interest will be considered paid on the due date only if paid to the Holders.

(c) The Trustee (or the Paying Agent, which will include the Company or any Affiliate of the Company if it is acting as Paying Agent) will make payments in respect of the Notes (other than any PIK Interest, the payment of which shall be satisfied as provided for in the Notes and this Indenture) represented by the Global Notes by wire transfer of immediately available funds to the accounts specified by the Holders of the Global Notes. With respect to Certificated Notes, the Trustee (or Paying Agent) will make all payments (other than any PIK Interest, the payment of which shall be satisfied as provided for in the Notes and this Indenture)

by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check to each Holder's registered address; provided that if the Company or any Affiliate of the Company is acting as Paying Agent, it will make such payment to the Holders as specified above.

(d) At least three Business Days prior to the first Payment Date and, if there has been any change with respect to the matters set forth in the below mentioned certificate, at least three Business Days prior to each Payment Date thereafter, the Company shall furnish the Trustee with an Officer's Certificate instructing the Trustee as to any circumstances in which payments of principal of, or interest on, the Notes due on such date shall be subject to deduction or withholding for, or on account of, any Taxes described in Section 4.20 and the rate of any such deduction or withholding. If any such deduction or withholding shall be required and if the Company therefore becomes liable to pay Additional Amounts, if any, pursuant to Section 4.20 then at least three Business Days prior to each Payment Date, the Company will furnish the Trustee with a certificate which specifies the amount required to be withheld on such payment to Holders of the Notes, and the Additional Amounts, if any, due to the Holders of the Notes, and at least one Business Day prior to such Payment Date, will pay to the Trustee such Additional Amounts, if any, as shall be required to be paid to such Holders.

(e) Whenever the Company shall appoint a Paying Agent other than the Trustee for the purpose of paying amounts due in respect of the Notes, it will cause such Paying Agent to execute and deliver to the Trustee an instrument substantially in the form of Exhibit D hereto in which such agent shall agree with the Company, among other things, to be bound by and observe the provisions of this Indenture (including the Notes). The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee,

(i) that it will hold all sums received by it as such Paying Agent for the payment of the principal of, or interest on, the Notes (whether such sums have been paid to it by or on behalf of the Company or by any other obligor on the Notes or the Subsidiary Guarantee) in trust for the benefit of the holders of the Notes or of the Trustee;

(ii) that it will give the Trustee written notice of any failure by the Company (or by any other obligor on the Notes or the Subsidiary Guarantee) to make any payment of the principal, or interest on, the Notes and any other payments to be made by or on behalf of the Company under this Indenture, when the same shall be due and payable; and

(iii) that it will pay any such sums so held in trust by it to the Trustee upon the Trustee's written request at any time during the continuance of a failure referred to in clause (ii) above.

Anything in this Section 4.01 to the contrary notwithstanding, the Company may at any time, for the purpose of obtaining a satisfaction and discharge of this Indenture or for any other reason, pay or cause to be paid to the Trustee all sums held in trust by the Company or any Paying Agent hereunder, as required by this Section 4.01 and such sums shall be held by the Trustee upon the trusts herein contained. If the Paying Agent shall

pay all sums held in trust to the Trustee as required under this Section 4.01, the Paying Agent shall have no further liability for the money so paid over to the Trustee.

Anything in this Section 4.01 to the contrary notwithstanding, the agreements to hold sums in trust as provided in this Section 4.01 are subject to the provisions of Section 8.04.

Section 4.02 Maintenance of Office or Agency. The Company will maintain in the Borough of Manhattan, the City of New York or at the Corporate Trust Office, an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Company in respect of the Notes and the Indenture may be served. The Company hereby initially designates the Corporate Trust Office as such office of the Company. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served to the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be surrendered or presented for any of such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each place where principal of, and interest on, any Notes are payable. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company has initially appointed the Paying and Transfer Agent and Registrar listed in Exhibit I, and each of the Paying and Transfer Agent and Registrar listed thereon has accepted such appointment.

So long as any of the Notes remain Outstanding, the Subsidiary Guarantors will maintain in the City of New York or the Corporate Trust Office, and each other place where principal of, and interest on, any Notes is payable an office or agency where notices and demands to or upon the Subsidiary Guarantors in respect of the Notes, the Subsidiary Guarantee or this Indenture may be served. The Subsidiary Guarantors hereby initially designates the Corporate Trust Office as the office or agency for each such purpose. In case the Subsidiary Guarantors shall fail to maintain any such office or agency or shall fail to give notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the Corporate Trust Office.

Section 4.03 Governmental Approvals and Licenses; Compliance with Law. The Company will, and will cause each Restricted Subsidiary to, (i) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses, (ii) preserve and maintain good and valid title to its properties and assets (including land use rights) free and clear of any Liens other than Permitted Liens and (iii) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure to so obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (A) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (B)

the ability of the Company or any Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee or the Indenture.

Section 4.04 Payment of Taxes and other Claims. The Company will pay or discharge, and cause each of its Subsidiaries to pay or discharge before the same become delinquent (i) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or its income or profits or property, and (ii) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon the property of the Company or any Subsidiary, other than any such tax, assessment, charge or claim the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established.

Section 4.05 Maintenance of Properties and Insurance. The Company will cause all properties used or useful in the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in good condition, repair and working order as in the judgment of the Company may be necessary so that the business of the Company and its Restricted Subsidiaries may be properly and advantageously conducted at all times; provided that nothing in this Section prevents the Company or any Restricted Subsidiary from discontinuing the use, operation or maintenance of any of such properties or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Company, desirable in the conduct of the business of the Company and its Restricted Subsidiaries taken as a whole. The Company will, and will cause each of its Restricted Subsidiaries to (i) keep their properties insured and maintain such general liability, automobile liability, workers' compensation, property casualty insurance and any excess umbrella coverage related to any of the foregoing as is customary for companies in the same or similar businesses as the Permitted Businesses operating in the same or similar locations, and (ii) maintain such other insurance as may be required by law.

Section 4.06 Limitation On Indebtedness And Disqualified Or Preferred Stock

(a) The Company

(i) will not Incur any Indebtedness or Disqualified Stock, provided, that the Company may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0; and

(ii) will not permit any Restricted Subsidiary to Incur any Indebtedness (including Acquired Indebtedness), Disqualified Stock or Preferred Stock (other than Disqualified Stock or Preferred Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).

(b) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("**Permitted Indebtedness**"):

(1) Indebtedness under the Notes (including any PIK Notes and any Additional Notes) and each Subsidiary Guarantee;

- (2) any Permitted Priority Secured Indebtedness and any Permitted Priority Subsidiary Guarantees;
- (3) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (4);
- (4) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Wholly-Owned Restricted Subsidiary; provided that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Wholly-Owned Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (4) and (y) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, in the case of the Company, or the Subsidiary Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor;
- (5) Indebtedness issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Indebtedness Incurred under Section 4.06(a) or clauses (1) or (2) of this covenant and any refinancing thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); provided that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is subordinated in right of payment to, the Notes or a Subsidiary Guarantee shall only be permitted under this clause (5) if (x) in case the Notes are refinanced in part, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made pari passu with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (C) Indebtedness the proceeds of which are used to refinance or refund Permitted Priority Secured Indebtedness would otherwise be entitled to be Incurred as Permitted Priority Secured Indebtedness pursuant to the terms of this Indenture, and (D) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause (5) by

means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor;

- (6) the Incurrence by the Company or any Restricted Subsidiaries of Indebtedness under Commodity Agreements, Interest Rate Agreements and Currency Agreements entered into in the ordinary course of business and designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (7) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 90 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (8) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this Section 4.06, or (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred under clause (6) or (6) above; and
- (9) Indebtedness Incurred after the Original Issue Date by any Restricted Subsidiary organized under the laws of the PRC which, when taken together with the total amount of all other Indebtedness Incurred pursuant to this Section 4.06(b)(9), will not exceed US\$100,000,000.

(c) For purposes of determining compliance with this Section 4.06, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above (other than the Notes, Additional Notes or PIK Notes, which shall be treated as Incurred pursuant to Section 4.06(b)(1) above), including under the proviso in Section 4.06(a)(i) above, the Company, in its sole discretion, shall classify, and from time to time may reclassify one or more times, such item of Indebtedness in any manner that complies with this Section 4.06 and such item of Indebtedness will, upon such classification or reclassification, as the case may be, be treated as having been Incurred in accordance with only one of such classes or in accordance with the proviso in Section 4.06(a)(i).

(d) The Company will not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is subordinate in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also subordinate in right of payment to the Notes or the applicable Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Section 4.07 Limitation on Restricted Payments.

(a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments and other actions described in the clauses (i) through (iv) below being collectively referred to as “**Restricted Payments**”):

(i) declare or pay any dividend or make any distribution on or with respect to the Company’s or any of its Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable solely in shares of the Company’s or any of its Restricted Subsidiaries’ Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly-Owned Restricted Subsidiary;

(ii) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock, but excluding any Indebtedness of the Company or any Restricted Subsidiary that is not subordinated in right of payment to the Notes or any Subsidiary Guarantee that is convertible into Capital Stock of the Company) held by any Persons other than the Company or any Wholly-Owned Restricted Subsidiary;

(iii) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Wholly-Owned Restricted Subsidiaries); or

(iv) make any Investment, other than a Permitted Investment, in any Person;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(1) a Default shall have occurred and be continuing,

(2) the Company could not Incur at least \$1.00 of Indebtedness under the proviso in Section 4.06(a), or

(3) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date shall exceed the sum of

(A) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal half-year immediately following the Measurement Date and ending on the last day of the Company’s most

recently ended fiscal half-year for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile in a timely manner) are available and have been provided to the Trustee at the time of such Restricted Payment; plus

- (B) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus
- (C) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (i) payments of interest on Indebtedness, dividends or repayments of loans or advances, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), or (ii) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person.

(b) The foregoing shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with paragraph (a);
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any of the Subsidiary Guarantors that is subordinated in right of payment to the Notes or to any

Subsidiary Guarantee with the Net Cash Proceeds of, or in exchange for, Indebtedness Incurred under clause (5)(y) of Section 4.06(b);

- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a capital contribution or a substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(B) of paragraph (a);
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any of the Subsidiary Guarantors that is subordinated in right of payment to the Notes or to any Subsidiary Guarantee in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent offering of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(B) of paragraph (a);
- (5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable on a pro rata basis to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly, through Restricted Subsidiaries by the Company;
- (6) any Investment in Greenheart Group Limited and its Subsidiaries;
- (7) any Investment in an Unrestricted Subsidiary (other than Greenheart Group Limited and its Subsidiaries) that is engaged in a Permitted Business which, when taken together with the total amount of all other Investments made pursuant to this clause (7), will not exceed US\$25,000,000 (or the Dollar Equivalent thereof);
- (8) any Investment in a Joint Venture (other than Greenheart Group Limited and its Subsidiaries) which, when taken together with the total amount of all other Investments made pursuant to this clause (8), will not exceed US\$25,000,000 (or the Dollar Equivalent thereof); or
- (9) Restricted Payments, if, at the time of the making of such payments, and after giving effect thereto (including the incurrence of any Indebtedness to finance such payment) and giving effect to the *pro forma* adjustment set forth in clauses (A) through (E) of the definition of “Fixed Charge Coverage Ratio,” the Leverage Ratio would not exceed 2.0:1.0;

provided that, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

(c) Each Restricted Payment permitted pursuant to clauses (1), (5), (7), (8) and (9) of paragraph (b) shall be included in calculating whether the conditions of clause (3) of paragraph (a) have been met with respect to any subsequent Restricted Payments.

(d) The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of international standing if the Fair Market Value exceeds US\$5,000,000 (or the Dollar Equivalent thereof).

(e) Not later than the date of making any Restricted Payment in an amount in excess of US\$5,000,000 (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Section 4.08 Limitation on Liens.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien on the Collateral (other than Permitted Liens).

(b) The Company will not, and will not permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist any Lien on any of its assets or properties of any kind (other than the Collateral), now owned or hereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Section 4.09 Limitation on Sale and Leaseback Transactions. The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction.

Section 4.10 Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries.

(a) Except as provided in paragraph (b), the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary,

(2) pay any Indebtedness owed to the Company or any other Restricted Subsidiary,

- (3) make loans or advances to the Company or any other Restricted Subsidiary or
- (4) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

(b) The provisions of paragraph (a) shall not restrict any encumbrances or restrictions:

- (1) in the Notes, the Subsidiary Guarantees, the Indenture, the Security Documents, or under any Permitted Priority Secured Indebtedness of the Company or any Subsidiary Guarantor or Permitted Priority Subsidiary Guarantee of any Subsidiary Guarantor, and any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no less favorable in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;
- (2) existing under or by reason of applicable law;
- (3) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancing, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no less favorable in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (4) in the case of clause (4) of paragraph (a), that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset, or (ii) exist by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) arise or are agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary; or

- (5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by Section 4.06, Section 4.11 and Section 4.15.

Section 4.11 Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries.

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly-Owned Restricted Subsidiary;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly-Owned Restricted Subsidiary;
- (3) the sale of shares of all the Capital Stock of a Restricted Subsidiary if permitted under, and in accordance with Section 4.15; and
- (4) the issuance and sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); provided that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with Section 4.15.

Section 4.12 Limitation on Issuances of Guarantees by Restricted Subsidiaries.

(a) The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness (“**Guaranteed Indebtedness**”) of the Company or any other Restricted Subsidiary, unless (i) (x) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (y) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full or (ii) such Guaranteed Indebtedness is permitted by clauses (2), (3), (4) or ((8))(ii) (other than, in the case of ((8))(ii), a Guarantee by a Restricted Subsidiary organized under the laws of the PRC of the Indebtedness of a non-PRC Restricted Subsidiary) under Section 4.06(b).

(b) If the Guaranteed Indebtedness (i) ranks pari passu in right of payment with the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank pari passu in right of payment with, or subordinated to, the Subsidiary Guarantee or (ii) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Section 4.13 Repurchase of Notes Upon a Change of Control Triggering Event. The Company must commence, within 30 days of the occurrence of a Change of Control Triggering Event, and consummate an Offer to Purchase for all Notes then Outstanding (a “**Change of Control Offer**”), at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the Payment Date.

Section 4.14 Restriction on an Entire Sale Transaction.

(a) The Company will not, and will not permit any Restricted Subsidiary to, enter into or consummate an Entire Sale Transaction unless, (i) as a condition thereof, the consideration received consists of net cash proceeds to the Company of not less than an amount sufficient to pay the Entire Sale Transaction Redemption Price in full and without restriction; and (ii) the Company complies with Section 3.04 of this Indenture.

(b) Pending the application of the proceeds from an Entire Sale Transaction to the payment of the Entire Sale Transaction Redemption Price, the Company shall deposit and invest such proceeds in the Mandatory Prepayment Account.

Section 4.15 Limitation on Asset Sales.

(a) The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sales, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
- (3) in the case of an Asset Sale that constitutes an Asset Disposition, the Company could Incur at least US\$1.00 of Indebtedness under Section 4.06(a) after giving *pro forma* effect to such Asset Disposition; and
- (4) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; provided that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets (i) the Company delivers to the Trustee an Officer’s Certificate stating that (a) the Company’s chief executive officer or chief financial officer has approved such Asset Sale, (b) such Asset Sale is on fair and reasonable terms on an arm’s length basis, and (c) the Fair Market Value of the Replacement Assets, together with any cash consideration is no less than the Fair Market Value of the assets subject to such Asset Sale, and (ii) with respect to any such Asset Sale involving an aggregate consideration with a Fair Market Value in excess of US\$25,000,000 (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an Independent

Financial Advisor. For purposes of this clause (4), each of the following will be deemed to be cash:

- (i) any liabilities, as shown on the Company's most recent consolidated balance sheet prepared in accordance with IFRS, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are actually assumed by the transferee of any such assets pursuant to a customary, assumption, assignment, novation or similar agreement that fully and unconditionally releases the Company or such Restricted Subsidiary from further liability; and
- (ii) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are contemporaneously, subject to ordinary settlement periods, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

(b) Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company or any Restricted Subsidiary (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) make an Investment in Replacement Assets, provided that such Investment occurs within 360 days following the receipt of such Net Cash Proceeds.

(c) Pending the final application of any Net Cash Proceeds from an Asset Sale in excess of US\$10,000,000, the Company shall deposit and invest such Net Cash Proceeds in the Mandatory Prepayment Account.

(d) Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in paragraph (b) will constitute "**Excess Proceeds.**" Excess Proceeds of less than US\$5,000,000 (or the Dollar Equivalent thereof) will be carried forward and accumulated. When the aggregate amount of Excess Proceeds exceeds US\$10,000,000 (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase to all Holders (and, with respect to Indebtedness of the Company, that ranks equally with, or senior to, the Notes, containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, to the holders of such Indebtedness, including any Permitted Priority Secured Indebtedness) to purchase the maximum principal amount of Notes (and any such other pari passu Indebtedness) that may be purchased out of the

Excess Proceeds. The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

(e) If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other pari passu or senior Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other pari passu or senior Indebtedness) to be purchased on a pro rata basis or in accordance with applicable Depository procedures. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

(f) Notwithstanding the foregoing, the Company will not, and will not permit any Restricted Subsidiary to, sell, transfer or otherwise dispose of any shares of Capital Stock of Sino-Forest (China) Investments Limited or of any Restricted Subsidiary that owns directly or indirectly any shares of Capital Stock of Sino-Forest (China) Investments Limited.

Section 4.16 Limitation on Transactions with Shareholders and Affiliates.

(a) The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company or any Restricted Subsidiary (each an “**Affiliate Transaction**”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with an unrelated Person; and
- (2) the Company delivers to the Trustee:
 - (i) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5,000,000 (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (ii) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10,000,000 (or the Dollar Equivalent thereof), an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction

from a financial point of view issued by an Independent Financial Advisor.

- (b) The foregoing paragraph does not apply to
- (1) the payment of reasonable and customary regular fees to directors of the Company who are not employees of the Company;
 - (2) transactions between or among the Company and any of its Wholly-Owned Restricted Subsidiaries or between or among Wholly-Owned Restricted Subsidiaries;
 - (3) issuances or sales of Capital Stock (other than Disqualified Stock) of the Company or options, warrants or other rights to acquire such Capital Stock;
 - (4) transactions or payments pursuant to any employee, officer or director compensation or benefit plans or similar arrangements entered into in the ordinary course approved by a majority of the Board of Directors of the Company in good faith; or
 - (5) any Restricted Payment of the type in clauses (i), (ii) or (iii) under Section 4.07(a) if permitted by Section 4.07.

In addition, the requirements of clause (2) of paragraph (a) shall not apply to (i) transactions between or among the Company and any of its Restricted Subsidiaries that is not a Wholly-Owned Restricted Subsidiary to the extent entered into in the ordinary course of business, (ii) Investments (other than Permitted Investments) not prohibited under Section 4.07, (iii) transactions pursuant to agreements in effect on the Original Issue Date and described in the Plan Supplement or in the Information Circular, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date; provided that, in the case of (iii), such transaction is entered into in the ordinary course of business.

Section 4.17 Limitation on the Company's Business Activities. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by Section 4.07.

Section 4.18 Designation of Restricted and Unrestricted Subsidiaries.

(a) The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary, unless a Subsidiary of such Restricted Subsidiary is a Restricted Subsidiary (and is not concurrently being designated as an Unrestricted Subsidiary); provided that

- (1) Sino-Forest (China) Investments Limited shall always be a Restricted Subsidiary,
- (2) such designation would not cause a Default,
- (3) a Restricted Subsidiary cannot be a Subsidiary of an Unrestricted Subsidiary and
- (4) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary would be permitted to be made under Section 4.07.

(b) The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that:

- (1) such designation shall not cause a Default,
- (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred under Section 4.06;
- (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred under Section 4.08;
- (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary);
- (5) if such Restricted Subsidiary is not organized under the laws of the PRC and is a not a Foreign Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture in the form of Exhibit E by which such Restricted Subsidiary shall become a Subsidiary Guarantor, and
- (6) if such Restricted Subsidiary is not organized under the laws of the PRC or any other jurisdiction that prohibits the property and assets (including the Capital Stock) of such Restricted Subsidiary from being pledged, mortgaged or charged to secure the obligations of the Company or a Subsidiary Guarantor, all property and assets (including the Capital Stock) of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary shall be mortgaged, charged or pledged as required under Article 10.

(c) Any designation by the Board of Directors of a Subsidiary as a Restricted Subsidiary or Unrestricted Subsidiary will be evidenced to the Trustee by promptly filing with

the Trustee a copy of the Board Resolution giving effect to the designation and an Officer's Certificate certifying that the designation complied with the foregoing provisions.

Section 4.19 Provision of Financial Statements, Reports and Compliance Certificate.

(a) The Company will file with the Trustee and provide the holders of the Notes with copies of all financial statements or financial reports that are distributed by the Company to its members from time to time. As of the Original Issue Date, the Memorandum and Articles of Association of the Company provide that the Board of Directors will cause to be delivered to each member:

- (1) as soon as available, but not later than 180 days after the end of each financial year, a copy of the consolidated balance sheet of the Company as of the end of such financial year and the related consolidated statements of income, changes in equity and cash flows for such financial year, setting forth in each case in comparative form the figures for the previous year, all in reasonable detail and accompanied by a management summary and analysis of the operations for the Company for such financial year; and
- (2) as soon as available, but not later than 90 days after the end of each financial half-year of the Company, a copy of the consolidated balance sheet of the Company as of the end of such financial half-year and the related consolidated statements of income, changes in equity and cash flows for such financial half-year, and accompanied by a management summary and analysis of the operations for the Company for such financial half-year.

(b) In the event that the provisions of the Memorandum and Articles of Association of the Company referred to in Section 4.19(a) are amended after the Original Issue Date, the Company shall provide written notice of such amendment to the Trustee as soon as practicable following the enactment of such amendment.

(c) The Company will deliver to the Trustee, as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

(d) Delivery of such reports and information to the Trustee is for informational purposes only and the Trustee's receipt of them will not constitute constructive notice of any information contained therein or determinable from information contained therein (other than information contained in Officer's Certificates delivered under Section 4.19(c)), including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

(e) The Company and the Subsidiary Guarantors also shall comply with any other applicable requirements of TIA § 314(a)(4).

Section 4.20 Additional Amounts.

(a) All payments of, or in respect of, principal of, and premium (if any) and interest (including PIK Interest) in respect of the Notes (including PIK Notes) or the Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person or the applicable Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each a “**Relevant Jurisdiction**”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note or the Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of

(A) any tax, duty, assessment or other governmental charge that would not have been imposed but for: (i) the existence of any present or former connection between the Holder of such Note and the Relevant Jurisdiction other than merely holding such Note, including such Holder being or having been a national, domiciliary or resident of or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein; (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30 day period; (iii) the failure of the Holder, despite being required by law, to comply with a timely request of the Company addressed to the Holder or beneficial owner to provide information concerning such Holder’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any taxes as to which Additional Amounts would have otherwise been payable to such Holder; or (iv) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless

such Note could not have been presented for payment elsewhere;

- (B) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (C) any withholding or deduction that is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2004/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or
 - (D) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (A), (B) and (C); or
- (2) with respect to any payment of the principal of, or any premium, if any, or interest on, such Note or any payment under any Subsidiary Guarantee to the Holder, if such Holder is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of the Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor, with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, person or beneficial owner been the registered Holder thereof.

(b) Whenever in this Indenture or in the Notes there is mentioned, in any context, the payment of principal, any premium or interest, in respect of any Note or Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Section 4.21 Permitted Priority Secured Indebtedness. The Company and each Subsidiary Guarantor may create Liens on the Collateral ranking senior to the Lien for the benefit of the Holders to secure Permitted Priority Secured Indebtedness of the Company and any Permitted Priority Subsidiary Guarantee of a Subsidiary Guarantor; provided that (i) the principal amount of such Permitted Priority Secured Indebtedness may not exceed the amount of the Permitted Priority Secured Indebtedness Cap, (ii) the Permitted Priority Trustee on behalf of the holders of such Indebtedness becomes party to an Intercreditor Agreement providing, among other things, (1) that the Liens in and to the Collateral securing the Notes shall rank second only to the Liens in and to the Collateral securing the Permitted Priority Secured Indebtedness granted in favor of the Permitted Priority Trustee, all to the extent and in the manner set forth in such Intercreditor Agreement and containing the Pre-Agreed Intercreditor Terms, (2) for the conditions under which the parties thereto will consent to the release of or granting of any Lien on such Collateral, and (3) for the conditions under which the parties thereto will enforce their rights with respect to

such Collateral and the Indebtedness secured thereby, (iii) the instrument or agreement creating such Permitted Priority Secured Indebtedness contains provisions with respect to releases of Collateral and such Permitted Priority Subsidiary Guarantees substantially similar to and no more restrictive on the Company and the Subsidiary Guarantors than the provisions of the Indenture and the Security Documents and (iv) the Company and such Subsidiary Guarantor deliver to the Security Trustee an Opinion of Counsel and Officer's Certificates with respect to corporate and collateral matters in connection with the Security Documents, stating that either (x) all necessary actions have been taken with respect to the recording, registering and filing of the Security Documents, financing statements or other instruments necessary to make effective the Liens intended to be created by the Security Documents, and reciting the details of such action, (y) no such action is necessary to make such Liens effective or (z) otherwise in the form and substance as set forth in the Security Documents. The Trustee and the Security Trustee are permitted and authorized, without the consent of any Holder, to enter into any amendments to the Security Documents or this Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Priority Secured Indebtedness in accordance with this paragraph (including the appointment of any collateral agent or trustee (including the Security Trustee) under the Intercreditor Agreement to hold the Collateral on behalf of the Holders and the holders of Permitted Priority Secured Indebtedness). The Collateral securing the obligations of the Company and the Subsidiary Guarantors in favour of the Holders of any Permitted Priority Secured Indebtedness shall in no event be comprised of any Collateral in addition to the Collateral securing the obligations of the Company and the Subsidiary Guarantors in respect of the Notes unless such additional collateral is also granted to the Trustee and the Security Trustee for the benefit of the Holders.

Except for certain Permitted Liens and the Permitted Priority Secured Indebtedness as described in this Indenture, the Company and its Restricted Subsidiaries will not be permitted to issue or Incur any other Indebtedness secured by all or any portion of the Collateral without the consent of each Holder of the Notes then outstanding.

In entering into any amendments to the Security Documents or the Indenture, or entering into any new Security Documents in connection with this Section 4.21, the Trustee and the Security Trustee shall be entitled to conclusively rely upon an Opinion of Counsel and an Officer's Certificate, in addition to the documents required by Section 12.05 hereof, each stating that such amendments, or new Security Documents, are being entered into in accordance with, and are permitted by, the terms of the Indenture and the Security Documents and that the Permitted Priority Secured Indebtedness is permitted by the terms of the Indenture and the Security Documents.

Section 4.22 Holders to be Bound by Intercreditor Agreement Each Holder shall be bound by the provisions of any Intercreditor Agreement entered into by the Trustee and the Security Trustee which contains terms and conditions substantially the same as the Pre-Agreed Intercreditor Terms and the Trustee and the Security Trustee are hereby authorized and directed to enter into any such Intercreditor Agreement with the Permitted Priority Trustee for and on behalf of the Holders of any Permitted Priority Secured Indebtedness. The Intercreditor Agreement will also provide that when the property and assets (including the Capital Stock) of any Person that is or becomes a Restricted Subsidiary (other than Persons organized under the laws of the PRC or any other jurisdiction that prohibits such Restricted Subsidiaries from guaranteeing the payment of the Notes) is delivered as Security pursuant to Section 10.02 of the

Indenture, such property and assets (including the Capital Stock) will be deemed to be Collateral, and subject to the sharing of interest in such Collateral under the terms of the Intercreditor Agreement.

ARTICLE 5 CONSOLIDATION, MERGER AND SALE OF ASSETS

Section 5.01 Consolidation, Merger and Sale of Assets.

(a) The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the “**Surviving Person**”) shall be an exempted company limited by shares organized and validly existing under the laws of the Cayman Islands and shall expressly assume, by a supplemental indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture, the Notes and the Security Documents, as the case may be, and the Indenture, the Notes and the Security Documents, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under Section 4.06(a);
- (5) the Company delivers to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with; and
- (6) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under this Section 5.01(a), shall execute and deliver a supplemental indenture confirming that its Subsidiary Guarantee (as endorsed on the Notes) shall

apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture.

(b) No Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis, the Company could Incur at least US\$1.00 of Indebtedness under Section 4.06(a);
- (5) the Company delivers to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with;

provided that this paragraph (b) shall not apply to any Entire Sale Transaction, which transaction shall be subject to and governed by Section 3.04 and Section 4.14 and shall not otherwise apply to any sale or other disposition that complies with the Section 4.15 or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with Section 11.11.

ARTICLE 6 DEFAULT AND REMEDIES

Section 6.01 Events of Default. The following events will be defined as “Events of Default” in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(3) default in the performance or breach of the provisions of the covenants described under Sections 4.06, 4.07, 4.08 or 5.01, the failure by the Company to make or consummate an Offer to Purchase in the manner described under Section 4.13 or Section 4.15, the failure by the Company to redeem the Notes in the manner described in Section 3.04 or the failure by the Company to create, or cause its Restricted Subsidiaries to create, a First Priority Lien on the Collateral (subject to any Permitted Lien) in accordance or otherwise comply with the covenant described under Article 10;

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$50,000,000 (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (ii) the failure to make a principal payment when due;

(6) any final judgment or order for the payment of money in excess of US\$50,000,000 (or the Dollar Equivalent thereof) in the aggregate for all such final judgments or orders shall be rendered against the Company or any Restricted Subsidiary and shall not be paid or discharged for a period of 60 days during which a stay of enforcement of such final judgment or order shall not be in effect;

(7) a court having jurisdiction in the premises enters a decree or order for (i) relief in respect of the Company or any Restricted Subsidiary in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect (including any proceeding under any corporate law seeking an arrangement of, or stay of proceedings to enforce, some or all of its debts), (ii) appointment of a receiver, liquidator, assignee, custodian, monitor, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for all or

substantially all of the property and assets of the Company or any Restricted Subsidiary or (iii) the winding up or liquidation of the affairs of the Company or any Restricted Subsidiary and, in each case, such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; provided, however, that any filing or the commencement of any proceedings by any Person pursuant to paragraph 61 of the Sanction Order to recognize or enforce such Sanction Order shall not constitute an Event of Default for the purposes of subparagraphs (i) or (ii) above. For the purposes of this Indenture, (x) “Plan” means the Plan of Compromise and Reorganization filed by Sino-Forest Corporation pursuant to the *Companies’ Creditors Arrangement Act* (Canada) and the *Canada Business Corporations Act* (Canada), dated December 3, 2012, as such Plan may be amended, supplemented or restated from time to time in accordance with the terms thereof or any order (the “**Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made in connection with such Plan, and (y) “Sanction Order” means the Order of the Court sanctioning and approving the Plan, dated December 10, 2012;

(8) the Company or any Restricted Subsidiary (i) commences a voluntary case or proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect (including any proceeding under any corporate law seeking an arrangement of, or stay of proceedings to enforce, some or all of its debts), or consents to the entry of an order for relief in an involuntary case or proceeding under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, monitor, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Restricted Subsidiary or (iii) effects any general assignment for the benefit of creditors; provided, however, that any filing or the commencement of any proceedings by any Person pursuant to paragraph 61 of the Sanction Order to recognize or enforce such Sanction Order shall not constitute an Event of Default for the purposes of subparagraphs (i) or (ii) above;

(9) any Subsidiary Guarantor repudiates its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect;

(10) any default by the Company or any Subsidiary Guarantor in the performance of any of its obligations under the Security Documents or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect; or

(11) the Company or any Subsidiary Guarantor repudiates its obligations under any Security Document or, other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Trustee ceases to have a first priority Lien in the Collateral (subject to any Permitted Liens).

Section 6.02 Acceleration.

(a) If an Event of Default (other than an Event of Default specified in clause (7) or (8) of Section 6.01) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then Outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. In the event of a declaration of acceleration because an Event of Default set forth in clause (5) above has occurred and is continuing, such declaration of acceleration shall be automatically rescinded and annulled if the event of default triggering such Event of Default pursuant to clause (5) shall be remedied or cured by the Company or the relevant Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 60 days after the declaration of acceleration with respect thereto.

(b) If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder. The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee, may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if (x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction, and (z) the Company has paid to the Trustee all fees, expenses and amounts owed to the Trustee in connection with such Event of Default.

Section 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon request of Holders of at least 25% in aggregate principal amount of outstanding Notes, instruct the Security Trustee to foreclose on the Collateral in accordance with the terms of the Security Documents and take such further action on behalf of the Holders of the Notes with respect to the Collateral as the Trustee deems appropriate or as instructed by such Holders.

Section 6.04 Waiver of Past Defaults. Except as otherwise provided in Sections 6.02, 6.07 and 9.02, the Holders of at least a majority in principal amount of the outstanding Notes may, by notice to the Company and the Trustee, waive all past Defaults and rescind and annul a declaration of the acceleration and its consequences. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 Control by Majority. The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of Notes not joining in the giving of such direction, and may take any other action it deems proper that is not inconsistent with any such direction received from Holders of Notes.

Section 6.06 Limitation on Suits. A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in aggregate principal amount of Outstanding Notes have made written request to the Trustee to institute proceedings in respect of the Event of Default in its own name as Trustee under the Indenture;

(3) Holders have offered to the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liabilities or expenses to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the Outstanding Notes have not given the Trustee a direction that is inconsistent with such written request.

Section 6.07 Rights of Holders to Receive Payment. Notwithstanding anything to the contrary, the right of a Holder of a Note to receive payment of principal of or interest on its Note, or to bring suit for the enforcement of any such payment on or after the due date expressed in the Notes, shall not be impaired or affected without the consent of that Holder.

Section 6.08 Collection Suit by Trustee. If an Event of Default in payment of principal or interest specified in clause (1) or (2) of Section 6.01 occurs and is continuing, the Trustee may recover judgment in its own name, as trustee of an express trust, for the whole amount of principal and accrued interest remaining unpaid, together with interest on overdue principal and, to the extent lawful, overdue installments of interest, in each case at the rate specified in the Notes, and such further amount as is sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, the Security Trustee or their respective agents and counsel, and any other amounts due the Trustee or the Security Trustee hereunder or under the Security Documents.

Section 6.09 Trustee May File Proofs of Claim. The Trustee may file proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the

Trustee or the Security Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, the Security Trustee, or their respective agents and counsel, and any other amounts due the Trustee or the Security Trustee hereunder) and the Holders allowed in any judicial proceedings relating to the Company or any Subsidiary Guarantor or their respective creditors or property, and is entitled and empowered to collect, receive and distribute any money, securities or other property payable or deliverable upon conversion or exchange of the Notes or upon any such claims. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee or the Security Trustee and, if the Trustee consents to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, the Security Trustee or their respective agents and counsel, and any other amounts due the Trustee or the Security Trustee hereunder or under the Security Document. Nothing in the Indenture will be deemed to empower the Trustee or the Security Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee or the Security Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee for all amounts due hereunder or owed to the Security Trustee;

Second: to Holders for amounts then due and unpaid for principal of and interest on the Notes, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, and to the Paying Agent for any amounts then due and unpaid to it, ratably with the Holders; and

Third: to the Company or as a court of competent jurisdiction may direct.

The Trustee, upon written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section.

Section 6.11 Restoration of Rights and Remedies. If the Trustee or any Holder has instituted a proceeding to enforce any right or remedy under the Indenture and the proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to the Holder, then, subject to any determination in the proceeding, the Company, any Subsidiary Guarantors, the Trustee and the Holders will be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Company, any Subsidiary Guarantors, the Trustee and the Holders will continue as though no such proceeding had been instituted.

Section 6.12 Undertaking for Costs. In any suit for the enforcement of any right or remedy under the Indenture or in any suit against the Trustee or the Security Trustee, as the case may be, for any action taken or omitted by it as Trustee or the Security Trustee, a court may require any party litigant in such suit (other than the Trustee or the Security Trustee) to file an undertaking to

pay the costs of the suit, and the court may assess reasonable costs, including reasonable attorney's fees and expenses, against any party litigant (other than the Trustee or the Security Trustee) in the suit having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit instituted by the Trustee or the Security Trustee, as the case may be, or by a Holder to enforce payment of principal of or interest on any Note on the respective due dates, or a suit instituted by Holders of more than 10% in principal amount of the Outstanding Notes.

Section 6.13 Rights and Remedies Cumulative. No right or remedy conferred or reserved to the Trustee or to the Holders under this Indenture is intended to be exclusive of any other right or remedy, and all such rights and remedies are, to the extent permitted by law, cumulative and in addition to every other right and remedy hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or exercise of any other right or remedy.

Section 6.14 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.15 Waiver of Stay, Extension or Usury Laws. The Company and each Subsidiary Guarantor covenants, to the extent that it may lawfully do so, that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company or the Subsidiary Guarantor from paying all or any portion of the principal of, or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of the Indenture. The Company and each Subsidiary Guarantor hereby expressly waives, to the extent that it may lawfully do so, all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 6.16 Compliance Certificate.

(a) Officers of the Company, one of whom must be the Company's principal executive officer, principal financial officer or principal accounting officer, must certify in an Officer's Certificate, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under this Indenture and that the Company has fulfilled all obligations hereunder, or, if there has been a default in the fulfillment of any such obligations, specifying each such default, the nature and status thereof and what action the Company is taking or proposes to take with respect thereto.

(b) If the Company shall become aware that (i) any Default or Event of Default has occurred and is continuing or (ii) any Holder seeks to exercise any remedy hereunder with respect to a claimed Default under this Indenture or the Notes, the Company shall immediately

deliver to the Trustee an Officer's Certificate specifying such event, notice or other action (including any action the Company is taking or proposes to take in respect thereof).

ARTICLE 7 THE TRUSTEE

Section 7.01 General.

(a) The duties and responsibilities of the Trustee are as set forth herein. Whether or not expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to this Article.

(b) Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and no implied covenants or obligations will be read into the Indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise those rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct or bad faith except that:

- (1) this paragraph does not limit the effect of clause (b) of this Section 7.01;
- (2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and
- (3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 7 and to the provisions of the TIA.

Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01 as the context may apply.

Section 7.02 Certain Rights of Trustee. Subject to Section 7.01:

(1) In the absence of bad faith on its part, the Trustee may rely, and will be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the

document, but, in the case of any document which is specifically required to be furnished to the Trustee pursuant to any provision hereof, the Trustee shall examine the document to determine whether it conforms to the requirements of the Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein). The Trustee, in its discretion, may make further inquiry or investigation into such facts or matters as it sees fit.

(2) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel conforming to Section 12.05 and Section 12.06 and the Trustee will not be liable for any action it takes or omits to take in good faith in reliance on the certificate or opinion.

(3) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any attorney or agent appointed with due care by it hereunder.

(4) The Trustee will not be under any obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee, reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(5) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the direction of the Holders relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(6) The Trustee may consult with counsel or other professional advisors of its selection, and the written advice of such counsel or advisors or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(7) No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

(8) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(9) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee and such notice references the Notes and this Indenture.

(10) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(11) The permissive rights, powers and authorizations of the Trustee hereunder shall not be construed as duties.

Section 7.03 Individual Rights of Trustee. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not the Trustee. Any Agent may do the same with like rights.

Section 7.04 Trustee's Disclaimer. The Trustee (i) makes no representation as to the validity or adequacy of the Indenture or the Notes, (ii) is not accountable for the Company's use or application of the proceeds from the Notes and (iii) is not responsible for any statement in the Notes other than its certificate of authentication.

Section 7.05 Notice of Default. If any Default occurs and is continuing and is known to the Trustee, the Trustee will send notice of the Default to each Holder within 90 days after it occurs, or, if later, within 15 days after it is known to the Trustee unless the Default has been cured; provided that, except in the case of a default in the payment of the principal of or interest on any Note, the Trustee may withhold the notice if and so long as the board of directors, the executive committee or a trust committee of directors of the Trustee in good faith determines that withholding the notice is in the interest of the Holders.

Section 7.06 Reports by Trustee to Holders. The Trustee shall comply with TIA § 313. The Company agrees to notify promptly the Trustee whenever the Notes become listed on any stock exchange and of any delisting thereof.

Section 7.07 Compensation And Indemnity

(a) The Company will pay the Trustee compensation as agreed upon in writing for its services. The compensation of the Trustee is not limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee upon request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee including the reasonable compensation and expenses of the Trustee's agents and counsel.

(b) The Company will indemnify the Trustee and its agents, affiliates, officers and directors or any predecessor Trustee for, and hold each of them harmless against, any loss or liability or expense incurred by them without negligence, willful misconduct or bad faith on their part arising out of or in connection with the acceptance or administration of the Indenture and their duties, powers and rights under the Indenture, the Security Documents and the Notes, including the costs and expenses of defending themselves against any claim or liability and of complying with any process served upon them or any of their respective officers in connection with the exercise or performance of any of its powers or duties under the Indenture, the Security Documents and the Notes.

(c) To secure the Company's payment obligations in this Section, the Trustee will have a lien prior to the Notes on all money or property held or collected by the Trustee in its capacity as Trustee except money or property held in trust to pay principal of, and interest on particular Notes.

(d) Notwithstanding the satisfaction or discharge of this Indenture, the obligations of the Company to the Trustee under this Section 7.07 and, if money shall have been deposited with the Trustee pursuant to subclause (1) of Section 8.01(a) and subclause (1) of Section 8.02(b), the obligations of the Trustee under Section 8.03 and Section 8.04, shall survive.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(7) or (8) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any applicable bankruptcy or insolvency law.

Section 7.08 Replacement of Trustee.

(a) (i) The Trustee may resign at any time by written notice to the other and to the Company.

(ii) The Holders of a majority in principal amount of the Outstanding Notes may remove the Trustee by written notice to it.

(iii) The Company may remove the Trustee if: (i) the Trustee is adjudged a bankrupt or an insolvent; (ii) a receiver or other public officer takes charge of the Trustee or its property; or (iii) the Trustee becomes incapable of acting.

A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor's acceptance of appointment as provided in this Section.

(b) If the Trustee has been removed by the Holders, Holders of a majority in principal amount of the Notes may appoint a successor with the consent of the Company. Otherwise, if the Trustee resigns or is removed, or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor. If the successor does not deliver its written acceptance within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the expense of the Company), the Company or the Holders of a majority in principal amount of the Outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor.

(c) Upon delivery by the successor Trustee of a written acceptance of its appointment to the retiring Trustee and to the Company, (i) the retiring Trustee will transfer all property held by it as Trustee to the successor, subject to the lien provided for in Section 7.07, (ii) the resignation or removal of the retiring Trustee will become effective, and (iii) the successor will have all the rights, powers and duties of the Trustee under the Indenture and/or Security Documents. Upon request of any successor Trustee, the Company will execute any and all instruments for fully and vesting in and confirming to the successor Trustee all such rights, powers and trusts. The Company will give notice of any resignation and any removal of the

Trustee and each appointment of a successor to all Holders, and include in the notice the name of the successor Trustee and the address of its Corporate Trust Office.

(d) Notwithstanding replacement of the Trustee pursuant to this Section, the Company's obligations under Section 7.07 will continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Consolidation, Merger, Conversion or Transfer. If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets (including the administration of the trust created by this Indenture) to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act will be the successor Trustee with the same effect as if the successor Trustee had been named as the Trustee in the Indenture.

Section 7.10 Money Held in Trust. The Trustee will not be liable for interest on any money received by it except as it may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law and except for money held in trust by the Trustee under Article 8.

Section 7.11 Eligibility; Disqualification. The Trustee shall at all times satisfy the requirements of TIA § 310(a). The Trustee shall have a combined capital and surplus of at least \$10,000,000 as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA § 310(b); provided, however, that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA § 310(b)(1) are met.

Section 7.12 Preferential Collection of Claims Against the Company. The Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated.

Section 7.13 Requests for Documentation in Connection with Qualification of the Indenture. The Trustee shall be entitled to receive from the Company and the Subsidiary Guarantors any such Officer's Certificates, Opinions of Counsel or other documentation as it may reasonably request in connection with any qualification of this Indenture under the TIA.

Section 7.14 Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as trustee or security trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee or Security Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or Security Trustee or hold title to the properties, in trust, as herein granted or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee or Security Trustee appoint an individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

In the event that the Trustee or Security Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee or Security Trustee, as applicable, with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and only to the extent that the Trustee or Security Trustee by the laws of any jurisdiction is incapable of exercising such powers, rights and remedies and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

- (1) all rights and powers, conferred or imposed upon the Trustee or Security Trustee, as applicable, shall be conferred or imposed upon and may be exercised or performed by such separate trustee or co-trustee; and
- (2) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

Any notice, request or other writing given to the Trustee or Security Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article. Any separate trustee or co-trustee may at any time appoint the Trustee or Security Trustee, as applicable, as its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee or Security Trustee, as applicable, to the extent permitted by law, without the appointment of a new or successor trustee.

ARTICLE 8 DEFEASANCE AND DISCHARGE

Section 8.01 Defeasance and Discharge of Indenture.

(a) The Company shall be deemed to have paid and shall be discharged from any and all obligations in respect of the Notes on the 365th day after the deposit referred to in clause (1) of this Section 8.01, and the provisions of this Indenture and the Security Documents will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust, and certain obligations owed to the Trustee and the Security Trustee) if, among other things:

- (1) the Company has deposited with the Trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal

in respect thereof in accordance with their terms will provide money in an amount sufficient (in the case of U.S. Government Obligations, in the opinion of a reputable firm of certified public accountants) to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes,

- (2) the Company has delivered to the Trustee (A) either (x) an Opinion of Counsel to the effect that, as a result of a change occurring after the Original Issue Date in applicable U.S. federal income tax law, Holders will not recognize income, gain or loss for United States federal income tax purposes as a result of the Company's exercise of its option under this Section 8.01 and will be subject to United States federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (B) an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 365 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law,
- (3) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 365th day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound, and
- (4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent relating to the discharge or defeasance of the Notes provided for in this Section 8.01 have been complied with.

(b) In the case of either discharge or defeasance of the Notes pursuant to this Section 8.01, the Subsidiary Guarantees shall terminate.

Section 8.02 Covenant Defeasance.

(a) The Company may omit to comply with any term, provision or condition set forth in, and this Indenture shall no longer be in effect with respect to, (A) clauses (3), (4) and (5)(x) of Section 5.01(a); (B) clauses (3), (3) and (4)(x) of Section 5.01(b); and (C) all the covenants in Article 4; and

(b) the following shall not be deemed Events of Default: (A) clause (3) of Section 6.01 with respect to such clauses, clauses (3), (4) and (5)(x) of Section 5.01(a); (B) clauses (3), (3) and (4)(x) of Section 5.01(b); (C) clause (4) of Section 6.01 with respect to such other covenants; and (D) clauses (5), (6), (9), (10) and (11) of Section 6.01;

provided the following conditions have been satisfied:

- (1) the Company has deposited with the Trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient (in the case of U.S. Government Obligations, in the opinion of a reputable firm of certified public accountants) to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of this Indenture and the Notes,
- (2) the Company has delivered to the Trustee an Opinion of Counsel to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 365 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law,
- (3) the Company has delivered to the Trustee of an Opinion of Counsel to the effect that, among other things, the Holders will not recognize income, gain or loss for United States federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred, and
- (4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that all conditions precedent relating to the covenant defeasance provided for in this Section 8.02 have been complied with.

Except as specifically stated above, none of the Company's obligations under the Indenture will be discharged.

Section 8.03 Application of Trust Money. Subject to Section 8.04 the Trustee shall hold in trust the money or U.S. Government Obligations deposited with it pursuant to Section 8.01 or Section 8.02, and apply the deposited money and the proceeds from deposited U.S. Government Obligations to the payment of principal of and interest on the Notes in accordance with the Notes and this Indenture. Such money and U.S. Government Obligations shall be segregated from other funds of the Trustee.

Section 8.04 Repayment to Company. Subject to Section 7.07, Section 8.01 and Section 8.02, the Trustee shall promptly pay to the Company upon request any excess money held by the

Trustee at any time and thereupon be relieved from all liability with respect to such money. The Trustee shall pay to the Company upon request any money held for payment with respect to the Notes that remains unclaimed for six years. After payment to the Company, Holders entitled to such money must look solely to the Company for payment, unless applicable law designates another Person, and all liability of the Trustee with respect to such money shall cease.

Section 8.05 Reinstatement. If and for so long as the Trustee is unable to apply any money or U.S. Government Obligations held in trust pursuant to Section 8.01 or Section 8.02 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under the Indenture and the Notes shall be reinstated as though no such deposit in trust had been made. If the Company makes any payment of principal of or interest on any Notes because of the reinstatement of its obligations, it shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held in trust.

ARTICLE 9 AMENDMENTS, SUPPLEMENTS AND WAIVERS

Section 9.01 Amendments Without Consent of Holders.

(a) The Company and the Trustee may amend or supplement the Indenture or any Security Documents without notice to or the consent of any Holder, to:

- (1) cure any ambiguity, defect or inconsistency in the Indenture, the Notes or any Security Document;
- (2) comply with Section 5.01;
- (3) evidence and provide for the acceptance of an appointment hereunder by a successor Trustee;
- (4) add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of Additional Notes (including PIK Notes) in accordance with the limitations set forth in the Indenture;
- (6) add additional Collateral to secure the Notes or any Subsidiary Guarantee;
- (7) effect any change to this Indenture in a manner necessary to comply with the procedures of DTC;
- (8) permit Permitted Priority Secured Indebtedness (including permitting the Trustee to enter into any amendments to the Security Documents or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Priority Secured Indebtedness, in accordance with the Indenture);

- (9) to comply with any requirements of the U.S. Securities and Exchange Commission in connection with qualifying the Indenture or maintaining its qualification under the TIA; or
- (10) make any other change that would provide additional rights or benefits to the Holders or that does not adversely affect the rights of any Holder.

Section 9.02 Amendments With Consent of Holders.

(a) Except as otherwise provided in Section 6.02, Section 6.04, Section 6.07, Section 9.01(a), or Section 9.02(b) or (c) below, the Company, the Subsidiary Guarantors and the Trustee may amend the Indenture, the Notes or any Security Documents with the written consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Notes (including PIK Notes), and the Holders of a majority in principal amount of the Outstanding Notes (including PIK Notes) by written notice to the Trustee may waive future compliance by the Company with any provision of the Indenture or the Notes.

(b) Notwithstanding the provisions of Section 9.02(a), without the consent of each Holder affected thereby, an amendment or waiver may not:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
- (5) reduce the above stated percentage of Outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) reduce the percentage or aggregate principal amount of Outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (8) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee in a manner which adversely affects the Holders;
- (9) change the redemption date or the redemption price of the Notes from that stated under Section 3.01 or Section 3.02; or

- (10) amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts.

(c) Notwithstanding the provisions of Section 9.02(a), without the consent of the Holders of not less than 80% in aggregate principal amount of the outstanding Notes affected thereby, an amendment or waiver may not:

- (1) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;
- (2) release any Collateral, except as provided in the Indenture and the Security Documents;
- (3) amend, change or modify any Subsidiary Guarantee in a manner that adversely affects the Holders; or
- (4) amend, change or modify any provision of any Security Document, or any provision of the Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture.

(d) It is not necessary for Holders to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

(e) An amendment, supplement or waiver under this Section will become effective on receipt by the Trustee of written consents from the Holders of the requisite percentage in principal amount of the Outstanding Notes. After an amendment, supplement or waiver under this Section becomes effective, the Company will send to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. The Company will send supplemental indentures to Holders upon request. Any failure of the Company to send such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

Section 9.03 Effect of Consent.

(a) After an amendment, supplement or waiver becomes effective, it will bind every Holder unless it is of the type requiring the consent of each Holder affected. If the amendment, supplement or waiver is of the type requiring the consent of each Holder affected, the amendment, supplement or waiver will bind each Holder that has consented to it and every subsequent Holder of a Note that evidences the same debt as the Note of the consenting Holder.

(b) If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder to deliver it to the Trustee so that the Trustee may place an appropriate notation of the changed terms on the Note and return it to the Holder, or exchange it for a new Note that reflects the changed terms. The Trustee may also place an appropriate notation on any Note thereafter authenticated. However, the effectiveness of the amendment, supplement or waiver is not affected by any failure to annotate or exchange Notes in this fashion.

Section 9.04 Compliance with Trust Indenture Act. Every amendment to this Indenture or the Notes shall comply with the TIA as then in effect.

Section 9.05 Trustee's and Security Trustee's Rights and Obligations. The Trustee and the Security Trustee are entitled to receive, and will be fully protected in relying upon, in addition to the documents required by Section 12.05, an Opinion of Counsel stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article is authorized or permitted by the Indenture. If the Trustee and the Security Trustee have received such documents, they shall sign the amendment, supplement or waiver so long as the same does not adversely affect the rights of the Trustee and Security Trustee, as applicable. The Trustee or the Security Trustee may, but are not obligated to, execute any amendment, supplement or waiver that affects the Trustee's or the Security Trustee's own respective rights, duties or immunities under the Indenture.

Section 9.06 Payments for Consents. Neither the Company nor any of its Subsidiaries or Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or agreed to be paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

ARTICLE 10 SECURITY

Section 10.01 Security; Security Documents.

(a) (1) The Company hereby agrees, for the benefit of the Holders of the Notes, the Trustee and the Security Trustee to grant a mortgage, charge and/or pledge of, and security interest in, or cause the Subsidiary Guarantors to grant a mortgage, charge and/or pledge of, and security interest in, as the case may be, all Collateral owned by the Company and the Subsidiary Guarantors (including the Capital Stock of the Initial Subsidiary Guarantors) on a first priority basis (subject to Permitted Liens) on the Original Issue Date in order to secure the obligations of the Company to the Holders, the Trustee and the Security Trustee under the Notes, the Indenture and the Security Documents and of such Subsidiary Guarantors to the Holders, the Trustee and the Security Trustee under their respective Subsidiary Guarantees. Such Collateral may also secure, on a priority basis, the Company's and the Subsidiary Guarantors' respective obligations to the holders of any Permitted Priority Secured Indebtedness Incurred in compliance with Section 4.06, if and when issued.

(2) Each of the Company and each Subsidiary Guarantor hereby covenant (A) to perform and observe their obligations under the Security Documents and (B) take any and all commercially reasonable actions (including, without limitation, under the covenants set forth in the Security Documents and in this Article 10) required to cause the Security Documents to create and maintain, as security for the obligations contained in this Indenture, the Notes and the Security Documents, valid and enforceable Liens, on a first priority basis, and perfected (except as expressly provided herein or therein) Liens in and on, all of the Collateral, in favor of the Security Trustee, superior to and prior to the rights of all third Persons and subject to no other

Liens (other than Permitted Liens), in each case, except as expressly permitted herein, therein or in any Intercreditor Agreement:

(b) So long as no Default has occurred and is continuing, and subject to the terms of the Security Documents, the Company and the Subsidiary Guarantors, as the case may be, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares or stock resulting from stock splits, divisions or reclassifications, rights issues, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of Capital Stock constituting Collateral.

(c) Each Holder of the Notes, by its acceptance thereof, consents and agrees to the terms of the Security Documents (including the provisions providing for foreclosure, enforcement and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and directs the Trustee to perform its respective obligations and exercise its respective rights thereunder in accordance therewith.

(d) The Trustee and each Holder, by accepting the Notes and the Subsidiary Guarantees, acknowledges that the Collateral as now or hereafter constituted shall be held for the benefit of all the Secured Parties (including the Holders) under the Security Documents, and that the Lien of this Indenture and the Security Documents in respect of the Security Trustee, the Trustee and the Secured Parties (including the Holders) is subject to and qualified and limited in all respects by the Security Documents and actions that may be taken thereunder.

(e) Notwithstanding (i) anything to the contrary contained in this Indenture, the Security Documents, Notes, Subsidiary Guarantees or any other instrument governing, evidencing or relating to any Indebtedness, (ii) the time, order or method of attachment of any Liens, (iii) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral, (iv) the time of taking possession or control over any Collateral or (v) the rules for determining priority under the Uniform Commercial Code or any other law of any relevant jurisdiction governing relative priorities of secured creditors:

- (1) the Liens will rank at least equally and ratably with all valid, enforceable and perfected Liens (excluding any priority Liens permitted to be granted in respect of any Permitted Priority Secured Indebtedness), whenever granted upon any present or future Collateral, but only to the extent such Liens are permitted under this Indenture to exist and to rank equally and ratably with the Notes and the Subsidiary Guarantees; and
- (2) all proceeds of the Collateral applied under the Security Documents shall be allocated and distributed as set forth in the Security Documents.

Section 10.02 Future Restricted Subsidiaries. (a) The Company hereby agrees, for the benefit of the Holders of the Notes, to mortgage, charge and/or pledge, or cause each Subsidiary Guarantor to mortgage, charge and/or pledge all property and assets (including the Capital Stock owned by the Company or such Subsidiary Guarantor) of any Person that is a Restricted Subsidiary or becomes a Restricted Subsidiary (other than Persons organized under the laws of

the PRC or any other jurisdiction that prohibits such property and assets of such Restricted Subsidiaries from being mortgaged, charged or pledged to secure the obligations of the Company or such Subsidiary Guarantor) after the Original Issue Date, promptly upon such Person becoming a Restricted Subsidiary, to secure the obligations of the Company under the Notes and the Indenture, and of such Subsidiary Guarantor under its Subsidiary Guarantee, in the manner described in Section 10.01. Such Collateral may also secure, on a priority basis, the Company's and the Subsidiary Guarantors' respective obligations to the holders of any Permitted Priority Secured Indebtedness, if and when issued.

Section 10.03 Certificates of the Company.

(1) On or prior to each anniversary of the Original Issue Date, the Company shall furnish to the Trustee and the Security Trustee a Compliance Certificate in the form of Exhibit G hereto; and

(2) The Company shall furnish to the Trustee and the Security Trustee, within three months after each anniversary of Original Issue Date, an Opinion of Counsel, dated as of such date, stating either that (i) in the opinion of such counsel, all action has been taken with respect to the recording, registering, filing, re-recording, re-registering and re-filing of all supplemental indentures, financing statements, continuation statements or other instruments of further assurance as is necessary to maintain the Liens to the extent required by the Security Documents and reciting the details of such action or (ii) in the opinion of such counsel, no such action is necessary to maintain such Liens.

(3) The Company shall furnish to the Trustee and the Security Trustee on or prior to any proposed release of Collateral by the Company or any Subsidiary Guarantor an Opinion of Counsel and an Officer's Certificate certifying that such release is permitted by the terms of this Indenture and the relevant Security Documents.

Section 10.04 Authorization of Actions to be Taken by the Trustee Under the Security Documents.

(a) The Security Trustee shall be the representative on behalf of the Secured Parties (including the Holders of the Notes) and shall act upon the written direction of the Secured Parties (including the Holders of the Notes (acting through the Trustee)) with regard to all voting, consent and other rights granted to the Secured Parties under the Security Documents, provided that the Trustee and the Security Trustee will be under no obligation to act upon the written direction of the Holders of the Notes should the Company fail to mortgage, charge or pledge, or fail to cause each initial Subsidiary Guarantor to mortgage, charge or pledge the Collateral in accordance with the terms of Section 10.01(a), unless such Holders have offered to the Trustee and Security Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such direction.

(b) Subject to the terms of the Security Documents, the Security Trustee may (but shall not be obligated to), in its sole discretion and without the consent of the Holders of the Notes, on behalf of the Holders of the Notes, take all actions it deems necessary or appropriate in order to (x) enforce any of its rights or any of the rights of the Holders of the Notes under the

Security Documents and (y) receive any and all amounts payable from the Collateral in respect of the obligations of the Company and the Subsidiary Guarantors hereunder.

(c) Subject to the terms of the Security Documents, each of the Trustee and the Security Trustee shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings as it may deem expedient to preserve or protect its interest and the interests of the Secured Parties (including Holders of the Notes) in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Secured Parties (including Holders of the Notes) or the Trustee or the Security Trustee, as the case may be). The Security Trustee is hereby irrevocably authorized by each Holder of the Notes to effect any release of Liens or Collateral contemplated by Section 10.06 hereof or by the terms of the Security Documents.

Section 10.05 Authorization of Receipt of Funds by the Security Trustee Under the Security Documents. The Security Trustee is authorized to receive and distribute any funds for the benefit of the Holders of the Notes under the Security Documents, and to make further distributions of such funds to the Holders of the Notes, subject to the terms of any Intercreditor Agreement, in the following order:

First: To the Security Trustee to the extent necessary to reimburse the Security Trustee for any expenses incurred in connection with the collection or distribution of such funds held or realized in connection with expenses incurred in enforcing its remedies under the Security Documents and preserving the Collateral and all amounts for which the Security Trustee is entitled to indemnification or otherwise owed under the Indenture and/or the Security Documents;

Second: To the Trustee for its benefit and the benefit of the Holders, to the Paying Agent and Registrar, all to be distributed pursuant to Section 6.10 hereof; and

Third: Any surplus remaining after such payments, to the Company or the Subsidiary Guarantor or to whomever may be lawfully entitled thereto.

Section 10.06 Release of the Collateral.

(a) The security interest in respect of the Collateral granted hereby shall be fully released, subject to the terms of the Security Documents, (i) upon the repayment in full of the Notes or (ii) upon defeasance or discharge of the Notes as provided under Section 8.01 and Section 8.02; and may be partially or fully released, as the case may be, (iii) upon certain dispositions of Collateral in compliance with Section 4.11, Section 4.15 or Section 5.01; (iv) with respect to security granted by a Subsidiary Guarantor, upon the release of the Subsidiary Guarantee of such Subsidiary Guarantor in accordance with the terms of the Indenture; or (v) with respect all or any part of the Collateral, by the Security Trustee in connection with any enforcement of its Liens pursuant to the terms of the Security Documents

(b) Upon request of the Company or any Subsidiary Guarantor, in connection with any sale, lease, assignment, conveyance, transfer or other disposition of assets or property permitted by this Indenture (including Section 4.11, Section 4.15 or Section 5.01 hereof), the Security Trustee shall (without notice to, or vote or consent of, any Holder), subject to the terms of the Security Documents and subject to its receiving the documents required by Sections 10.03 and 12.05 hereof, take such actions as shall be required to release its security interest in any Collateral being disposed in such disposition, to the extent necessary to permit consummation of such disposition in accordance with this Indenture and the Security Documents and the Security Trustee shall receive full payment therefor from the Company for any costs incurred thereby.

(c) Any release of Collateral made in compliance with this Section 10.06 shall not be deemed to impair the Lien under the Security Documents or the Collateral thereunder in contravention of the provisions of this Indenture or the Security Documents.

(d) No purchaser or grantee of any property or rights purporting to be released herefrom shall be bound to ascertain the authority of the Security Trustee to execute the release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority; nor shall any purchaser or grantee of any property or rights permitted by this Indenture to be sold or otherwise disposed of by the Company and the Subsidiary Guarantors be under any obligation to ascertain or inquire into the authority of the Company or any Subsidiary Guarantor to make such sale or other disposition.

Section 10.07 Additional Security Trustee Terms.

(a) The Company hereby appoints Computershare Trust Company, N.A. to act as Security Trustee, and the Security Trustee shall have the rights, indemnities, privileges, powers and immunities of the Security Trustee as set forth herein and in the Security Documents. The Security Trustee shall only have the duties explicitly set forth herein and in the Security Documents and no duties or responsibilities shall be implied against the Security Trustee. The Company and the Guarantors hereby agree that the Security Trustee shall hold the Collateral in trust for the benefit of all of the Secured Parties, in each case, pursuant to the terms of this Indenture and the Security Documents and the Security Trustee is hereby authorized to execute and deliver the Security Documents.

(b) Notwithstanding anything to the contrary contained herein, in the UCC or any other personal property security related legislation, neither the Trustee nor the Security Trustee shall have any responsibility for (i) preparing, recording, filing, re-recording, or re-filing any financing statement, perfection statement, continuation statement or other instrument in any public office or for otherwise ensuring the perfection or maintenance of any security interest granted pursuant to, or contemplated by, the Indenture or any Security Document (ii) taking any necessary steps to preserve rights against any parties with respect to any Collateral or (iii) taking any action to protect against any diminution in value of the Collateral.

(c) With regards to any action or refusal to act that involves discretion, whether in the exercise of its rights, powers, authorizations or otherwise hereunder or under the Security Documents, the Security Trustee shall be entitled to refrain from any act or the taking of any action hereunder or under any of the Security Documents or from the exercise of any power or authority vested in it hereunder or thereunder unless and until the Security Trustee shall have

received written instructions from the Trustee and shall not be liable for any such delay in acting and shall be fully protected in, and shall incur no liability in connection with, acting (or failing to act) pursuant to such instructions. Subject to Section 7.01 and Section 7.02, in providing such written instructions, the Trustee shall act in accordance with the written direction of Holders (pursuant to and in accordance with the terms of this Indenture).

(d) The Security Trustee shall be accountable only for amounts that it actually receives as a result of the enforcement of the rights of the Holders under the Security Documents. Notwithstanding anything herein or in the Security Documents to the contrary, the Security Trustee shall not be deemed to be a fiduciary to any Secured Party or any other party.

(e) In acting as Security Trustee or co-Security Trustee, the Security Trustee and each co-Security Trustee may (i) rely upon and enforce for its own benefit each and all of the rights, powers, immunities, indemnities and benefits of the Trustee under Article 7 hereof, each of which shall also be deemed to be for the benefit of the Security Trustee; provided, however, any references to “negligence” shall be deemed to be references to “gross negligence” with respect to the rights, duties, liabilities, indemnities and immunities of the Security Trustee; and (ii) may resign or be replaced in the manner set out in Section 7.08 as though it were the Trustee.

ARTICLE 11 SUBSIDIARY GUARANTEES

Section 11.01 The Subsidiary Guarantees. Subject to the provisions of this Article, each of the Subsidiary Guarantors (whether originally a signatory hereto or added pursuant to a supplemental indenture) hereby, jointly and severally, Guarantees as principal obligor to each Holder of a Note authenticated by the Trustee or the Authenticating Agent and to the Trustee and the Security Trustee, and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes, the Indenture and the Security Documents.

Section 11.02 Guarantee Unconditional. The obligations of each Subsidiary Guarantor hereunder are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by:

- (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture or any Note, by operation of law or otherwise;
- (2) any modification or amendment of or supplement to the Indenture or any Note;
- (3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture or any Note;
- (4) the existence of any claim, set-off or other rights which the Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person,

whether in connection with the Indenture or any unrelated transactions, provided that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;

(5) any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of the Indenture or any Note; or

(6) any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor's obligations hereunder.

Section 11.03 Discharge; Reinstatement. Each Subsidiary Guarantor's obligations hereunder will remain in full force and effect until the principal of, premium, if any, and interest on the Notes and all other amounts payable by the Company under the Indenture have been paid in full. If at any time any payment of the principal of, premium, if any, or interest on any Note or any other amount payable by the Company under the Indenture is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, each Subsidiary Guarantor's obligations hereunder with respect to such payment will be reinstated as though such payment had been due but not made at such time. All payments under the Subsidiary Guarantees will be made in U.S. dollars.

Section 11.04 Waiver by the Subsidiary Guarantors. Each Subsidiary Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Company or any other Person. In particular, each Subsidiary Guarantor irrevocably waives its right to require the Trustee to pursue or exhaust the Trustee's legal or equitable remedies against the Company prior to exercising the Trustee's rights under its Subsidiary Guarantee.

Section 11.05 Subrogation and Contribution. Upon making any payment with respect to any obligation of the Company under this Article, the Subsidiary Guarantor making such payment will be subrogated to the rights of the payee against the Company with respect to such obligation, provided that the Subsidiary Guarantor may not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from any other Subsidiary Guarantor, with respect to such payment so long as any amount payable by the Company hereunder or under the Notes remains unpaid.

Section 11.06 Stay of Acceleration. If acceleration of the time for payment of any amount payable by the Company under the Indenture or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration under the terms of the Indenture are nonetheless payable by the Subsidiary Guarantors hereunder forthwith on demand by the Trustee or the Holders.

Section 11.07 Limitation on Amount of Subsidiary Guarantee. Notwithstanding anything to the contrary in this Article, each Subsidiary Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Subsidiary Guarantor not (i) constitute a fraudulent conveyance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable law

of any other jurisdiction or (ii) extend to or include any liability or sum which would otherwise cause any such Subsidiary Guarantee to be unlawful or prohibited by any applicable law. To effectuate that intention, the Trustee, the Holders and the Subsidiary Guarantors hereby irrevocably agree that the obligations of each Subsidiary Guarantor under its Subsidiary Guarantee are limited in an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to insolvency, fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally or the ability of related parties to provide guarantees.

Section 11.08 Ranking of Subsidiary Guarantees. The Subsidiary Guarantee of each Subsidiary Guarantor: (i) is a general obligation of such Subsidiary Guarantor; (ii) is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to the Subsidiary Guarantee; and (iii) ranks at least pari passu in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

In addition, the Subsidiary Guarantee of each Subsidiary Guarantor, subject to the limitations described in Article 10 and this Section 11.08 and in the Security Documents: (i) will effectively rank, with respect and to the extent of the value of the Collateral owned by such Subsidiary Guarantor, subject to Permitted Liens, pari passu with any future Additional Notes issued in compliance with the Indenture; (ii) effectively rank with respect and to the extent of the value of the Collateral owned by such Subsidiary Guarantor, junior to all future obligations of the Company in respect of any Permitted Priority Secured Indebtedness of such Subsidiary Guarantor that is secured by Liens on the Collateral owned by such Subsidiary Guarantor in favor of the holders of the Permitted Priority Secured Indebtedness if and when Incurred; (iii) will be entitled to a first ranking security interest in the Collateral (subject to any Permitted Liens) mortgaged, charged or pledged by such Subsidiary Guarantor, as set forth in Section 10.01; and (iv) will rank effectively senior in right of payment to the unsecured obligations of such Subsidiary Guarantor with respect to the value of the Collateral securing such Subsidiary Guarantee (subject to priority rights of such unsecured obligations pursuant to applicable law).

Section 11.09 Further Subsidiary Guarantors.

(a) The Company will, for the benefit of the Holders of the Notes, cause each of its future Restricted Subsidiaries (other than Subsidiaries organized under the laws of the PRC or Foreign Subsidiaries) after the Issue Date, immediately upon becoming a Subsidiary, to execute and deliver to the Trustee a supplemental indenture to this Indenture pursuant to which such future Restricted Subsidiary will Guarantee the payment of the Notes.

(b) Each Subsidiary that Guarantees the Notes after the Issue Date is referred to as a “Future Subsidiary Guarantor” and, upon execution of the applicable supplemental indenture, will be a “Subsidiary Guarantor.”

Section 11.10 Execution and Delivery of Guarantee. The execution by each Subsidiary Guarantor of the Indenture (or a supplemental indenture in the form of Exhibit E) evidences the Subsidiary Guarantee of such Subsidiary Guarantor, whether or not the person signing as an officer of the Subsidiary Guarantor still holds that office at the time of authentication of any

Note. The delivery of any Note by the Trustee after authentication constitutes due delivery of the Subsidiary Guarantee set forth in the Indenture on behalf of each Subsidiary Guarantor.

Section 11.11 Release of the Subsidiary Guarantees.

- (a) A Subsidiary Guarantee given by a Subsidiary Guarantor will be released upon,
- (1) repayment in full of the Notes;
 - (2) a defeasance as provided in Section 8.01 and Section 8.02;
 - (3) the designation by the Company of a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with terms of the Indenture; or
 - (4) the sale of a Subsidiary Guarantor in compliance with the terms of the Indenture (including Section 4.11, Section 4.15 or Section 5.01) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (i) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (ii) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture.

(b) No release and discharge of the Subsidiary Guarantee will be effective against the Trustee, any Agent or the Holders of Notes (i) if a Default or Event of Default shall have occurred and be continuing under this Indenture as of the time of such proposed release and discharge until such time as such Default or Event of Default is cured or waived and (ii) until the Company shall have delivered to the Trustee an Officer's Certificate stating that all conditions precedent provided for in this Indenture and the Security Documents relating to such release and discharge have been complied with and that such release and discharge is authorized and permitted under this Indenture and the Security Documents. Upon its receipt of the documents referenced above in this Section 11.11, at the request of the Company, the Trustee will execute and deliver an instrument evidencing such release and discharge.

ARTICLE 12 MISCELLANEOUS

Section 12.01 Trust Indenture Act Controls. If any provision of the Indenture limits, qualifies or conflicts with another provision which is required to be included in this Indenture by the TIA, the provision required by the TIA shall control. Until such time as this Indenture shall be qualified under the TIA, the Indenture, the Company, the Subsidiary Guarantors and the Trustee, shall as a matter of contract be deemed for all purposes hereof to be subject to and governed by the TIA to the same extent as would be the case if this Indenture were so qualified on the date hereof.

Section 12.02 Communication by Holders with Other Holders. Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture (including the Subsidiary Guarantees) or the Notes. The Company, the Subsidiary Guarantors, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

Section 12.03 Ranking. The Notes are (i) general obligations of the Company, (ii) guaranteed by the Subsidiary Guarantors on a senior basis, subject to certain limitations set forth in Article 11, (iii) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (iv) at least pari passu in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); and (v) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. In addition, on the Original Issue Date, subject to the limitations described in Article 10 and in the Security Documents, the Notes will be secured by a mortgage, charge and/or pledge of the Collateral and (i) rank effectively, with respect and to the extent of the value of the Collateral, subject to Permitted Liens, pari passu with any Additional Notes issued in compliance with the Indenture; (ii) rank effectively, with respect and to the extent of the value of the Collateral, junior to all future obligations of the Company in respect of any Permitted Priority Secured Indebtedness that are secured by Liens on the Collateral in favor of the holders of the Permitted Priority Secured Indebtedness if and when Incurred; (iii) be entitled to a first priority lien on the Collateral (subject to any Permitted Lien) and (iv) rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral mortgaged, charged and/or pledged by the Company securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law).

Section 12.04 Notices.

(a) All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing (including facsimile) and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mail (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or such Subsidiary Guarantor, as the case may be, at 3815-29, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong, fax: +852 2877 0062; (if intended for the Trustee) addressed to the Trustee at the corporate trust office of the Trustee at Computershare Trust Company, N.A., 350 Indiana Street, Suite 750, Golden, CO 80401, Attn: Corporate Trust, fax: 303-262-0608; with a copy to Computershare Trust Company, N.A., 480 Washington Blvd., Jersey City, NJ 07310, Attn: Legal Department, fax: 201-680-4610; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Register. Any notice to the Trustee will be effective only upon receipt.

The Company (on behalf of itself or any Subsidiary Guarantor) or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(b) Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the Depository if the Notes are in the form of Global Notes. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the Depository or if by mail, when so sent or deposited.

(c) Where the Indenture provides for notice, the notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and the waiver will be the equivalent of the notice. Waivers of notice by Holders must be filed with the Trustee, but

such filing is not a condition precedent to the validity of any action taken in reliance upon such waivers.

Section 12.05 Certificate and Opinion as to Conditions Precedent.

(a) Upon any request or application by the Company to the Trustee or the Security Trustee to take any action under the Indenture, the Company will furnish to the Trustee or the Security Trustee, as applicable:

- (1) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in the Indenture relating to the proposed action have been complied with; and
- (2) an Opinion of Counsel stating that all such conditions precedent have been complied with.

(b) In any case where several matters are required to be certified by, or covered by an Opinion of Counsel of, any specified Person, it is not necessary that all such matters be certified by, or covered by the Opinion of Counsel of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an Opinion of Counsel with respect to some matters and one or more such Persons as to other matters, and any such Person may certify or give an Opinion of Counsel as to such matters in one or several documents.

(c) Any certificate of an Officer of the Company or any Subsidiary Guarantor may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless such Officer knows, or in the exercise of reasonable care should know, that such Opinion of Counsel with respect to the matters upon which his certificate is based are erroneous. Any Opinion of Counsel may be based, and may state that it is so based, insofar as it relates to factual matters, upon a certificate of, or representations by, an officer or officers of the Company or a Subsidiary Guarantor stating that the information with respect to such factual matters is in the possession of the Company or such Subsidiary Guarantor, as the case may be, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or representations with respect to such matters are erroneous.

(d) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 12.06 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in the Indenture must include:

- (1) a statement that each person signing the certificate or opinion has read the covenant or condition and the related definitions;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in the certificate or opinion is based;

(3) a statement that, in the opinion of each such person, that person has made such examination or investigation as is necessary to enable the person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such person, such condition or covenant has been complied with, provided that an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials with respect to matters of fact.

Section 12.07 Payment Date Other Than a Business Day. If any payment with respect to a payment of any principal of, premium, if any, or interest on any Note (including any payment to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period.

Section 12.08 Governing Law, Consent to Jurisdiction; Waiver of Immunities.

(a) Each of the Notes, the Subsidiary Guarantees and the Indenture shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

(b) The Company and each of the Subsidiary Guarantors hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in the Borough of Manhattan, New York City over any suit, action or proceeding arising out of or relating to this Indenture, any Note or any Subsidiary Guarantee. The Company and each of the Subsidiary Guarantors irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Company or any Subsidiary Guarantor, as the case may be, has or hereafter may acquire any sovereign or other immunity from jurisdiction of any court or from any legal process with respect to itself or its property, Company or such Subsidiary Guarantor, as the case may be, irrevocably waives such immunity in respect of its obligations hereunder or under any Note, or any Subsidiary Guarantee, as applicable. The Company and each of the Subsidiary Guarantors agree that final judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon the Company or the Subsidiary Guarantor, as the case may be, and, to the extent permitted by applicable law, may be enforced in any court to the jurisdiction of which the Company or any of the Subsidiary Guarantors, as the case may be, is subject by a suit upon such judgment or in any manner provided by law, provided that service of process is effected upon the Company or any of the Subsidiary Guarantors, as the case may be, in the manner specified in the following subsection or as otherwise permitted by applicable law.

(c) As long as any of the Notes remain Outstanding, the Company and each of the Subsidiary Guarantors will at all times have an authorized agent in New York City, upon whom

process may be served in any legal action or proceeding arising out of or relating to this Indenture, any Note or any Subsidiary Guarantee. Service of process upon such agent and written notice of such service mailed or delivered to the Company or any Subsidiary Guarantor, as the case may be, shall to the fullest extent permitted by applicable law be deemed in every respect effective service of process upon the Company or such Subsidiary Guarantor, as the case may be, in any such legal action or proceeding. The Company and each of the Subsidiary Guarantors hereby appoint Corporation Service Company as its agent for such purpose, and covenants and agrees that service of process in any suit, action or proceeding may be made upon it at the office of such agent at 1180 Avenue of the Americas, Suite 210, New York, New York 10036. Notwithstanding the foregoing, the Company or any Subsidiary Guarantor may, with prior written notice to the Trustee, terminate the appointment of Computershare Trust Company, N.A. and appoint another agent for the above purposes so that the Company and the Subsidiary Guarantors shall at all times have an agent for the above purposes in New York City.

(d) The Company and each of the Subsidiary Guarantors hereby irrevocably waives, to the fullest extent permitted by applicable law, any requirement or other provision of law, rule, regulation or practice which requires or otherwise establishes as a condition to the institution, prosecution or completion of any suit, action or proceeding (including appeals) arising out of or relating to this Indenture or any Note or any Subsidiary Guarantee, the posting of any bond or the furnishing, directly or indirectly, of any other security.

Section 12.09 No Adverse Interpretation of Other Agreements. The Indenture may not be used to interpret another indenture or loan or debt agreement of the Company or any Subsidiary of the Company, and no such indenture or loan or debt agreement may be used to interpret the Indenture.

Section 12.10 Successors. All agreements of the Company or any Subsidiary Guarantor in the Indenture and the Notes will bind its successors. All agreements of the Trustee in the Indenture will bind its successor.

Section 12.11 Counterparts. The parties may sign the Indenture in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

Section 12.12 Separability. In case any provision in the Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 12.13 Table of Contents and Headings. The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of the Indenture have been inserted for convenience of reference only, are not to be considered a part of the Indenture and in no way modify or restrict any of the terms and provisions of the Indenture.

Section 12.14 No Personal Liability of Incorporators, Stockholders, Members, Directors, Officers, Directors, or Employees. No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any of the Subsidiary Guarantors in the Indenture, or in any of the Notes or the Subsidiary

Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, member, officer, director, employee or controlling person of the Company or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees.

Section 12.15 Force Majeure. In no event shall the Trustee or any Agent be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee or such Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 12.16 U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information upon its reasonable request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.17 Waiver of Jury Trial. EACH OF THE COMPANY, THE GUARANTORS, THE TRUSTEE AND THE SECURITY TRUSTEE IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, THE SECURITY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused the Indenture to be duly executed as of the date first written above.

EMERALD PLANTATION HOLDINGS LIMITED

By: _____
Name:
Title:

SINO-CAPITAL GLOBAL INC. (BVI)

By: _____
Name:
Title:

SINO-PANEL HOLDINGS LIMITED (BVI)

By: _____
Name:
Title:

SINO-GLOBAL HOLDINGS INC. (BVI)

By: _____
Name:
Title:

SINO-WOOD PARTNERS, LIMITED (H.K.)

By: _____
Name:
Title:

[Signature Page to the Indenture]

GRANDEUR WINWAY LIMITED (BVI)

By: _____
Name:
Title:

SINOWIN INVESTMENTS LIMITED (BVI)

By: _____
Name:
Title:

SINOWOOD LIMITED (CAYMAN ISLANDS)

By: _____
Name:
Title:

**SINO-FOREST BIO-SCIENCE LIMITED
(BVI)**

By: _____
Name:
Title:

SINO-FOREST RESOURCES INC. (BVI)

By: _____
Name:
Title:

SINO-PLANTATION LIMITED (H.K.)

By: _____
Name:
Title:

[Signature Page to the Indenture]

SURI-WOOD INC. (BVI)

By: _____
Name:
Title:

**SINO-FOREST INVESTMENTS LIMITED
(BVI)**

By: _____
Name:
Title:

SINO-WOOD (GUANGXI) LIMITED (H.K.)

By: _____
Name:
Title:

SINO-WOOD (JIANGXI) LIMITED (H.K.)

By: _____
Name:
Title:

**SINO-WOOD (GUANGDONG) LIMITED
(H.K.)**

By: _____
Name:
Title:

SINO-WOOD (FUJIAN) LIMITED (H.K.)

By: _____
Name:
Title:

[Signature Page to the Indenture]

SINO-PANEL (ASIA) INC. (BVI)

By: _____
Name:
Title:

SINO-PANEL (GUANGXI) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (YUNNAN) LIMITED (BVI)

By: _____
Name:
Title:

**SINO-PANEL (NORTH EAST CHINA)
LIMITED (BVI)**

By: _____
Name:
Title:

SINO-PANEL [XIANGXI] LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL [HUNAN] LIMITED (BVI)

By: _____
Name:
Title:

[Signature Page to the Indenture]

SFR (CHINA) INC. (BVI)

By: _____
Name:
Title:

SINO-PANEL [SUZHOU] LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (GAOYAO) LTD. (BVI)

By: _____
Name:
Title:

**SINO-PANEL (GUANGZHOU) LIMITED
(BVI)**

By: _____
Name:
Title:

SINO-PANEL (NORTH SEA) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (GUIZHOU) LIMITED (BVI)

By: _____
Name:
Title:

[Signature Page to the Indenture]

SINO-PANEL (HUAIHUA) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (QINZHOU) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (YONGZHOU) LIMITED (BVI)

By: _____
Name:
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SINO-PANEL (FUJIAN) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (SHAORYANG) LIMITED (BVI)

By: _____
Name:
Title:

AMPLEMAX WORLDWIDE LIMITED (BVI)

By: _____
Name:
Title:

[Signature Page to the Indenture]

**ACE SUPREME INTERNATIONAL
LIMITED (BVI)**

By: _____
Name:
Title:

**EXPRESS POINT HOLDINGS LIMITED
(BVI)**

By: _____
Name:
Title:

**GLORY BILLION INTERNATIONAL
LIMITED (BVI)**

By: _____
Name:
Title:

**SMART SURE ENTERPRISES LIMITED
(BVI)**

By: _____
Name:
Title:

**EXPERT BONUS INVESTMENT LIMITED
(BVI)**

By: _____
Name:
Title:

**DYNAMIC PROFIT HOLDINGS LIMITED
(BVI)**

By: _____
Name:
Title:

[Signature Page to the Indenture]

ALLIANCE MAX LIMITED (BVI)

By: _____
Name:
Title:

BRAIN FORCE LIMITED (BVI)

By: _____
Name:
Title:

**CHEER GOLD WORLDWIDE LIMITED
(BVI)**

By: _____
Name:
Title:

GENERAL EXCEL LIMITED (BVI)

By: _____
Name:
Title:

**HARVEST WONDER WORLDWIDE
LIMITED (BVI)**

By: _____
Name:
Title:

HOMIX LIMITED (BVI)

By: _____
Name:
Title:

[Signature Page to the Indenture]

POLY MARKET LIMITED (BVI)

By: _____
Name:
Title:

PRIME KINETIC LIMITED (BVI)

By: _____
Name:
Title:

REGAL WIN CAPITAL LIMITED (BVI)

By: _____
Name:
Title:

**RICH CHOICE WORLDWIDE LIMITED
(BVI)**

By: _____
Name:
Title:

**SINO-GLOBAL MANAGEMENT
CONSULTING INC. (BVI)**

By: _____
Name:
Title:

**SINO-PANEL (CHINA) NURSERY LIMITED
(BVI)**

By: _____
Name:
Title:

[Signature Page to the Indenture]

SINO-PANEL (RUSSIA) LIMITED (BVI)

By: _____
Name:
Title:

SINO-WOOD TRADING LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL TRADING LIMITED (BVI)

By: _____
Name:
Title:

TRILLION EDGE LIMITED (BVI)

By: _____
Name:
Title:

**VALUE QUEST INTERNATIONAL
LIMITED (BVI)**

By: _____
Name:
Title:

WELL KEEN WORLDWIDE LIMITED (BVI)

By: _____
Name:
Title:

[Signature Page to the Indenture]

**SINO-FOREST INTERNATIONAL
(BARBADOS) CORPORATION (BARBADOS)**

By: _____
Name:
Title:

**MANDRA FORESTRY HOLDINGS LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY FINANCE LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY ANHUI LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY HUBEI LIMITED
(H.K.)**

By: _____
Name:
Title:

ELITE LEGACY LIMITED (BVI)

By: _____
Name:
Title:

[Signature Page to the Indenture]

**EMERALD PLANTATION GROUP LIMITED
(CAYMAN ISLANDS)**

By: _____
Name:
Title:

**COMPUTERSHARE TRUST COMPANY,
N.A., as Trustee**

By: _____
Name:
Title:

**COMPUTERSHARE TRUST COMPANY,
N.A., as Security Trustee**

By: _____
Name:
Title:

[Signature Page to the Indenture]

EXHIBIT A
FORM OF FACE OF CERTIFICATED NOTE
EMERALD PLANTATION HOLDINGS LIMITED

LEGEND APPLICABLE TO CANADIAN HOLDERS:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (i) THE ORIGINAL ISSUE DATE AND (ii) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

U.S. \$

EMERALD PLANTATION HOLDINGS LIMITED
6.00% GUARANTEED SENIOR NOTES DUE 2020

Certificated Note

Unconditionally Guaranteed by
the Signatories listed in the Subsidiary Guarantee hereto

CUSIP No. 29101W AA4
ISIN No. US29101WAA45

Emerald Plantation Holdings Limited, a Cayman Islands exempted company limited by shares (the "Company"), for value received, hereby promises to pay to _____ or registered assigns, upon surrender hereof the principal sum of _____ UNITED STATES DOLLARS (U.S. \$_____) on January 30, 2020, or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Cash Interest Rate: 6.00% per annum

PIK Interest Rate: 8.00% per annum

Interest Payment Dates: June 30 and December 31, commencing June 30, 2013.

Regular Record Dates: June 16 and December 17.

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Trustee acting under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Date:

**EMERALD PLANTATION HOLDINGS
LIMITED**

By: _____

Name:

Title:

SUBSIDIARY GUARANTEE

Each of the undersigned (the “**Subsidiary Guarantors**”) hereby, jointly and severally, Guarantees as principal obligor to each Holder of a Note authenticated by the Trustee or the Authenticating Agent and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The obligations of each Subsidiary Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture or any Note; (4) the existence of any claim, set-off or other rights which the Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions, provided that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of the Indenture or any Note, or (6) any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor’s obligations hereunder.

This Subsidiary Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, thereof and interest on the Notes and all other amounts payable, in respect of any Subsidiary Guarantor, as otherwise contemplated in the Indenture. In case of the failure of the Company punctually to pay any such principal of, premium, if any, thereof and interest on the Notes and all such other amounts payable, each of the Subsidiary Guarantors hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Company.

Subject to certain exceptions as set forth in the Indenture, each of the Subsidiary Guarantors hereby further agrees that all payments of, or in respect of, principal of, and premium (if any) and interest in respect of this Subsidiary Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, the Surviving Person (as defined in the Indenture) or the applicable Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, each Subsidiary Guarantor severally agrees to pay such additional amounts as will result in receipt by the holder of this Subsidiary Guarantee of such amounts as would have been received by such holder had no such withholding or deduction been required.

The obligations of the Subsidiary Guarantors to the holder of this Note and to the Trustee pursuant to this Subsidiary Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the Subsidiary Guarantee.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is endorsed shall have been executed by the Trustee or an Authenticating Agent under the Indenture by manual signature of one of its authorized officers.

SINO-CAPITAL GLOBAL INC. (BVI)

By: _____
Name:
Title:

SINO-PANEL HOLDINGS LIMITED (BVI)

By: _____
Name:
Title:

SINO-GLOBAL HOLDINGS INC. (BVI)

By: _____
Name:
Title:

SINO-WOOD PARTNERS, LIMITED (H.K.)

By: _____
Name:
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GRANDEUR WINWAY LIMITED (BVI)

By: _____
Name:
Title:

SINOWIN INVESTMENTS LIMITED (BVI)

By: _____
Name:
Title:

SINOWOOD LIMITED (CAYMAN ISLANDS)

By: _____
Name:
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**SINO-FOREST BIO-SCIENCE LIMITED
(BVI)**

By: _____
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SINO-FOREST RESOURCES INC. (BVI)

By: _____
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Title:

SINO-PLANTATION LIMITED (H.K.)

By: _____
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SURI-WOOD INC. (BVI)

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SFR (CHINA) INC. (BVI)

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AMPLEMAX WORLDWIDE LIMITED (BVI)

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**ACE SUPREME INTERNATIONAL
LIMITED (BVI)**

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**CHEER GOLD WORLDWIDE LIMITED
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**SINO-FOREST INTERNATIONAL
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TRILLION EDGE LIMITED (BVI)

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**VALUE QUEST INTERNATIONAL
LIMITED (BVI)**

By: _____
Name:
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WELL KEEN WORLDWIDE LIMITED (BVI)

By: _____
Name:
Title:

**MANDRA FORESTRY HOLDINGS LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY FINANCE LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY ANHUI LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY HUBEI LIMITED
(H.K.)**

By: _____
Name:
Title:

ELITE LEGACY LIMITED (BVI)

By: _____
Name:
Title:

**EMERALD PLANTATION GROUP LIMITED
(CAYMAN ISLANDS)**

By: _____

Name:

Title:

CERTIFICATE OF AUTHENTICATION

This is one of the 6.00% Guaranteed Senior Notes Due 2020 described in the Indenture referred to in this Note.

Computershare Trust Company, N.A.,
as Trustee

By: _____
Authorized Signatory

[FORM OF REVERSE OF CERTIFICATED NOTE]

Emerald Plantation Holdings Limited

6.00% Guaranteed Senior Notes Due 2020

1. Principal and Interest.

The Company promises to pay the principal of this Note on January 30, 2020.

The Company promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rate of (i) 6.00% per annum in cash for all interest paid in cash or (ii) of 8.00% per annum for interest paid in-kind (as provided for below) (“**PIK Interest**”), from the date of issuance of this Note until but not including, the date of maturity.

Subject to the next paragraph, interest will be payable semi-annually in arrears (to the holders of record of the Notes at the close of business on June 16 or December 17 immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing June 30, 2013. Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a Regular Record Date and the next Interest Payment Date, from such Interest Payment Date) or, if no interest has been paid, from the Original Issue Date.

At the Company’s election, the Company may elect from time to time to pay interest on the principal amount of this Note in cash, partially in cash and partially in PIK Notes, or entirely in PIK Notes. In the event that the Company wishes to pay PIK Interest, the Company shall elect the form of interest payment with respect to each interest payment period by delivering a written notice (a “**PIK Election**”) to the Trustee on or prior to the Regular Record Date in respect of the relevant Interest Payment Date. In the absence of such an election for any interest payment period, interest on the Notes shall be payable according to the election for the previous interest payment period. Interest will accrue at a rate of 6% per annum if the interest for such period is paid fully in cash. In the event that the Company makes a PIK Election, the cash interest portion (if any) of interest payable will accrue and be paid for such interest period at a rate of 6% per annum and the PIK Interest, paid through the issuance of PIK Notes as described below, will accrue for such interest period at a rate of 8% per annum.

Any amount (whether principal, premium or interest) not paid when due hereunder (whether at the stated maturity, by acceleration or otherwise) shall bear interest (including after as well as before judgement, and including post-petition interest in any proceeding), to the extent permitted by law, at a rate of 6% per annum plus the Default Rate from and including the date of such non-payment to but excluding the date on which such amount is paid in full (all such default interest, “**Defaulted Interest**”). Defaulted Interest will be paid to the Persons that are Holders on a special record date fixed by the Company for the payment of such Defaulted Interest, whether or not such day is a Business Day, as follows. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee

an amount of money and/or PIK Notes equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money and/or PIK Notes when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as provided in this Note. The Company shall fix or cause to be fixed each special record date and payment date in such written notice; provided that no such special record date shall be less than 10 days prior to the related payment date for such Defaulted Interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail, or cause to be mailed to each Holder a notice that states the special record date, the related payment date and the amount of such Defaulted Interest to be paid.

Interest shall accrue on PIK Notes from and including the date of issuance of such PIK Notes. Any such PIK Notes shall be issued on the same terms as the Notes and shall constitute part of the same series of securities as the Notes and will vote together as one series on all matters with respect to the Notes. All references to Notes herein shall include any PIK Notes. The Company will evidence and satisfy its obligation to pay PIK Interest in respect of Notes represented by Global Notes by increasing the principal amount of such Global Notes for the benefit of the Persons with the beneficial interest in such Global Notes specified by the Depositary or its nominee. Any such increase in the principal amount of the Global Notes will be made by the Trustee or the Custodian (at the direction of the Trustee). The Company will evidence and satisfy its obligation to pay PIK Interest in respect of Notes represented by Certificated Notes by issuing additional notes (“**PIK Notes**”) in an aggregate principal amount equal to the PIK Interest then payable, rounded up to the nearest whole dollar, in the form of Certificated Notes and delivering them to Holders thereof.

2. Indenture; Subsidiary Guarantee; Collateral.

This is one of the Notes issued under an Indenture, dated as of January 30, 2013, (as amended from time to time, the “Indenture”) between Emerald Plantation Holdings Limited, a Cayman Islands exempted company limited by shares, as the Company, the Subsidiary Guarantors listed in Schedule I thereto, Computershare Trust Company, N.A., as Trustee and Computershare Trust Company, N.A., as Security Trustee. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act. The Notes are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Company. The Indenture limits the original aggregate principal amount of the Notes to US\$300,000,000, but Additional Notes in an amount not to exceed US\$100,000,000 and PIK Notes may be issued pursuant to the Indenture, and the originally issued Notes and all such Additional Notes and PIK Notes vote together for all purposes as a single class. This Note is guaranteed and is secured by mortgages, charges and/or pledges of the property and asset of the Company and of the Initial Subsidiary Guarantors, as set forth in the Indenture.

3. Redemption and Repurchase; Discharge Prior to Redemption or Maturity.

This Note is subject to optional redemption, and may be the subject of an Offer to Purchase, as further described in the Indenture. This Note is also subject to mandatory redemption upon the occurrence of an Entire Sale Transaction as further described in the Indenture. There is no other mandatory redemption or sinking fund applicable to this Note.

If the Company deposits with the Trustee money or U.S. Government Obligations sufficient to pay the then Outstanding principal of, premium, if any, and accrued interest on the Notes to redemption or maturity, the Company may in certain circumstances be discharged from the Indenture and the Notes or may be discharged from certain of its obligations under certain provisions of the Indenture.

4. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in minimum denominations of US\$2,000 principal amount and any multiple of US\$1,000 in excess thereof. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Trustee may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Trustee will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes to be due and payable. If a bankruptcy or insolvency default with respect to the Company occurs and is continuing, the Notes automatically become due and payable. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then Outstanding may direct the Trustee in its exercise of remedies.

6. Amendment and Waiver.

Subject to certain exceptions, the Indenture and the Notes may be amended, or default may be waived, with the consent of the Holders of a majority in principal amount of the Outstanding Notes. Without notice to or the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, comply with any request of the US Securities and Exchange Commission in connection with qualifying the Indenture under the TIA, or make any other change that does not adversely affect the rights of any Holder.

7. Authentication.

This Note is not valid until the Trustee (or Authenticating Agent) signs the certificate of authentication on the other side of this Note.

8. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Company will furnish a copy of the Indenture to any Holder upon written request and without charge.

TRUSTEE, PAYING AGENTS, TRANSFER AGENTS AND REGISTRAR

Trustee, Paying Agent, Transfer Agent and Registrar

Computershare Trust Company, N.A.

350 Indiana Street, Suite 750

Golden, CO 80401

Attention: Corporate Trust

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Company pursuant to Section 4.13 or Section 4.15 of the Indenture, check the box:

If you wish to have a portion of this Note purchased by the Company pursuant to Section 4.13 or Section 4.15 of the Indenture, state the amount (in original principal amount) below:

US\$ _____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantees¹: _____

¹ Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**EXHIBIT B
FORM OF GLOBAL NOTE**

EMERALD PLANTATION HOLDINGS LIMITED

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN. THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY IS EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE ONLY IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE AND, UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

LEGEND APPLICABLE TO CANADIAN HOLDERS:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (i) THE ORIGINAL ISSUE DATE AND (ii) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

U.S. \$

6.00% GUARANTEED SENIOR NOTES DUE 2020

Global Note

Unconditionally Guaranteed by

the Signatories listed in the Subsidiary Guarantee hereto

No.

CUSIP No. 29101W AA4

ISIN No. US29101WAA45

Emerald Plantation Holdings Limited, a Cayman Islands exempted company limited by shares (the "Company"), for value received, hereby promises to pay to _____ or registered assigns, upon surrender hereof the principal sum of _____ UNITED STATES DOLLARS (U.S. \$ _____) on January 30, 2020, or on such earlier date as the principal hereof may become due in accordance with the provisions hereof.

Cash Interest Rate: 6.00% per annum

PIK Interest Rate: 8.00% per annum

Interest Payment Dates: June 30 and December 31, commencing June 30, 2013.

Regular Record Dates: June 16 and December 17.

Reference is hereby made to the further provisions set forth on the reverse hereof. Such further provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or obligatory until the certificate of authentication hereon shall have been duly signed by the Trustee acting under the Indenture.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.
Date:

**EMERALD PLANTATION HOLDINGS
LIMITED**

By: _____

Name:

Title:

SUBSIDIARY GUARANTEE

Each of the undersigned (the “**Subsidiary Guarantors**”) hereby, jointly and severally, Guarantees as principal obligor to each Holder of a Note authenticated by the Trustee or the Authenticating Agent and to the Trustee and its successors and assigns the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The obligations of each Subsidiary Guarantor are unconditional and absolute and, without limiting the generality of the foregoing, will not be released, discharged or otherwise affected by (1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture or any Note, by operation of law or otherwise; (2) any modification or amendment of or supplement to the Indenture or any Note; (3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture or any Note; (4) the existence of any claim, set-off or other rights which the Subsidiary Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions, provided that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim; (5) any invalidity, irregularity, or unenforceability relating to or against the Company for any reason of the Indenture or any Note, or (6) any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Subsidiary Guarantor’s obligations hereunder.

This Subsidiary Guarantee will not be discharged with respect to any Note except by payment in full of the principal of, premium, if any, thereof and interest on the Notes and all other amounts payable, in respect of any Subsidiary Guarantor, as otherwise contemplated in the Indenture. In case of the failure of the Company punctually to pay any such principal of, premium, if any, thereof and interest on the Notes and all such other amounts payable, each of the Subsidiary Guarantors hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the stated maturity, by acceleration, call for redemption or otherwise, and as if such payment were made by the Company.

Subject to certain exceptions as set forth in the Indenture, each of the Subsidiary Guarantors hereby further agrees that all payments of, or in respect of, principal of, and premium (if any) and interest in respect of this Subsidiary Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, the Surviving Person (as defined in the Indenture) or the applicable Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, each Subsidiary Guarantor severally agrees to pay such additional amounts as will result in receipt by the holder of this Subsidiary Guarantee of such amounts as would have been received by such holder had no such withholding or deduction been required.

The obligations of the Subsidiary Guarantors to the holder of this Note and to the Trustee pursuant to this Subsidiary Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture, and reference is hereby made to such Article and Indenture for the precise terms of the Subsidiary Guarantee.

This Subsidiary Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Subsidiary Guarantee is endorsed shall have been executed by the Trustee or an Authenticating Agent under the Indenture by manual signature of one of its authorized officers.

SINO-CAPITAL GLOBAL INC. (BVI)

By: _____
Name:
Title:

SINO-PANEL HOLDINGS LIMITED (BVI)

By: _____
Name:
Title:

SINO-GLOBAL HOLDINGS INC. (BVI)

By: _____
Name:
Title:

SINO-WOOD PARTNERS, LIMITED (H.K.)

By: _____
Name:
Title:

GRANDEUR WINWAY LIMITED (BVI)

By: _____
Name:
Title:

SINOWIN INVESTMENTS LIMITED (BVI)

By: _____
Name:
Title:

SINOWOOD LIMITED (CAYMAN ISLANDS)

By: _____
Name:
Title:

**SINO-FOREST BIO-SCIENCE LIMITED
(BVI)**

By: _____
Name:
Title:

SINO-FOREST RESOURCES INC. (BVI)

By: _____
Name:
Title:

SINO-PLANTATION LIMITED (HK)

By: _____
Name:
Title:

SURI-WOOD INC. (BVI)

By: _____
Name:
Title:

**SINO-FOREST INVESTMENTS LIMITED
(BVI)**

By: _____
Name:
Title:

SINO-WOOD (GUANGXI) LIMITED (H.K.)

By: _____
Name:
Title:

SINO-WOOD (JIANGXI) LIMITED (H.K.)

By: _____
Name:
Title:

**SINO-WOOD (GUANGDONG) LIMITED
(H.K.)**

By: _____
Name:
Title:

SINO-WOOD (FUJIAN) LIMITED (H.K.)

By: _____
Name:
Title:

SINO-PANEL (ASIA) INC. (BVI)

By: _____
Name:
Title:

SINO-PANEL (GUANGXI) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (YUNNAN) LIMITED (BVI)

By: _____
Name:
Title:

**SINO-PANEL (NORTH EAST CHINA)
LIMITED (BVI)**

By: _____
Name:
Title:

SINO-PANEL [XIANGXI] LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL [HUNAN] LIMITED (BVI)

By: _____
Name:
Title:

SFR (CHINA) INC. (BVI)

By: _____
Name:
Title:

SINO-PANEL [SUZHOU] LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (GAOYAO) LTD. (BVI)

By: _____
Name:
Title:

**SINO-PANEL (GUANGZHOU) LIMITED
(BVI)**

By: _____
Name:
Title:

SINO-PANEL (NORTH SEA) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (GUIZHOU) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (HUAIHUA) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (QINZHOU) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (YONGZHOU) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (FUJIAN) LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL (SHAORYANG) LIMITED (BVI)

By: _____
Name:
Title:

AMPLEMAX WORLDWIDE LIMITED (BVI)

By: _____
Name:
Title:

**ACE SUPREME INTERNATIONAL
LIMITED (BVI)**

By: _____
Name:
Title:

**EXPRESS POINT HOLDINGS LIMITED
(BVI)**

By: _____
Name:
Title:

**GLORY BILLION INTERNATIONAL
LIMITED (BVI)**

By: _____
Name:
Title:

**SMART SURE ENTERPRISES LIMITED
(BVI)**

By: _____
Name:
Title:

**EXPERT BONUS INVESTMENT LIMITED
(BVI)**

By: _____
Name:
Title:

**DYNAMIC PROFIT HOLDINGS LIMITED
(BVI)**

By: _____
Name:
Title:

ALLIANCE MAX LIMITED (BVI)

By: _____
Name:
Title:

BRAIN FORCE LIMITED (BVI)

By: _____
Name:
Title:

**CHEER GOLD WORLDWIDE LIMITED
(BVI)**

By: _____
Name:
Title:

GENERAL EXCEL LIMITED (BVI)

By: _____
Name:
Title:

**HARVEST WONDER WORLDWIDE
LIMITED (BVI)**

By: _____
Name:
Title:

HOMIX LIMITED (BVI)

By: _____
Name:
Title:

POLY MARKET LIMITED (BVI)

By: _____
Name:
Title:

PRIME KINETIC LIMITED (BVI)

By: _____
Name:
Title:

REGAL WIN CAPITAL LIMITED (BVI)

By: _____
Name:
Title:

**RICH CHOICE WORLDWIDE LIMITED
(BVI)**

By: _____
Name:
Title:

**SINO-FOREST INTERNATIONAL
(BARBADOS) CORPORATION (BARBADOS)**

By: _____
Name:
Title:

**SINO-GLOBAL MANAGEMENT
CONSULTING INC. (BVI)**

By: _____
Name:
Title:

**SINO-PANEL (CHINA) NURSERY LIMITED
(BVI)**

By: _____
Name:
Title:

SINO-PANEL (RUSSIA) LIMITED (BVI)

By: _____
Name:
Title:

SINO-WOOD TRADING LIMITED (BVI)

By: _____
Name:
Title:

SINO-PANEL TRADING LIMITED (BVI)

By: _____
Name:
Title:

TRILLION EDGE LIMITED (BVI)

By: _____
Name:
Title:

**VALUE QUEST INTERNATIONAL
LIMITED (BVI)**

By: _____
Name:
Title:

WELL KEEN WORLDWIDE LIMITED (BVI)

By: _____
Name:
Title:

**MANDRA FORESTRY HOLDINGS LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY FINANCE LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY ANHUI LIMITED
(BVI)**

By: _____
Name:
Title:

**MANDRA FORESTRY HUBEI LIMITED
(H.K.)**

By: _____
Name:
Title:

ELITE LEGACY LIMITED (BVI)

By: _____
Name:
Title:

**EMERALD PLANTATION GROUP LIMITED
(CAYMAN ISLANDS)**

By: _____

Name:

Title:

CERTIFICATE OF AUTHENTICATION

This is one of the 6.00% Guaranteed Senior Notes Due 2020 described in the Indenture referred to in this Note.

Computershare Trust Company, N.A.,
as Trustee

By: _____
Authorized Signatory

[FORM OF REVERSE OF GLOBAL NOTE]

Emerald Plantation Holdings Limited

6.00% Guaranteed Senior Notes Due 2020

1. Principal and Interest.

The Company promises to pay the principal of this Note on January 30, 2020.

The Company promises to pay interest on the principal amount of this Note on each Interest Payment Date, as set forth on the face of this Note, at the rate of (i) 6.00% per annum in cash or (ii) of 8.00% per annum for interest paid in-kind (as provided for below) (“**PIK Interest**”), from the date of issuance of this Note until but not including, the date of maturity.

Subject to the next paragraph, interest will be payable semi-annually in arrears (to the holders of record of the Notes at the close of business on June 16 or December 17 immediately preceding the Interest Payment Date) on each Interest Payment Date, commencing June 30, 2013. Interest on this Note will accrue from the most recent date to which interest has been paid on this Note (or, if there is no existing default in the payment of interest and if this Note is authenticated between a Regular Record Date and the next Interest Payment Date, from such Interest Payment Date) or, if no interest has been paid, from the Original Issue Date.

At the Company’s election, the Company may elect from time to time to pay interest on the principal amount of this Note in cash, partially in cash and partially in PIK Notes, or entirely in PIK Notes. In the event that the Company wishes to pay PIK Interest, the Company shall elect the form of interest payment with respect to each interest payment period by delivering a written notice (a “**PIK Election**”) to the Trustee on or prior to the Regular Record Date in respect of the relevant Interest Payment Date. In the absence of such an election for any interest payment period, interest on the Notes shall be payable according to the election for the previous interest payment period. Interest will accrue at a rate of 6% per annum if the interest for such period is paid fully in cash. In the event that the Company makes a PIK Election, the cash interest portion (if any) of interest payable will accrue and be paid for such interest period at a rate of 6% per annum and the PIK Interest, paid through the issuance of PIK Notes as described below, will accrue for such interest period at a rate of 8% per annum.

Any amount (whether principal, premium or interest) not paid when due hereunder (whether at the stated maturity, by acceleration or otherwise) shall bear interest (including after as well as before judgement and including post-petition interest in any proceeding), to the extent permitted by law, at a rate of 6% per annum plus the Default Rate from and including the date of such non-payment to but excluding the date on which such amount is paid in full (all such default interest, “**Defaulted Interest**”). Defaulted Interest will be paid to the Persons that are Holders on a special record date fixed by the Company for the payment of such Defaulted Interest, whether or not such day is a Business Day, as follows. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money and/or PIK Notes equal to the aggregate amount proposed to be paid in

respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money and/or PIK Notes when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as provided in this Note. The Company shall fix or cause to be fixed each special record date and payment date in such written notice; provided that no such special record date shall be less than 10 days prior to the related payment date for such Defaulted Interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail, or cause to be mailed to each Holder a notice that states the special record date, the related payment date and the amount of such Defaulted Interest to be paid.

Interest shall accrue on PIK Notes from and including the date of issuance of such PIK Notes. Any such PIK Notes shall be issued on the same terms as the Notes and shall constitute part of the same series of securities as the Notes and will vote together as one series on all matters with respect to the Notes. All references to Notes herein shall include any PIK Notes. The Company will evidence and satisfy its obligation to pay PIK Interest in respect of Notes represented by Global Notes by increasing the principal amount of such Global Notes for the benefit of the Persons with the beneficial interest in such Global Notes specified by the Depository or its nominee. Any such increase in the principal amount of the Global Notes will be made by the Trustee or the Custodian (at the direction of the Trustee). The Company will evidence and satisfy its obligation to pay PIK Interest in respect of Notes represented by Certificated Notes by issuing additional notes (“**PIK Notes**”) in an aggregate principal amount equal to the PIK Interest then payable, rounded up to the nearest whole dollar, in the form of Certificated Notes and delivering them to Holders thereof.

2. Indenture; Subsidiary Guarantee; Collateral.

This is one of the Notes issued under an Indenture, dated as of January 30, 2013, (as amended from time to time, the “**Indenture**”) between Emerald Plantation Holdings Limited, a Cayman Islands exempted company limited by shares, as the Company, the Subsidiary Guarantors listed in Schedule I thereto, Computershare Trust Company, N.A., as Trustee and Computershare Trust Company, N.A., as Security Trustee. Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act. The Notes are subject to all such terms, and Holders are referred to the Indenture and the Trust Indenture Act for a statement of all such terms. To the extent permitted by applicable law, in the event of any inconsistency between the terms of this Note and the terms of the Indenture, the terms of the Indenture will control.

The Notes are general obligations of the Company. The Indenture limits the original aggregate principal amount of the Notes to US\$300,000,000, but Additional Notes in an amount not to exceed US\$100,000,000 and PIK Notes may be issued pursuant to the Indenture, and the originally issued Notes and all such Additional Notes and PIK Notes vote together for all purposes as a single class. This Note is guaranteed and is secured by mortgages, charges and/or pledges of the property and assets of the Company and of the Initial Subsidiary Guarantors, as set forth in the Indenture.

3. Redemption and Repurchase; Discharge Prior to Redemption or Maturity.

This Note is subject to optional redemption, and may be the subject of an Offer to Purchase, as further described in the Indenture. This Note is also subject to mandatory redemption upon the occurrence of an Entire Sale Transaction as further described in the Indenture. There is no other mandatory redemption or sinking fund applicable to this Note.

If the Company deposits with the Trustee money or U.S. Government Obligations sufficient to pay the then Outstanding principal of, premium, if any, and accrued interest on the Notes to redemption or maturity, the Company may in certain circumstances be discharged from the Indenture and the Notes or may be discharged from certain of its obligations under certain provisions of the Indenture.

4. Registered Form; Denominations; Transfer; Exchange.

The Notes are in registered form without coupons in minimum denominations of US\$2,000 principal amount and any multiple of US\$1,000 in excess thereof. A Holder may register the transfer or exchange of Notes in accordance with the Indenture. The Trustee may require a Holder to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. Pursuant to the Indenture, there are certain periods during which the Trustee will not be required to issue, register the transfer of or exchange any Note or certain portions of a Note.

5. Defaults and Remedies.

If an Event of Default, as defined in the Indenture, occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes to be due and payable. If a bankruptcy or insolvency default with respect to the Company occurs and is continuing, the Notes automatically become due and payable. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Notes. Subject to certain limitations, Holders of a majority in principal amount of the Notes then Outstanding may direct the Trustee in its exercise of remedies.

6. Amendment and Waiver.

Subject to certain exceptions, the Indenture and the Notes may be amended, or default may be waived, with the consent of the Holders of a majority in principal amount of the Outstanding Notes. Without notice to or the consent of any Holder, the Company and the Trustee may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, comply with any request of the US Securities and Exchange Commission in connection with qualifying the Indenture under the TIA, or make any other change that does not adversely affect the rights of any Holder.

7. Authentication.

This Note is not valid until the Trustee (or Authenticating Agent) signs the certificate of authentication on the other side of this Note.

8. Governing Law.

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Company will furnish a copy of the Indenture to any Holder upon written request and without charge.

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee, Paying Agent, Transfer Agent and Registrar

Computershare Trust Company, N.A.

350 Indiana Street, Suite 750

Golden, CO 80401

Attention: Corporate Trust

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Company pursuant to Section 4.13 or Section 4.15 of the Indenture, check the box:

If you wish to have a portion of this Note purchased by the Company pursuant to Section 4.13 or Section 4.15 of the Indenture, state the amount (in original principal amount) below:

US\$ _____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantees¹: _____

¹ Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF EXCHANGES OF NOTES

The following changes in the aggregate principal amount of Notes represented by this Global Note have been made:

Date	Amount of decrease in aggregate principal amount of Notes	Amount of increase in aggregate principal amount of Notes	Outstanding Balance	Signature

IN WITNESS WHEREOF, I have hereunto signed my name.

Date:

●

By:

Name:

Title:

Schedule I to Exhibit C-1

Subsidiary Guarantors

1. Sino-Capital Global Inc.
2. Sino-Panel Holdings Limited (BVI)
3. Sino-Panel (Asia) Inc. (BVI)
4. Sino-Panel (Gaoyao) Ltd. (BVI)
5. SFR (China) Inc. (BVI)
6. Sino-Wood Partners, Limited (H.K.)
7. Sino-Forest Resources Inc. (BVI)
8. Suri-Wood Inc. (BVI)
9. Sino-Plantation Limited (H.K.)
10. Sino-Wood (Guangxi) Limited (H.K.)
11. Sino-Wood (Jiangxi) Limited (H.K.)
12. Sino-Wood (Guangdong) Limited (H.K.)
13. Sino-Global Holdings Inc. (BVI)
14. Sinowin Investments Limited (BVI)
15. Sino-Panel (North East China) Limited (BVI)
16. Sino-Panel [Hunan] Limited (BVI) (formerly known as Comtech Universal Limited)
17. Sino-Panel [Xiangxi] Limited (BVI) (formerly known as Rich Base Worldwide Limited)
18. Sino-Forest Bio-Science Limited (BVI) (formerly known as Sino-Two Limited)
19. Sino-Panel (Guangzhou) Limited (BVI)
20. Sino-Panel [Suzhou] Limited (BVI) (formerly known as Pacific Harvest Holdings Limited)
21. Sino-Panel (Yunnan) Limited (BVI)
22. Sino-Panel (Guangxi) Limited (BVI)
23. Sino-Panel (Guizhou) Limited (BVI)
24. Sino-Panel (Qinzhou) Limited (BVI) (formerly known as Sino-Panel (Jiayu) Ltd.)
25. Sino-Panel (Shaoyang) Limited (BVI)
26. Sino-Panel (Yongzhou) Limited (BVI)
27. Sino-Panel (Fujian) Limited (BVI)
28. Grandeur Winway Limited. (BVI)
29. Sinowood Limited (Cayman Islands)
30. Sino-Forest Investments Limited (BVI)
31. Sino-Wood (Fujian) Limited (H.K.)
32. Sino-Panel (North Sea) Limited (BVI)
33. Sino-Panel (Huaihua) Limited (BVI)
34. Amplemax Worldwide Limited (BVI)
35. Ace Supreme International Limited (BVI)
36. Express Point Holdings Limited (BVI)
37. Glory Billion International Limited (BVI)
38. Smart Sure Enterprises Limited (BVI)
39. Expert Bonus Investment Limited (BVI)
40. Dynamic Profit Holdings Limited (BVI)
41. Alliance Max Limited (BVI)

42. Brain Force Limited (BVI)
43. Cheer Gold Worldwide Limited (BVI)
44. General Excel Limited (BVI)
45. Harvest Wonder Worldwide Limited (BVI)
46. Homix Limited (BVI)
47. Poly Market Limited (BVI)
48. Prime Kinetic Limited (BVI)
49. Regal Win Capital Limited (BVI)
50. Rich Choice Worldwide Limited (BVI)
51. Sino-Forest International (Barbados) Corporation (Barbados)
52. Sino-Global Management Consulting Inc. (BVI)
53. Sino-Panel (China) Nursery Limited (BVI)
54. Sino-Panel (Russia) Limited (BVI)
55. Sino-Wood Trading Limited (BVI)
56. Sino-Panel Trading Limited (BVI)
57. Trillion Edge Limited (BVI)
58. Value Quest International Limited (BVI)
59. Well Keen Worldwide Limited (BVI)
60. Mandra Forestry Holdings Limited (BVI)
61. Mandra Forestry Finance Limited (BVI)
62. Mandra Forestry Anhui Limited (BVI)
63. Mandra Forestry Hubei Limited (H.K.)
64. Elite Legacy Limited (BVI)
65. Emerald Plantation Group Limited (Cayman Islands)

[FORM OF AUTHORIZATION CERTIFICATE - COMPANY]

I, [Name], [Title], acting on behalf of Emerald Plantation Holdings Limited (the “Company”), hereby certify that:

(A) the persons listed below are (i) Authorized Officers for purposes of the Indenture dated as of January 30, 2013 among Emerald Plantation Holdings Limited, a Cayman Islands exempted company limited by shares, the Subsidiary Guarantors listed in Schedule I thereto, Computershare Trust Company, N.A., as Trustee, and Computershare Trust Company, N.A., as Security Trustee (ii) duly elected or appointed, qualified and acting as the holder of the respective office or offices set forth opposite his name and (iii) the duly authorized person who executed or will execute the Notes by his manual or facsimile signature and was at the time of such execution, duly elected or appointed, qualified and acting as the holder of the office set forth opposite his name;

(B) each signature appearing below is the person’s genuine signature; and

(C) attached hereto as Schedule I is a true, correct and complete specimen of the certificates representing the Notes.

Authorized Officers:

Name	Title	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

IN WITNESS WHEREOF, I have hereunto signed my name.

Date:



By:

Name:
Title:

EXHIBIT D
FORM OF PAYING AND TRANSFER AGENT AND
REGISTRAR APPOINTMENT LETTER

Computershare Trust Company, N.A.
as Paying and Transfer Agent and Registrar

Re: 6.00% Guaranteed Senior Notes due 2020 of Emerald Plantation Holdings Limited

Reference is hereby made to the Indenture dated as of January 30, 2013 (the “**Indenture**”) among Emerald Plantation Holdings Limited, a Cayman Islands exempted company limited by shares (the “**Company**”), the Subsidiary Guarantors listed in Schedule I thereto, Computershare Trust Company, N.A., as Trustee, and Computershare Trust Company, N.A., as Security Trustee. Terms used herein are used as defined in the Indenture.

The Company hereby appoints Computershare Trust Company, N.A. as the paying agent and transfer agent and registrar (the “**Paying and Transfer Agent and Registrar**”) with respect to the Notes and the Paying and Transfer Agent and Registrar hereby accepts such appointment. By accepting such appointment, the Paying and Transfer Agent and Registrar agrees to be bound by and to perform the services with respect to itself set forth in the terms and conditions set forth in the Indenture and the Notes, as well as the following terms and conditions to all of which the Company agrees and to all of which the rights of the holders from time to time of the Notes shall be subject:

(a) The Company, no later than 9:00 a.m. (New York City time) on the Business Day immediately preceding each date on which a payment in respect of the Notes becomes due, shall transfer (or cause to be transferred) to the Paying and Transfer Agent and Registrar in the currency of United States of America immediately available funds such amount as may be required for the purposes of such payment. The Company, no later than 9:00 a.m. (New York City time) on the third Business Day immediately preceding each date on which any payment in respect of the Notes becomes due, shall confirm such payment to the Paying and Transfer Agent and Registrar, who shall promptly notify the relevant agents upon such confirmation. The Paying and Transfer Agent and Registrar shall not be bound to make payment until funds in such amount as may be required for the purpose of such payment have been received from the Company.

(b) The Paying and Transfer Agent and Registrar shall be entitled to the compensation to be agreed upon with the Company and the Subsidiary Guarantors, jointly and severally, for all services rendered by it under the Indenture, and the Company and the Subsidiary Guarantors, jointly and severally, agree promptly to pay such compensation and to reimburse the Paying and Transfer Agent and Registrar for its out-of-pocket expenses (including fees and expenses of counsel) incurred by it in connection with the services rendered by it under the Indenture. The Company and each of the Subsidiary Guarantors jointly and severally hereby agree to indemnify the Paying and Transfer Agent and Registrar and its officers, directors, agents, employees and representatives for, and to hold it harmless against, any loss, liability or expense (including reasonable fees and expenses of counsel) incurred without negligence or bad faith on its part arising out of or in connection with its acting as Paying and Transfer Agent and Registrar hereunder. The obligations of the Company and the Subsidiary Guarantors under this

paragraph (a) shall survive the payment of the Notes, the termination or expiry of the Indenture or this letter and the resignation or removal of the Paying and Transfer Agent and Registrar. Under no circumstances will the Paying and Transfer Agent and Registrar be liable to the Company or any other party to this letter or the Indenture for any consequential loss (being loss of business, goodwill, opportunity or profit), even if advised of the possibility of such loss or damage.

(c) In acting under the Indenture and in connection with the Notes, the Paying and Transfer Agent and Registrar is acting solely as agent of the Company and does not assume any obligation towards or relationship of agency or trust for or with any of the owners or holders of the Notes, except that all funds held by the Paying and Transfer Agent and Registrar for the payment of principal interest or other amounts (including Additional Amounts) on, the Notes shall, subject to the provisions of the Indenture, be held in trust by the Paying and Transfer Agent and Registrar and applied as set forth in the Indenture and in the Notes, but need not be segregated from other funds held by the Paying and Transfer Agent and Registrar, except as required by law.

(d) The Paying and Transfer Agent and Registrar may consult with counsel satisfactory to it and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it under the Indenture in good faith and in accordance with such advice or opinion.

(e) The Paying and Transfer Agent and Registrar shall be fully protected and shall incur no liability for or in respect of any action taken or omitted to be taken or thing suffered by it in reliance upon any Note, notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper party or parties.

(f) The Paying and Transfer Agent and Registrar and any of its Affiliates, in its individual capacity or any other capacity, may become the owner of, or acquire any interest in, any Notes or other obligations of the Company with the same rights that it would have if it were not the Paying and Transfer Agent and Registrar, and may engage or be interested in any financial or other transaction with the Company, and may act on, or as depository, Trustee or agent for, any committee or body of holders of Notes or other obligations of the Company, as freely as if it were not the Paying and Transfer Agent and Registrar.

(g) The Paying and Transfer Agent and Registrar shall not be under any liability for interest on any monies received by it pursuant to any of the provisions of the Indenture or the Notes.

(h) The Paying and Transfer Agent and Registrar shall be obligated to perform such duties and only such duties as are in the Indenture and the Notes specifically set forth, and no implied duties or obligation shall be read into the Indenture or the Notes against the Paying and Transfer Agent and Registrar. The Paying and Transfer Agent and Registrar shall not be under any obligation to take any action under the Indenture which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it.

(i) The Paying and Transfer Agent and Registrar may at any time resign by giving written notice of its resignation to the Company and the Trustee and specifying the date on which its resignation shall become effective; provided that such date shall be at least 90 days after the date on which such notice is given unless the Company agrees to accept shorter notice. Upon receiving such notice of resignation, if required by the Indenture the Company shall promptly appoint a successor paying agent by written instrument substantially in the form hereof in triplicate signed on behalf of the Company, one copy of which shall be delivered to the resigning Paying and Transfer Agent and Registrar, one copy to the successor paying agent and one copy to the Trustee.

Such resignation shall become effective upon the earlier of (i) the effective date of such resignation and (ii) the acceptance of appointment by the successor paying agent, as provided below. The Company may, at any time and for any reason, remove the Paying and Transfer Agent and Registrar and appoint a successor paying agent, by written instrument in triplicate signed on behalf of the Company, one copy of which shall be delivered to the Paying and Transfer Agent and Registrar being removed, one copy to the successor paying agent and one copy to the Trustee. Any removal of the Paying and Transfer Agent and Registrar and any appointment of a successor paying agent shall become effective upon acceptance of appointment by the successor paying agent as provided below. Upon its resignation or removal, the Paying and Transfer Agent and Registrar shall be entitled to the payment by the Company of its compensation for the services rendered hereunder and to the reimbursement of all reasonable out-of-pocket expenses incurred in connection with the services rendered by it hereunder.

The Company shall remove the Paying and Transfer Agent and Registrar and appoint a successor paying agent if the Paying and Transfer Agent and Registrar (i) shall become incapable of acting, (ii) shall be adjudged bankrupt or insolvent, (iii) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a Trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, (iv) shall consent to, or shall have had entered against it a court order for, any such relief or to the appointment of or taking possession by any such official in any involuntary case or other proceedings commenced against it, (v) shall make a general assignment for the benefit of creditors or (vi) shall fail generally to pay its debts as they become due.

Any successor paying agent appointed as provided herein shall execute and deliver to its predecessor and to the Company and the Trustee an instrument accepting such appointment (which may be in the form of an acceptance signature to the letter of the Company appointing such agent) and thereupon such successor paying agent, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Paying and Transfer Agent and Registrar and such predecessor shall pay over to such successor agent all monies or other property at the time held by it hereunder.

Notwithstanding the above, the Company agrees with the Paying and Transfer Agent and Registrar that if, no successor to such Paying and Transfer Agent and Registrar has been appointed by the Company after 30 days from the applicable Agent's notice to the Company, such Paying and Transfer Agent and Registrar may itself, following consultation with the

Company, appoint as its successor any reputable and experienced financial institution of good standing and give notice of such appointment to the Company or petition a court of competent jurisdiction for the appointment of a successor.

(j) The Paying and Transfer Agent and Registrar shall at all times be a responsible financial institution which is authorized by law to exercise its respective powers and duties hereunder and under the Indenture and the Notes.

(k) The Paying and Transfer Agent and Registrar shall comply with all applicable withholding, information reporting and backup withholding tax requirements under the U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations issued thereunder in respect of any payment on, or in respect of, a Note or under the Subsidiary Guarantee (including the collection of IRS Form W-8 ECI, IRS Form W-8 BEN and IRS Form W-9, as the case may be, and the filing of IRS Form 1099 and IRS Form 1096).

(l) The Paying and Transfer Agent and Registrar shall treat all information relating to the Company as confidential, but (unless consent is prohibited by law) the Company consents to the transfer and disclosure by such Paying and Transfer Agent and Registrar of any information relating to the Company to and between branches, subsidiaries, representative offices, affiliates of such Paying and Transfer Agent and Registrar, for confidential use (including in connection with the provision of any service and for data processing, statistical and risk analysis purposes). Each of the Paying and Transfer Agent and Registrar and any of its branch, subsidiary, representative office or affiliate may transfer and disclose any such information as required by any law, court regulator or legal process; provided that such Paying and Transfer Agent and Registrar shall give the Company prompt written notice of such request so that the Company may seek a protective order or other remedy protecting such confidential information from disclosure.

(m) The Company hereby irrevocably waives, in favor of the Paying and Transfer Agent and Registrar, any conflict of interest which may arise by virtue of the Paying and Transfer Agent and Registrar acting in various capacities under this Indenture and this letter or for other customers of the Paying and Transfer Agent and Registrar. The Company acknowledges that the Paying and Transfer Agent and Registrar and its affiliates (together, the **“Paying and Transfer Agent and Registrar Parties”**) may have interests in, or may be providing or may in the future provide financial or other services to other parties with interests which the Company may regard as conflicting with its interests and may possess information (whether or not material to the Company) other than as a result of the Paying and Transfer Agent and Registrar acting as Paying and Transfer Agent and Registrar hereunder, that the Paying and Transfer Agent and Registrar may not be entitled to share with the Company. Consistent with its long-standing policy to hold in confidence the affairs of its customers, the Paying and Transfer Agent and Registrar will not disclose confidential information obtained from the Company (without its consent) to any of the Paying and Transfer Agent and Registrar’s other customers nor will it use on the Company’s behalf any confidential information obtained from any other customer. Without prejudice to the foregoing, the Company agrees that the Paying and Transfer Agent and Registrar Parties may deal (whether for its own or its customers’ account) in, or advise on, securities of any party and that such dealing or giving of advice, will not constitute a conflict of interest for the purposes of the Indenture and this letter.

(n) The Paying and Transfer Agent and Registrar may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any attorney or agent appointed with due care by it hereunder.

(o) In no event shall the Paying and Transfer Agent and Registrar be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Paying and Transfer Agent and Registrar shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(p) The Paying and Transfer Agent and Registrar shall, on demand by the Trustee by notice in writing given to them and the Company at any time after an Event of Default has occurred, until notified by the Trustee to contrary, to the extent permitted by applicable law, deliver all monies, documents and records held by them in respect of the Notes to the Trustee or as the Trustees shall direct in such notice or subsequently, provided that this paragraph shall not apply to any documents or records which the Agent is obliged not to release by any law or regulation to which it is subject.

(q) The obligations hereunder of the Paying and Transfer Agent and Registrar with respect to its duties as paying agent, transfer agent and registrar shall be several, not joint.

(r) Any notice or communication to the Paying Agent will be deemed given when sent by facsimile transmission, with transmission confirmed. Any notice to the Paying Agent will be effective only upon receipt. The notice or communication should be addressed to the Paying Agent at:

Computershare Trust Company, N.A.
350 Indiana Street, Suite 750
Golden, Colorado 80401
Attn: Corporate Trust
Fax: (303) 262-0608

Any notice to the Company or the Trustee shall be given as set forth in the Indenture.

(s) Any corporation into which the Paying and Transfer Agent and Registrar may be merged or converted or any corporation with which the Paying and Transfer Agent and Registrar may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Paying and Transfer Agent and Registrar shall be a party or any corporation succeeding to the business of the Paying and Transfer Agent and Registrar shall be the successor to such Paying and Transfer Agent and Registrar hereunder (provided that such corporation shall be qualified as aforesaid) without the execution or filing of any document or any further act on the part of any of the parties hereto.

(t) Any amendment, supplement or waiver under Section 9.01 and Section 9.02 of the Indenture that adversely affects the Paying Agent shall not affect the Paying Agent's rights, powers, obligations, duties or immunities, unless the Paying Agent has consented thereto.

(u) The Company and the Subsidiary Guarantors agree that (i) the provisions of Section 12.08 of the Indenture shall apply hereto, mutatis mutandis, and (ii) to the extent not already set forth herein, pursuant to Section 7.02(10) of the Indenture, the Paying and Transfer Agent and Registrar shall be entitled to the rights, privileges, protections, immunities and benefits afforded to the Trustee in the Indenture.

(v) This letter may be executed in counterparts, each of which shall be an original which together shall constitute one and same instrument.

The agreement set forth in this letter shall be construed in accordance with and governed by the laws of the State of New York.

**EMERALD PLANTATION HOLDINGS
LIMITED**, for itself and on behalf of the
Subsidiary Guarantors

By: _____

Name:

Title:

Agreed and accepted:

Computershare Trust Company, N.A.
as Paying and Transfer Agent and Registrar

By: _____

Name:

Title:

cc: Computershare Trust Company, N.A., as Trustee

**EXHIBIT E
FORM OF SUPPLEMENTAL INDENTURE**

SUPPLEMENTAL INDENTURE

dated as of

among

EMERALD PLANTATION HOLDINGS LIMITED

as the Company

COMPUTERSHARE TRUST COMPANY, N.A.

as Trustee

COMPUTERSHARE TRUST COMPANY, N.A.

as Security Trustee

and

**The entities listed on Schedule I hereto
as Subsidiary Guarantors**

6.00% Guaranteed Senior Notes Due 2020

THIS SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”), entered into as of _____, _____, among Emerald Plantation Holdings Limited, a Cayman Islands exempted company limited by shares (the “**Company**”), the initial Subsidiary Guarantors listed in the Indenture (as defined below) and [insert each new Guarantor executing this Supplemental Indenture and its jurisdiction of incorporation] (each an “**Undersigned**”), Computershare Trust Company, N.A., as trustee (the “**Trustee**”) and Computershare Trust Company, N.A., as security trustee (the “**Security Trustee**”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

RECITALS

WHEREAS, the Company, the Subsidiary Guarantors party thereto, the Trustee and the Security Trustee, entered into the Indenture, dated as of January 30, 2013 (the “**Indenture**”), relating to the Company’s 6.00% Guaranteed Senior Notes Due 2020 (the “**Notes**”);

WHEREAS, as a condition to the Trustee and the Security Trustee entering into the Indenture and the purchase of the Notes by the Holders, the Company agreed pursuant to the Indenture to cause any newly acquired or created Restricted Subsidiaries (other than those organized under the laws of the PRC or Foreign Subsidiaries) to provide Subsidiary Guarantees.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. Each Undersigned, by its execution of this Supplemental Indenture, agrees to be a Subsidiary Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Subsidiary Guarantors, including, but not limited to, Article 11 thereof.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof.

Section 4. This Supplemental Indenture may be signed in various counterparts which together will constitute one and the same instrument.

Section 5. This Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this Supplemental Indenture will henceforth be read together.

Section 6. Neither the Trustee nor the Security Trustee shall be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which are made solely by the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

EMERALD PLANTATION HOLDINGS LIMITED, for itself and on behalf of all the Subsidiary Guarantors)¹

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY, N.A., as Trustee

By: _____
Name:
Title:

COMPUTERSHARE TRUST COMPANY, N.A., as Security Trustee

By: _____
Name:
Title:

[New Guarantor]

By: _____
Name:
Title:

¹ Pursuant to a power of attorney granting attorney in fact to execute the instruments contemplated.

SCHEDULE I

TO EXHIBIT E

List of Subsidiary Guarantors

1. Sino-Capital Global Inc.
2. Sino-Panel Holdings Limited (BVI)
3. Sino-Panel (Asia) Inc. (BVI)
4. Sino-Panel (Gaoyao) Ltd. (BVI)
5. SFR (China) Inc. (BVI)
6. Sino-Wood Partners, Limited (H.K.)
7. Sino-Forest Resources Inc. (BVI)
8. Suri-Wood Inc. (BVI)
9. Sino-Plantation Limited (H.K.)
10. Sino-Wood (Guangxi) Limited (H.K.)
11. Sino-Wood (Jiangxi) Limited (H.K.)
12. Sino-Wood (Guangdong) Limited (H.K.)
13. Sino-Global Holdings Inc. (BVI)
14. Sinowin Investments Limited (BVI)
15. Sino-Panel (North East China) Limited (BVI)
16. Sino-Panel [Hunan] Limited (BVI) (formerly known as Comtech Universal Limited)
17. Sino-Panel [Xiangxi] Limited (BVI) (formerly known as Rich Base Worldwide Limited)
18. Sino-Forest Bio-Science Limited (BVI) (formerly known as Sino-Two Limited)
19. Sino-Panel (Guangzhou) Limited (BVI)
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28. Grandeur Winway Limited (BVI)
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48. Prime Kinetic Limited (BVI)
49. Regal Win Capital Limited (BVI)
50. Rich Choice Worldwide Limited (BVI)
51. Sino-Forest International (Barbados) Corporation (Barbados)
52. Sino-Global Management Consulting Inc. (BVI)
53. Sino-Panel (China) Nursery Limited (BVI)
54. Sino-Panel (Russia) Limited (BVI)
55. Sino-Wood Trading Limited (BVI)
56. Sino-Panel Trading Limited (BVI)
57. Trillion Edge Limited (BVI)
58. Value Quest International Limited (BVI)
59. Well Keen Worldwide Limited (BVI)
60. Mandra Forestry Holdings Limited (BVI)
61. Mandra Forestry Finance Limited (BVI)
62. Mandra Forestry Anhui Limited (BVI)
63. Mandra Forestry Hubei Limited (H.K.)
64. Elite Legacy Limited (BVI)
65. Emerald Plantation Group Limited (Cayman Islands)

EXHIBIT F
FORM OF SECURITY DOCUMENTS

EXHIBIT F-1
FORM OF HONG KONG LAW SHARE CHARGE

EXHIBIT F-2

FORM OF BRITISH VIRGIN ISLANDS SHARE CHARGE

EXHIBIT F-3
FORM OF CAYMAN ISLANDS SHARE CHARGE

EXHIBIT F-4
FORM OF BARBADOS SHARE CHARGE

EXHIBIT F-5
FORM OF HONG KONG DEBENTURE

EXHIBIT F-6
FORM OF HONG KONG DEBENTURE (BARBADOS)

EXHIBIT G
FORM OF COMPLIANCE CERTIFICATE UNDER SECTION 10.03

This Compliance Certificate is delivered pursuant to Section 10.03 of the Indenture, dated as of January 30, 2013, as amended, supplemented or modified from time to time (the “**Indenture**”), among Emerald Plantation Holdings Limited, a Cayman Island exempted company limited by shares (the “**Company**”), the Subsidiary Guarantors parties thereto, Computershare Trust Company, N.A., as Trustee and Computershare Trust Company, N.A., as Security Trustee. Terms defined in the Indenture are used herein as therein defined.

The undersigned hereby certifies to the Trustee as follows:

1. I am the duly elected, qualified and acting [**Officer**] of the Company.
2. I have reviewed and am familiar with the contents of this Compliance Certificate.
3. I have reviewed the terms of the Indenture and the Security Documents and have made or caused to be made under my supervision, a review in reasonable detail of the Collateral and condition of the Collateral. Such review did not disclose the existence during or at the end of the annual period covered by this Compliance Certificate, and I have no knowledge of the existence as of the date of this Compliance Certificate, of any condition or event which would impair the perfected security interest created by the Indenture and the Security Documents with at least the priority of such security interest on the Closing Date[, **except as set forth below**].
4. Since the Closing Date:
 - (a) neither the Company nor any Subsidiary Guarantor has changed its jurisdiction of organization, name, identity or corporate structure to such an extent that any financing statement or other Security Document filed by the Trustee or the Security Trustee would become misleading;
 - (b) the Company has provided such assistance to the Trustee or the Security Trustee with respect to any re-filing, re-recording or continuation of documentation with respect to the Collateral as necessary to maintain such security interest in the Collateral in favor of the Trustee or the Security Trustee on behalf of the Holders of Notes.

except, in each case, (i) any of the foregoing that has been previously disclosed to the Trustee or the Security Trustee in accordance with the Indenture and any relevant Security Document and in respect of which the Company and each Subsidiary Guarantor have delivered to the Trustee or the Security Trustee all required documents and other filings required to maintain the perfection and priority of the Trustee’s or the Security Trustee’s security interest in the Collateral after giving effect to such event, in each case as required by the Indenture and the relevant Security Documents and (ii) any of the foregoing described in Attachment 1 hereto in respect of which the Company or the Subsidiary Guarantor is delivering to the Trustee or the Security Trustee herewith all required statements and other filings required to maintain the perfection and priority

of the Trustee's or the Security Trustee's security interest in the Collateral after giving effect to such event, in each case as required by the Indenture and the relevant Security Documents.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of the date set forth below.

**EMERALD PLANTATION HOLDINGS
LIMITED**

By: _____
Title:

Date: _____, 20____

EXHIBIT H
FORM OF TRANSFER NOTICE TO CANADIAN PERSONS WITHIN THE
CANADIAN RESTRICTED PERIOD

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No./ Canadian Social Insurance Number

Please print or typewrite name and address including postal code of assignee

the within Note and all rights thereunder, hereby irrevocably constituting and appointing

attorney to transfer said Note on the books of the Company with full power of substitution in the premises.

In connection with any transfer of this Note:

(a) this Note is being transferred to a person resident in, or subject to the securities legislation of, any province or territory in Canada; and

(b) the transfer of this Note is being effected pursuant to and in accordance with exemptions from the prospectus and dealer registration requirements contained in the Canadian securities legislation applicable to the purchaser and the undersigned has delivered to the Trustee such additional evidence that the Company, each of the Subsidiary Guarantors or the Trustee may require as to compliance with such available exemptions.

The Trustee or other Registrar shall not be obligated to register this Note in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer or registration set forth herein and in Section 2.07(a) of the Indenture shall have been satisfied.

Date: _____

Name of Transferor

Signature of Transferor

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

TO BE COMPLETED BY PURCHASER

The undersigned acknowledges that the certificate representing the Note to be issued to the undersigned upon completion of the above transfer shall contain the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE LATER OF (i) THE ORIGINAL ISSUE DATE AND (ii) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN ANY PROVINCE OF TERRITORY OF CANADA.

Date: _____

Name of Purchaser

Signature of Purchaser

EXHIBIT I
TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

Trustee, Paying Agent, Transfer Agent and Registrar

Computershare Trust Company, N.A.

350 Indiana Street, Suite 750

Golden, CO 80401

Attention: Corporate Trust

EXHIBIT J
PRE-AGREED INTERCREDITOR TERMS

1. Defined Terms

Capitalized terms used in this Exhibit J and not otherwise defined have the meanings ascribed to such terms in the Indenture. The following terms have the following meanings:

Common Obligors shall mean each Person that is both (i) a borrower/issuer or guarantor of the Permitted Priority Obligations, and (ii) a borrower/issuer or guarantor of the Note Obligations.

Collateral shall mean all of the property and assets of the Common Obligors that are subject to both the Permitted Priority Security and the Note Security.

Creditors means, collectively the Permitted Priority Creditors and the Note Creditors and, individually, any one of them.

Default means any event of default specified in any Document entitling a Creditor to accelerate payment of any Obligations.

Demand means any notification, following and during the continuance of a Default, by any Creditor to any Common Obligor of a demand for payment under any Document.

Documents means, collectively, the Permitted Priority Debt Documents and the Note Documents and, individually, any one of them.

Enforcement Action means any of the following actions taken by or on behalf of a Creditor: (a) the initiation of any Insolvency or Liquidation Proceeding, (b) to sue for payment of, or to initiate or participate with others in any suit, action or proceeding (including any Insolvency or Liquidation Proceeding) against any Common Obligor (i) to enforce payment of or to collect the whole or any part of the Obligations owed to such Creditor or (ii) to commence judicial enforcement of any of the rights and remedies under any document evidencing such Obligations or such Creditor's Security or under applicable law with respect thereto including, without limitation, any right of set-off or compensation, (c) to demand for accelerated payment, or the acceleration of, any or all of the Obligations owed to such Creditor, (d) the filing of any proof or notice of claim in any Insolvency or Liquidation Proceeding involving any Common Obligor, (e) the exercise of any rights or remedies against or in respect of any of the Collateral pursuant to such Creditor's Security, by way of judicial action or otherwise (including the appointment of a receiver for any Common Obligor or any Collateral), or (f) the exercise of any other right or remedy available to such Creditor, including any right of set-off.

Insolvency or Liquidation Proceeding means an event of insolvency, bankruptcy, or filing by or against a Common Obligor under any restructuring proceeding under any corporate statute or any other similar proceeding in any jurisdiction.

Intercreditor Agreement means the Intercreditor Agreement executed on terms and conditions substantially the same as those set forth herein pursuant to Section 4.20 of the Note Indenture.

Note Creditors means, collectively, any and all holders of Notes from time to time, the Security Trustee (in relation to the Notes) and the Note Trustee.

Note Indenture means the Indenture, dated as of January 30, 2013, between the Note Obligors, the Note Trustee, as trustee, and Computershare Trust Company, N.A., as security trustee providing for the issuance of 6.00% guaranteed secured notes due 2020, as amended, modified, supplemented, restated or replaced from time to time.

Note Obligations means all debts, obligations and liabilities of every nature, present or future, direct or indirect, absolute or contingent, matured or unmatured, and whether as principal debtor, guarantor, surety or otherwise at any time from time to time owing by any Common Obligor to the Note Creditors, or any of them, pursuant to or in connection with the Note Documents, including the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all premium, fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of an Insolvency or Liquidation Proceeding, together with (a) any amendments, modifications, renewals, restatements, refinancing or extensions thereof in accordance with the terms of this Agreement and (b) any interest accruing thereon after the commencement of an Insolvency or Liquidation Proceeding, without regard to whether or not such interest is allowed in such Insolvency or Liquidation Proceeding.

Notes means any and all notes issued under the Note Indenture (including Additional Notes and PIK Notes), together with any and all instruments or debt securities that are issued in exchange for or replacement of such Notes.

Note Documents means the Note Indenture, the Notes, the Note Security Documents and all other documents, instruments and agreements now or hereafter executed in connection therewith, in each case as the same may be amended, waived, modified, supplemented or restated from time to time.

Note Obligors means Emerald Plantation Holdings Limited and any of its Subsidiaries that is a guarantor of the Note Obligations.

Note Security means any and all Liens now or hereafter granted by any Common Obligor to secure the payment of any Note Obligations.

Note Security Documents means all documents, instruments and agreements now or hereafter executed for the purpose of granting a Lien over the Collateral in favor of the Note Creditors, in each case as the same may be amended, waived, modified, supplemented or restated from time to time.

Note Trustee means Computershare Trust Company, N.A., as trustee under the Note Indenture, together with its successors and assigns.

Obligations means, collectively, the Permitted Priority Obligations and the Note Obligations; or, with respect to Permitted Priority Creditors, the Permitted Priority Obligations, and with respect to Note Creditors, the Note Obligations.

Parties means the Permitted Priority Trustee on behalf of the Permitted Priority Creditors, the Note Trustee on behalf of the Note Creditors, the Security Trustee and the Company.

Permitted Priority Agreement means [identify instrument or agreement creating the Permitted Priority Obligations].

Permitted Priority Creditors means, collectively, the Holders of the Indebtedness Incurred by the Company pursuant to the Permitted Priority Agreement from time to time, the Security Trustee (in relation to the Permitted Priority Debt) and the Permitted Priority Trustee.

Permitted Priority Debt Documents means the Permitted Priority Agreement, any instrument or agreement evidencing the Indebtedness created by the Permitted Priority Agreement, the Permitted Priority Security Documents and all other documents, instruments and agreements now or hereafter executed in connection therewith, in each case as the same may be amended, waived, modified, supplemented or restated from time to time.

Permitted Priority Obligations means all debts, obligations and liabilities of every nature, present or future, direct or indirect, absolute or contingent, matured or unmatured, and whether as principal debtor, guarantor, surety or otherwise at any time from time to time owing by any Common Obligor to the Permitted Priority Creditors or any of them, pursuant to or in connection with the Permitted Priority Debt Documents, including the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all premium, fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of an Insolvency or Liquidation Proceeding, together with (a) any indebtedness which refinances such principal, interest or other obligations and any amendments, modifications, renewals, restatements, refinancing or extensions thereof in accordance with the terms of this Agreement and (b) any interest accruing thereon after the commencement of an Insolvency or Liquidation Proceeding, without regard to whether or not such interest is allowed in such Insolvency or Liquidation Proceeding; provided, however, that the maximum principal amount of the Permitted Priority Obligations shall not exceed the Priority Debt Cap.

Permitted Priority Security means any and all Liens now or hereafter granted by the Common Obligors to secure the payment of any Permitted Priority Obligations.

Permitted Priority Security Documents means all documents, instruments and agreements now or hereafter executed for the purpose of granting a Lien over the Collateral in favor of the Permitted Priority Creditors, in each case as the same may be amended, waived, modified, supplemented or restated from time to time.

Permitted Priority Trustee means the Note Trustee or such other trustee approved by the Note Creditors holding at least a majority in principal amount of the outstanding Notes.

Priority Debt Cap means \$200,000,000 million, less any mandatory pre-payments or repurchases of any Permitted Priority Obligations made pursuant to any Permitted Priority Debt Documents.

Priority Debt Obligors means Emerald Plantation Holdings Limited and any of its Subsidiaries that is a guarantor of the Permitted Priority Obligations.

Proceeds of Realization means all cash and non-cash proceeds received by any Creditor in respect of any Collateral or Security granted to or for the benefit of such Creditor by Common Obligors and derived from any sale, disposition or other realization of any Collateral (i) after any Demand, (ii) upon any dissolution, liquidation, winding-up, reorganization, bankruptcy, insolvency or receivership of any Common Obligor (or any other arrangement or marshalling of any Common Obligor's assets that is similar thereto), or (iii) upon any other Enforcement Action.

Security means, collectively, the Permitted Priority Security and the Note Security; or, with respect to Permitted Priority Creditors, the Permitted Priority Security, and with respect to Note Creditors, the Note Security.

Security Trustee means Computershare Trust Company, N.A., as trustee under the Note Indenture, together with its successors and assigns.

2. Lien Priorities and Subordination

Lien Priorities – The Permitted Priority Security will have priority, with respect to the Collateral over the Note Security to the extent of the Priority Debt Cap in all respects and at all times.

Scope of Common Obligors/Collateral – Notwithstanding anything to the contrary contained herein, (A) the Collateral shall extend to all property and assets mortgaged, charged and/or pledged by the Company and by each Subsidiary Guarantor and each Permitted Priority Subsidiary Guarantor, and (B) the Common Obligors shall be the same for each of the Permitted Priority Obligations and the Note Obligations.

Rights of Permitted Priority Trustee and Permitted Priority Creditors – The prior ranking security rights of the Permitted Priority Trustee and the Permitted Priority Creditors established by the provisions of the Intercreditor Agreement shall be applicable irrespective of the time or order of creation, execution, delivery attachment or perfection or notification of any Liens securing any of the Obligations, the method of perfecting such Liens, the time or order of registration or filing of financing statements or recording of such Liens, the time or order of the incurring of any of the Obligations, the date or dates of any Default by any Common Obligor under the terms of any Permitted Priority Debt Documents or any Note Documents, the date of the taking of any Enforcement Action including possession with respect to such Liens, the sequence or date in which any order or judgment is entered or obtained or any execution is obtained or registered or any other factor of legal relevance.

3. Payments

Payments of Permitted Priority Obligations and Note Obligations – The Common Obligors may make any payment, repayment or prepayment in respect of the Permitted Priority Obligations and Note Obligations to any Creditor at any time; provided that at any time after the occurrence of a Default under the Documents that is continuing, Proceeds of Realization shall be applied and distributed in accordance with Section 5 below.

Payment of Obligations after Default – After the occurrence of a Default under the Documents that is continuing, Proceeds of Realization shall be applied and distributed in accordance with

Section 5 below and no payments shall be made to the Note Creditors from the proceeds of any Collateral other than in accordance with Section 5 below; *provided* that (i) fees and expenses owing to the Security Trustee or the Note Trustee in connection with its role as trustee in the ordinary course of business shall be permitted to be paid at any time; and (ii) interest on the Note Obligations may be paid in kind or capitalized. For clarity, the occurrence of a Default shall not reduce or affect the obligation of any Common Obligor under the Note Documents such that a Default may still arise in accordance with the terms of the Note Documents.

4. Exercise of Remedies

Enforcement Action by Creditors: The Creditors shall be entitled to instruct the Security Trustee to take any Enforcement Action at any time in accordance with the terms of the Documents provided that (i) any such Creditors give notice to the other Creditors thereof, and (ii) all Proceeds of Realization shall be applied in accordance with Section 5 below.

5. Application of Proceeds

Waterfall - All Proceeds of Realization shall be applied and distributed by the Security Trustee as follows:

- (1) first, to the payment of all reimbursable costs and expenses incurred by the Security Trustee, the Permitted Priority Trustee and the Note Trustee in the taking of any Enforcement Action (including without limitation any remuneration of any receiver and all reimbursable costs incurred by such receiver in the exercise of all or any powers granted to it under the Documents or otherwise in connection with the Security);
- (2) second, to the payment to the Permitted Priority Trustee of the Permitted Priority Obligations in accordance with the Permitted Priority Documents in an amount not to exceed the Priority Debt Cap and in such manner as the Permitted Priority Trustee may see fit;
- (3) third, to the payment to the Note Trustee in full of the Note Obligations in accordance with the Note Documents and in such manner as the Note Trustee may see fit; and
- (4) the balance, if any, in accordance with applicable law or as directed by a court of competent jurisdiction.

Payments Over. Any Collateral or Proceeds of Realization thereof received by any Note Creditor in connection with the exercise of any right or remedy (including setoff) relating to the Collateral in contravention of the terms of the Intercreditor Agreement shall, until such time as an amount not to exceed the Permitted Priority Obligations shall have been paid in full (but subject to the Permitted Priority Debt Cap), be segregated and held in trust and forthwith paid over to the Permitted Priority Trustee for the benefit of the Permitted Priority Creditors in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

6. Amendments

Restrictions on Amendments to Permitted Priority Debt Documents - The Permitted Priority Debt Documents may at any time be amended, modified, restated, refinanced or waived and the

Permitted Priority Obligations may be increased (subject to the terms of Section 4.06 of the Note Indenture) or decreased, in each case, without limitation upon notice to, but without the consent of, the Note Trustee or any other Note Creditor, subject in all cases to the following limitations:

(A) the maximum amount of the Permitted Priority Obligations Incurred by the Company shall not exceed the Priority Debt Cap; and

(B) the Permitted Priority Debt Documents may not be amended, modified, supplemented, restated or replaced if the effect of such action is to (i) alter, or add additional rights, in respect of the Collateral, including the Parties' agreements as evidenced by the terms of the Intercreditor Agreement, (ii) change any redemption or prepayment provisions of the Permitted Priority Documents to the extent applicable to any Common Obligor, provided, however, that the Permitted Priority Documents may be amended or modified to add covenants or Defaults to the extent corresponding amendments or modifications are made to the Note Documents, or (iii) impose repayment or other requirements that could prevent compliance with, or could result in a breach of, the Note Documents or the Intercreditor Agreement.

The Permitted Priority Trustee, on behalf of the Permitted Priority Creditors, acknowledges and agrees to the repayment and redemption requirements set forth in the Note Indenture and the Note Trustee, on behalf of the Note Creditors, acknowledges and agrees that the Permitted Priority Debt Documents may contain repayment and other requirements provided that such requirements do not and could not (i) alter the repayment and redemption requirements set forth in the Note Indenture, or (ii) prevent compliance with, or result in a breach of, the Note Documents or the Intercreditor Agreement.

Restrictions on Amendments to Note Documents – The Note Documents may not be amended, modified, restated or supplemented, if the effect of which is to: (i) change or add any Default or any covenant with respect to the Note Obligations, if such Default or covenant would be more restrictive to any Common Obligor, or (ii) change any redemption or prepayment provisions of the Note Documents to the extent applicable to any Common Obligor, provided, however, that the Note Documents may be amended or modified to add covenants or Defaults to the extent corresponding amendments or modifications are made to the Permitted Priority Debt Documents.

Restrictions on Amendments to Intercreditor Agreement – The provisions of the Intercreditor Agreement may only be amended or waived by an instrument in writing signed by the Permitted Priority Trustee, on behalf of the Permitted Priority Creditors, the Note Trustee, on behalf of the Note Creditors, and the Security Trustee.

7. Insolvency Provisions

Postponement - In the event of any Insolvency or Liquidation Proceeding in connection with or relating to any Common Obligor or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of any Common Obligor, whether or not involving insolvency or bankruptcy, or upon any assignment for the benefit of creditors or any marshalling of the assets and liabilities of any Common Obligor or otherwise, or in the event that any Common Obligor makes a bulk sale of any of its assets within the provisions of any bulk sales legislation or any composition with creditors or scheme or arrangement, then the Proceeds of Realization from all Collateral shall be distributed and dealt with as provided for in paragraph 5.

Subrogation – If cash, securities or other property otherwise payable or deliverable to the Note Creditors has been applied to the irrevocable payment in full of the Permitted Priority Obligations, then, the Note Creditors shall be subrogated to the rights of the Permitted Priority Creditors with respect to both the Permitted Priority Security and the right to receive payments and distributions made on the Permitted Priority Obligations until the Note Obligations shall have been paid in full.

No Contest/Voting - The Note Trustee on behalf of the Note Creditors agrees that it will not at any time take any action, nor will it, in connection with any Insolvency or Liquidation Proceeding in respect of a Common Obligor, vote in any way so as to (i) contest the validity, perfection or priority of the Permitted Priority Security, or (ii) contest the prior ranking Lien of the Permitted Priority Creditors over the Collateral as provided for under the Intercreditor Agreement. The Permitted Priority Trustee on behalf of the Permitted Priority Creditors agrees that it will not at any time take any action, nor will it, in connection with any Insolvency or Liquidation Proceeding in respect of a Common Obligor, vote in any way so as to (i) contest the validity, perfection or priority of the Note Security, or (ii) subject to the prior rights of the Permitted Priority Creditors to payment from the Proceeds of Realization as provided in Section 5 above, contest the rights of the Note Creditors to the Collateral as provided for under the Note Documents and the Intercreditor Agreement.

8. Assignments of Permitted Priority Obligations or Note Obligations

All rights of the Permitted Priority Trustee, the other Permitted Priority Creditors, the Note Trustee and the other Note Creditors will be assignable in accordance with the terms of the Permitted Priority Debt Documents and the Note Documents, as applicable, and without any further consent under the Intercreditor Agreement. Any new creditor in connection with a refinancing will obtain the benefit of the Intercreditor Agreement without further action or consent by any other Creditor, subject to any successor Permitted Priority Trustee or Note Trustee, as the case may be, signing an agreement in writing in favor of the other Parties whereby it agrees to be bound by the provisions of the Intercreditor Agreement in the same manner and to the same extent as the applicable predecessor and providing an executed copy of such agreement to each of the other Parties. Likewise, concurrently with the assignment of any of the Permitted Priority Obligations or Note Obligations, the assignee shall execute an agreement in writing in favor of the other Parties agreeing to be bound by the provisions of the Intercreditor Agreement in the same manner and to the same extent as the applicable assignor and shall provide an executed copy of such agreement to each of the other Parties. Such assignment shall not be effective and shall not relieve the applicable assignor of any liability until such assignee is bound by the terms of the Intercreditor Agreement.

9. Pledged Securities

Bailee for Perfection – The Security Trustee agrees to hold any pledged collateral that is part of the Collateral in its possession or control (or in the possession or control of its agents or bailees) as agent for each Creditor solely for the purpose of perfecting the security interest of all Creditors granted in such pledged collateral by “control” under applicable securities transfer legislation; *provided*, such bailee status shall not subject the Security Trustee to any fiduciary or higher standard of care.

10. Termination

The Intercreditor Agreement shall terminate on the earlier of (i) the date on which the Permitted Priority Trustee and the Note Trustee agree in writing; (ii) the date on which all of the Collateral has been disposed of (or otherwise realized upon) and the Proceeds of Realization have been applied in accordance with Section 5 above.

Schedule I

Initial Subsidiary Guarantors

1. Sino-Capital Global Inc. (BVI)
2. Sino-Panel Holdings Limited (BVI)
3. Sino-Panel (Asia) Inc. (BVI)
4. Sino-Panel (Gaoyao) Ltd. (BVI)
5. SFR (China) Inc. (BVI)
6. Sino-Wood Partners, Limited (H.K.)
7. Sino-Forest Resources Inc. (BVI)
8. Suri-Wood Inc. (BVI)
9. Sino-Plantation Limited (H.K.)
10. Sino-Wood (Guangxi) Limited (H.K.)
11. Sino-Wood (Jiangxi) Limited (H.K.)
12. Sino-Wood (Guangdong) Limited (H.K.)
13. Sino-Global Holdings Inc. (BVI)
14. Sinowin Investments Limited (BVI)
15. Sino-Panel (North East China) Limited (BVI)
16. Sino-Panel [Hunan] Limited (BVI) (formerly known as Comtech Universal Limited)
17. Sino-Panel [Xiangxi] Limited (BVI) (formerly known as Rich Base Worldwide Limited)
18. Sino-Forest Bio-Science Limited (BVI) (formerly known as Sino-Two Limited)
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35. Ace Supreme International Limited (BVI)
36. Express Point Holdings Limited (BVI)
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38. Smart Sure Enterprises Limited (BVI)
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49. Regal Win Capital Limited (BVI)
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52. Sino-Global Management Consulting Inc. (BVI)
53. Sino-Panel (China) Nursery Limited (BVI)
54. Sino-Panel (Russia) Limited (BVI)
55. Sino-Wood Trading Limited (BVI)
56. Sino-Panel Trading Limited (BVI)
57. Trillion Edge Limited (BVI)
58. Value Quest International Limited (BVI)
59. Well Keen Worldwide Limited (BVI)
60. Mandra Forestry Holdings Limited (BVI)
61. Mandra Forestry Finance Limited (BVI)
62. Mandra Forestry Anhui Limited (BVI)
63. Mandra Forestry Hubei Limited (H.K.)
64. Elite Legacy Limited (BVI)
65. Emerald Plantation Group Limited (Cayman Islands)

Schedule II

Initial Unrestricted Subsidiaries

1. Greenheart Group Limited and each of its Subsidiaries
2. Greenheart Resources Holdings Limited (BVI)
3. Mega Harvest International Limited (BVI)

APPENDIX “C” - NEWCO ARTICLES OF INCORPORATION

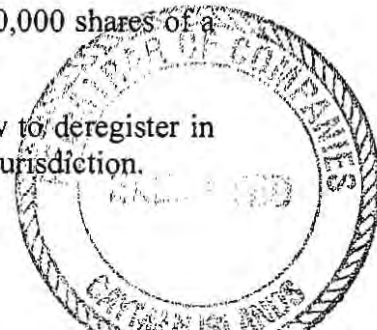
(See Attached)

THE COMPANIES LAW
EXEMPTED COMPANY LIMITED BY SHARES
AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
EMERALD PLANTATION HOLDINGS LIMITED

汉青林木控股有限公司

(adopted by Special Resolution of the Members on 17th January, 2013 effective on Plan Implementation
Date as defined in the Amended and Restated Articles of Association)

1. The name of the Company is Emerald Plantation Holdings Limited
汉青林木控股有限公司
2. The registered office of the Company shall be at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law.
5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is US\$5,000,000 divided into 500,000,000 shares of a nominal or par value of US\$0.01 each.
9. The Company may exercise the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.



THE COMPANIES LAW
EXEMPTED COMPANY LIMITED BY SHARES
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**AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
EMERALD PLANTATION HOLDINGS LIMITED**

汉青林木控股有限公司

(adopted by Special Resolution of the Members on 17th January, 2013 effective on Plan Implementation
Date as defined in these Articles)

Emerald Plantation Holdings Limited
汉青林木控股有限公司

AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
EMERALD PLANTATION HOLDINGS LIMITED

汉青林木控股有限公司

(adopted by Special Resolution of the Members on 17th January, 2013 effective on Plan Implementation Date as defined in these Articles)

Table A

The regulations in Table A in the First Schedule to the Law (as defined below) do not apply to the Company.

INTERPRETATION

1. Definitions

1.1 In these Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

10%+ Member	Any Member that (i) is an Initial Consenting Noteholder, and (ii) owns (individually or together with its Affiliates) a 10% Position and has either (A) owned (beneficially or as a registered Member) such 10% Position continuously since the later of (i) January 23, 2013, and (ii) the date of implementation of the Plan of Compromise and Reorganization pursuant to the <i>Companies' Creditors Arrangement Act</i> and the <i>Canada Business Corporations Act</i> concerning, affecting and involving Sino-Forest Corporation (as approved by the Plan Sanction Order of the Ontario Superior Court of Justice (Commercial List) dated December 10, 2012) (the " Plan Implementation Date ") or (B) acquired such 10% Position from a prior 10%+ Member.
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10% Position	shares representing 10.0% or more of the shares then outstanding that carry the right to vote at general meetings (excluding for the purposes of such calculation any shares
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Emerald Plantation Holdings Limited

汉青林木控股有限公司

held at such time by SFC Escrow Co.);

Affiliate	with respect to any person, any other person controlling, controlled by or under common control with such person; where “control” means, with respect to any person, the right to exercise, directly or indirectly, fifty percent (50%) or more of the voting rights attributable to the shares or other equity interest of the person, or, with respect to any person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person or the right to receive the economic benefit of fifty percent (50%) or more of any income or capital in such person;
Alternate Director	an alternate director appointed in accordance with these Articles;
Articles	these Articles of Association as altered from time to time;
Auditor	the person or firm for the time being appointed as Auditor of the Company and shall include an individual or partnership;
Board	the board of directors (including, for the avoidance of doubt, a sole director) appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum or by written resolution in accordance with these Articles;
Company	the company for which these Articles are approved and confirmed;
Defined Majority Resolution	(i) a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose a resolution as a Defined Majority Resolution has been duly given (and for the avoidance of doubt, unanimity qualifies as a majority); or (ii) except in respect of matters where a written resolution is required to be approved by all the Members in order to be valid under the Law, a written resolution passed by Members owning at least two-thirds of the shares entitled to vote on such matter shall be required;
Depository	(i) The Depository Trust Company, or, if applicable, a successor entity to the Depository Trust Company that is a member of the U.S. Federal Reserve System and a registered

Emerald Plantation Holdings Limited

汉青林木控股有限公司

	clearing agency with the U.S. Securities and Exchange Commission, (ii) The Canadian Depository for Securities Limited and its corporate group (including CDS Clearing and Depository Services Inc.), or, if applicable, a successor entity to The Canadian Depository for Securities Limited, or (iii) any other depository in Canada, the United States of America or elsewhere or any book-based transfer register in respect of the shares;
Director	a director, including a sole director, for the time being of the Company and shall include an Alternate Director;
Initial Consenting Noteholders	the former noteholders of Sino-Forest Corporation that signed a restructuring support agreement with Sino-Forest Corporation on March 30, 2012, as reflected on a list maintained by the Company, as provided by FTI Consulting Canada Inc., its capacity as the court-appointed monitor of Sino-Forest Corporation;
Initial Public Offering	an initial public offering of shares, as a result of which the shares are listed and posted for trading, traded or quoted on a recognized stock exchange or market, whether pursuant to a treasury offering by the Company (or a successor person) or a secondary offering by one or more Members;
Law	the Companies Law of the Cayman Islands;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
month	calendar month;
notice	written notice as further provided in these Articles unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
ordinary resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority of the votes cast, or a written resolution passed by the unanimous consent of all Members entitled to vote;

Emerald Plantation Holdings Limited

汉青林木控股有限公司

paid-up	paid-up or credited as paid-up;
Proportionate Share	in respect of a Member, expressed as a percentage, the quotient obtained by dividing (i) the number of shares held by such Member divided by (ii) the aggregate number of issued and outstanding shares;
Register of Directors and Officers	the register of directors and officers referred to in these Articles;
Register of Members	the register of members maintained by the Company in accordance with the Law;
Seal	the common seal or any official or duplicate seal of the Company;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
Securities	any: (i) share; or (ii) security (whether equity or debt) convertible into, or exchangeable for, shares, in the Company;
share	a share in the Company, which includes a fraction of a share;
Special Resolution	(i) a resolution passed by a majority of at least two-thirds of the votes cast by such Members as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose a resolution as a special resolution has been duly given (and for the avoidance of doubt, unanimity qualifies as a majority); or (ii) a written resolution passed by unanimous consent of all Members entitled to vote;
written resolution	a resolution passed in accordance with Article 38 or 65; and
year	calendar year.

- 1.2 In these Articles, where not inconsistent with the context:
- (a) words denoting the plural number include the singular number and vice versa;
 - (b) words denoting the masculine gender include the feminine and neuter genders;
 - (c) words importing persons include companies, associations or bodies of persons whether corporate or not;
 - (d) the words:-
 - (i) “may” shall be construed as permissive; and
 - (ii) “shall” shall be construed as imperative;
 - (e) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;
 - (f) the word “corporation” means corporation whether or not a company within the meaning of the Law; and
 - (g) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in these Articles.
- 1.3 In these Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.
- 1.4 Headings used in these Articles are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. Power to Issue Shares

- 2.1 Subject to these Articles and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, provided that no share shall be issued at a discount except in accordance with the Law.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

3. Redemption, Purchase, Surrender and Treasury Shares

- 3.1 Subject to the Law, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member and may make payments in respect of such redemption in accordance with the Law.
- 3.2 The Company is authorised to purchase any share in the Company (including a redeemable share) by agreement with the holder and may make payments in respect of such purchase in accordance with the Law.
- 3.3 The Company authorises the Board to determine the manner or any of the terms of any redemption or purchase; provided that the Company shall only redeem or purchase shares of any class if such redemption or purchase is made pro rata (or offered pro rata, in the case of a purchase) to all holders of such class of shares.
- 3.4 A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Board, after due enquiry, estimates to be representative of the rates being offered by banks holding a Category A banking license issued by the Cayman Islands Monetary Authority for thirty day deposits in the same currency.
- 3.5 The Company authorises the Board pursuant to section 37(5) of the Law to make a payment in respect of the redemption or purchase of its own shares otherwise than out of its profits, share premium account, or the proceeds of a fresh issue of shares.
- 3.6 No share may be redeemed or purchased unless it is fully paid up.
- 3.7 The Company may accept the surrender for no consideration of any fully paid share (including a redeemable share) unless, as a result of the surrender, there would no longer be any issued and outstanding shares of the Company other than shares held as treasury shares.
- 3.8 The Company is authorised to hold treasury shares in accordance with the Law.
- 3.9 The Board may designate as treasury shares any of its shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Law.
- 3.10 Shares held by the Company as treasury shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred in accordance with the Law.

4. Rights Attaching to Shares

Subject to these Articles and the Memorandum of Association, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to these Articles:

Emerald Plantation Holdings Limited

汉青林木控股有限公司

- (a) be entitled to one vote per share;
- (b) be entitled to such dividends as the Board may from time to time declare;
- (c) in the event of a winding up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to shares.

5. Calls on Shares

- 5.1 The Board may make such calls as it thinks fit upon the Members in respect of any monies (whether in respect of nominal value or premium) remaining unpaid (as at the date of any such calls) on the shares allotted to or held by such Members and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.
- 5.2 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him notwithstanding no part of that amount has been called up.
- 5.3 The terms of any issue of shares may include different provisions with respect to different Members in the amounts and times of payments of calls on their shares.

6. Joint and Several Liability to Pay Calls

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

7. Forfeiture of Shares

- 7.1 If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Emerald Plantation Holdings Limited

汉青林木控股有限公司

Notice of Liability to Forfeiture for Non-Payment of Call

Emerald Plantation Holdings Limited (the “**Company**”)

You have failed to pay the call of **[amount of call]** made on **[date]**, in respect of the **[number]** share(s) **[number in figures]** standing in your name in the Register of Members of the Company, on **[date]**, the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [] per annum computed from the said **[date]** at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this **[date]**

[Signature of Secretary] By Order of the Board

- 7.2 If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Articles and the Law.
- 7.3 A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.
- 7.4 The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

8. Share Certificates

All shares issued by the Company will be uncertificated unless otherwise determined by the Board in accordance with the Law. Whether a share is uncertificated or certificated, each share issued will be subject to the applicable restrictions contained in these Articles.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

9. Fractional Shares

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding up.

10. Pre-Emptive Rights

- 10.1 If the Company wishes to issue Securities other than (i) pursuant to an Initial Public Offering, or (ii) in connection with the issuance of equity incentive awards, including share options, to directors, officers and/or employees of the Company or its subsidiaries, which awards represent in the aggregate less than 10.0% of the then outstanding shares (or such higher limit as may be approved by the Members pursuant to Article 32.1(b) of these Articles), or (iii) in respect of share splits, share dividends or similar capital reorganizations (together, the “**Excluded Securities**”), then the Company shall offer to each Member its Proportionate Share of such Securities in accordance with the provisions of this Article.
- 10.2 Every offer of Securities other than Excluded Securities shall be made by notice (“Notice of Pre-Emptive Right”) to each Member (other than SFC Escrow Co.) from the Company which shall set out:
- (a) a description of the Securities to be offered;
 - (b) the subscription price for each Security (the “Subscription Price”); and
 - (c) the aggregate number of Securities being offered.
- 10.3 Each Member (other than SFC Escrow Co.) may subscribe for up to its Proportionate Share of Securities by giving written notice of its subscription to the Company within 15 calendar days after receipt of the Notice of Pre-Emptive Right (the “Subscription Period”) agreeing to purchase at least its Proportionate Share of the offered Securities and, at its option, any number of Securities in excess of its Proportionate Share. If any Member does not deliver a notice within such 15-day period it will be deemed to have declined to purchase any of the Securities offered; provided that a Member may waive its rights under Article 10.2 prior to the expiry of such 15-day period by giving written notice to the Company. A Member (other than SFC Escrow Co.) wishing to subscribe for Securities in excess of its Proportionate Share shall, in its notice of subscription, specify the number of Securities in excess of its Proportionate Share that it wishes to purchase.
- 10.4 If a Member does not subscribe for its Proportionate Share within the Subscription Period, the unsubscribed Securities shall be used to satisfy the subscription of the other

participating Members for Securities in excess of their Proportionate Share. The unsubscribed Securities shall be allocated to the other participating Members pro rata in proportion to the number of shares held by those Members respectively on the date of offer, provided no Member will be allocated a number of Securities greater than the number it has indicated it wishes to purchase. The provisions of this Article 10.4 will be applied, *mutatis mutandis*, until all of the offered Securities which the participating Members have agreed to purchase pursuant to Article 10.3 have been allocated among such Members. The Company shall provide notice in writing to each Member exercising rights under Article 10.3 of the number of Securities and the purchase price therefor.

- 10.5 The closing of the purchase of Securities subscribed for by Members under Article 10 shall be held at a place designated by the Company at 11:00 a.m., local time, (a) on the 25th day after the giving of the Notice of Pre-Emptive Right pursuant to Article 10.2, if Members elect to purchase all of the Securities offered under Article 10.2, (b) the date of the closing of the sale to the person made pursuant to Article 10.6 if Members elect to purchase some, but not all, of the Securities under Article 10.2 or (c) at such other time and place as the Board may determine. Each Member purchasing Securities at such closing shall deliver at the closing payment in full in immediately available funds for the Securities purchased by it. At such closing, each Member purchasing Securities and the Company shall execute such additional documents as are otherwise necessary or appropriate.
- 10.6 The Company may sell to any person all of the Securities not purchased by Members pursuant to Article 10.2 on terms and conditions that are no more favourable to such person than those set forth in the Notice of Pre-Emptive Right; provided, however, that such sale is bona fide and made pursuant to a contract entered into within ninety (90) days following the earlier to occur of (i) the waiver by the Members of their option to purchase Securities pursuant to Article 10.3, and (ii) the expiration of the 15-day period referred to in Article 10.3. If such sale is not consummated within such 90-day period for any reason, then the restrictions provided for herein shall again become effective, and no issuance and sale of Securities may be made thereafter by the Company without again offering the same in accordance with this Article 10. The closing of any issuance and purchase pursuant to this Article 10.6 shall be held at a time and place as the parties to the transaction may agree within such 90-day period.

REGISTRATION OF SHARES

11. Register of Members

11.1 The Board shall cause to be kept in one or more books a Register of Members which may be kept in or outside the Cayman Islands at such place as the Board shall appoint and

shall enter therein the following particulars:-

- (a) the name and address of each Member, the number, and (where appropriate) the class of shares held by such Member and the amount paid or agreed to be considered as paid on such shares;
- (b) the date on which each person was entered in the Register of Members; and
- (c) the date on which any person ceased to be a Member.

11.2 The Board may cause to be kept in any country or territory one or more branch registers of such category or categories of members as the Board may determine from time to time and any branch register shall be deemed to be part of the Company's Register of Members.

11.3 Any register maintained by the Company in respect of listed shares may be kept by recording the particulars set out in Article 11.1 in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the relevant approved stock exchange.

12. Registered Holder Absolute Owner

12.1 The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

12.2 No person shall be entitled to recognition by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article, notice of any trust is at the holder's request entered in the Register of Members or on a share certificate in respect of a share, then, except as aforesaid:

Emerald Plantation Holdings Limited

汉青林木控股有限公司

- (a) such notice shall be deemed to be solely for the holder's convenience;
- (b) the Company shall not be required in any way to recognise any beneficiary, or the beneficiary, of the trust as having an interest in the share or shares concerned;
- (c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of whether anything done in relation to the shares may amount to a breach of trust or otherwise; and
- (d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of the trust in the Register of Members or on a share certificate and continuing to recognise the holder as having an absolute right to the entirety of the share or shares concerned.

13. Transfer of Registered Shares

13.1 An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares
Emerald Plantation Holdings Limited (the "Company")

FOR VALUE RECEIVED[amount] , I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address], [number] shares of the Company.

DATED this [date]

Signed by:

In the presence of:

Transferor

Witness

Transferor

Witness

13.2 Such instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been transferred to the transferee in the Register of Members.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

- 13.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates (to the extent such shares have been evidenced by a share certificate) and by such other evidence as the Board may reasonably require showing the right of the transferor to make the transfer.
- 13.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

14. Transmission of Registered Shares

- 14.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.
- 14.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a
Member
Emerald Plantation Holdings Limited (the "Company")

I/We, having become entitled in consequence of the **[death/bankruptcy]** of **[name and address of deceased Member]** to **[number]** share(s) standing in the Register of Members of the Company in the name of the said **[name of deceased/bankrupt Member]** instead of being registered myself/ourselves, elect to have **[name of transferee]** (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the

Emerald Plantation Holdings Limited

汉青林木控股有限公司

same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [date]

Signed by:

In the presence of:

Transferor

Witness

Transferor

Witness

14.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

14.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

15. Drag-Along Right

15.1 If Members holding not less than 66 2/3% of the then outstanding shares (collectively, in either case, the "Prospective Selling Members"), propose a bona fide transfer of all of such holders' shares to an arm's length third party (a "Prospective Buyer") and the Prospective Buyer desires to acquire all of the remaining shares (such transfer being a "Drag-Along Sale"), the Prospective Selling Members initiating the Drag-Along Sale, shall have the right to require all other Members (each a "Dragged Seller") to transfer all of their shares to such Prospective Buyer, in the manner and on the terms set forth in these Articles.

15.2 In the event of a proposed Drag-Along Sale, the Prospective Selling Members shall furnish a written notice (the "Drag-Along Sale Notice") to the Company at least 20 calendar days prior to the consummation of the proposed Drag-Along Sale and the Company shall promptly furnish such Drag-Along Sale Notice to each Dragged Seller by

Emerald Plantation Holdings Limited

汉青林木控股有限公司

furnishing a copy of such Drag-Along Sale Notice to each Member at the respective address provided to the Company and stated on the Register of Members.

- 15.3 The Drag-Along Sale Notice shall set forth the principal terms and conditions of the proposed Drag-Along Sale, including (a) the per share consideration to be received by the Prospective Selling Members pursuant to the proposed Drag-Along Sale for the shares, including the form of consideration (if other than cash), (b) the terms and conditions (including warranties) on which the Prospective Selling Members have agreed to sell the shares, (c) the name, address and brief summary of the Prospective Buyer, (d) the written commitment by the Prospective Buyer to acquire all of the outstanding shares, (e) the proposed closing date of the Drag-Along Sale (which shall be on or prior to the date that is 120 days after the delivery of such Drag-Along Sale Notice, or such longer period of time as may be required in order to obtain all material regulatory consents necessary to complete such Drag-Along Sale, up to a maximum of 365 days); and (f) an estimate of the anticipated costs and expenses to be incurred to complete the Drag-Along Sale. If the Prospective Selling Members agree to consummate the proposed Drag-Along Sale, each Dragged Seller shall: (x) be bound and obligated to deposit and sell all of the Dragged Sellers' shares in the Drag-Along Sale on the same terms and conditions as the Prospective Selling Members shall sell, and the Prospective Buyer shall buy, the Prospective Selling Members' shares; and (y) shall receive the same form and amount of consideration per share to be received by the Prospective Selling Members. If any Dragged Seller holding shares is given an option as to the form and amount of consideration to be received, all Members will be given the same option. Unless otherwise agreed by each Member, any non-cash consideration shall be allocated among the Members pro rata based upon the aggregate amount of consideration to be received by such Member. If at the end of the 120th day after the date of delivery of the Drag-Along Sale Notice (or the 365th day after such date of delivery, in the event a longer period is required in order to obtain one or more material regulatory approvals necessary to complete the Drag-Along Sale), the Prospective Selling Members have not completed the proposed Drag-Along Sale, the Drag-Along Sale Notice shall be null and void, each Dragged Seller shall be released from its obligation under the Drag-Along Sale Notice and it shall be necessary for a new Drag-Along Sale Notice to be furnished and the terms and provisions of these Articles separately complied with, in order to consummate such proposed Drag-Along Sale pursuant to these Articles.

ALTERATION OF SHARE CAPITAL

16. Power to Alter Capital

- 16.1 Subject to the Law, the Company may from time to time by Defined Majority Resolution alter the conditions of its Memorandum of Association to:

- (a) increase its capital by such sum divided into shares of such amounts as the resolution shall prescribe or, if the Company has shares without par value,

Emerald Plantation Holdings Limited

汉青林木控股有限公司

increase its share capital by such number of shares without nominal or par value, or increase the aggregate consideration for which its shares may be issued, as it thinks expedient;

- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) convert all or any of its paid up shares into stock, and reconvert that stock into paid up shares of any denomination;
- (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association; or
- (e) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled or, in the case of shares without par value, diminish the number of shares into which its capital is divided.

16.2 For the avoidance of doubt it is declared that paragraph 16.1(b), 16.1(c) and 16.1(d) do not apply if at any time the shares of the Company have no par value.

16.3 Subject to the Law, the Company may from time to time by Special Resolution reduce its share capital.

17. Variation of Rights Attaching to Shares

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least 66 2/3% of the then issued and outstanding shares of that class or with the sanction of a resolution passed by at least 66 2/3% of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of then issued and outstanding shares of the class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

DIVIDENDS AND CAPITALISATION

18. Dividends

18.1 The Board may, subject to these Articles and in accordance with the Law, declare a dividend to be paid to the Members, in proportion to the number of shares held by them,

Emerald Plantation Holdings Limited

汉青林木控股有限公司

and such dividend may be paid in cash or wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company).

- 18.2 Where the Board determines that a dividend shall be paid wholly or partly by the distribution of specific assets, the Board may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Board may fix the value of such specific assets and vest any such specific assets in trustees on such terms as the Board thinks fit.
- 18.3 Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Board determines is no longer needed, or not in the same amount. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.
- 18.4 No unpaid dividend shall bear interest as against the Company.
- 18.5 The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.
- 18.6 The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.
- 18.7 The Board may fix any date as the record date for determining the Members entitled to receive any dividend or other distribution, but, unless so fixed, the record date shall be the date of the Directors' resolution declaring same.

19. Power to Set Aside Profits

- 19.1 The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose. Pending application, such sums may be employed in the business of the Company or invested, and need not be kept separate from other assets of the Company. The Board may also, without placing the same to reserve, carry forward any profit which it decides not to distribute.
- 19.2 Subject to any direction from the Company in general meeting, the Board may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Company's share premium account.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

20. Method of Payment

- 20.1 Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.
- 20.2 In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.
- 20.3 The Board may deduct from the dividends or distributions payable to any Member all monies due from such Member to the Company on account of calls or otherwise.

21. Capitalisation

- 21.1 The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.
- 21.2 The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

22. Annual General Meetings

The Company shall in each calendar year hold a general meeting as its annual general meeting; provided that the first annual general meeting shall not be held prior to the first anniversary of the Plan Implementation Date. The annual general meeting of the Company may be held at such time and place as the Chairman of the Company (if there is one) (the "Chairman") or any two Directors or any Director and the Secretary or the Board shall appoint.

23. Extraordinary General Meetings

- 23.1 General meetings other than annual general meetings shall be called extraordinary general meetings.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

23.2 The Chairman or any two Directors or any Director and the Secretary or the Board may convene an extraordinary general meeting whenever in their judgment such a meeting is necessary.

24. Requisitioned General Meetings

24.1 At any time after the first anniversary of the Plan Implementation Date, the Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than 10% of the shares issued and outstanding as at the date of the deposit that carry the right to vote at general meetings, forthwith proceed to convene an extraordinary general meeting. To be effective the requisition shall state the objects of the meeting, shall be in writing, signed by the requisitionists, and shall be deposited at the registered office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

24.2 If the Board does not, within twenty-one days from the date of the requisition, duly proceed to call an extraordinary general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of the requisitionists, may themselves convene an extraordinary general meeting; but any meeting so called shall not be held more than ninety days after the requisition. An extraordinary general meeting called by requisitionists shall be called in the same manner, as nearly as possible, as that in which general meetings are to be called by the Board.

25. Notice

25.1 At least five days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and if different, the record date for determining Members entitled to attend and vote at the general meeting, and, as far as practicable, the other business to be conducted at the meeting.

25.2 At least five days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting in sufficient detail so as to permit the Members to make an informed decision thereon.

25.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a meeting, and any adjournment thereof, the record date shall be the date of the original meeting.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

25.4 A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Articles, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) in the case of an extraordinary general meeting, by 66 2/3 percent of the Members entitled to attend and vote thereat.

25.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

26. Giving Notice and Access

26.1 A notice may be given by the Company to a Member:

- (a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or
- (b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or
- (c) by sending it by courier to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served two days after the date on which it is deposited, with courier fees paid, with the courier service; or
- (d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or
- (e) by publication of an electronic record of it on a website and notification of such publication (which shall include the address of the website, the place on the website where the document may be found, and how the document may be accessed on the website), such notification being given by any of the methods set out in paragraphs (a) through (d) hereof, in which case the notice shall be deemed to have been served at the time when the instructions for access and the posting on the website are complete.

26.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

26.3 In proving service under paragraphs 26.1(b), (c) and (d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.

27. Postponement of General Meeting

The Board may postpone any general meeting called in accordance with these Articles provided that notice of postponement is given to all Members before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with these Articles.

28. Electronic Participation in Meetings

Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

29. Quorum at General Meetings

29.1 At any general meeting two or more persons present in person and representing in person or by proxy in excess of 33 1/3% of the issued and outstanding shares entitled to vote at a general meeting throughout the meeting shall form a quorum for the transaction of business, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy shall form a quorum for the transaction of business at any general meeting held during such time.

29.2 If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Board may determine. Unless the meeting is adjourned to a specific date, time and place announced at the meeting being adjourned, fresh notice of the resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Articles.

30. Chairman to Preside

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the chairman of the Company, if there be one, shall act as chairman at all meetings of the Members at which such person is present. In his absence or if there is not one appointed, the chairman of the meeting shall be appointed or elected by those present at the meeting and entitled to vote.

31. Voting on Resolutions

- 31.1 Subject to the Law and these Articles, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Articles and in the case of an equality of votes the resolution shall fail.
- 31.2 No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.
- 31.3 At any general meeting a resolution (other than a Special Resolution or a Defined Majority Resolution) put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to these Articles, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his hand. Any Special Resolution or Defined Majority Resolution shall be conducted by way of poll pursuant to Article 33 of these Articles.
- 31.4 At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.
- 31.5 At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Articles, be conclusive evidence of that fact.

32. Special Approval Rights

- 32.1 Any decision or action taken by the Board with respect to any of the following matters shall be made or taken only when approved by Defined Majority Resolution:
- (a) any reorganization, recapitalisation, amalgamation, merger or consolidation of or involving the Company, including any conversion (by merger or otherwise) of the Company from an exempted company incorporated in the Cayman Islands with limited liability to any other type of entity;
 - (b) the issuance of (i) any Securities having a preference over the shares issued upon incorporation of the Company, or (ii) equity incentive awards to directors, officers or employees, which awards represent in the aggregate in excess of 10.0% of the shares outstanding at such time;

- (c) the sale of all or substantially all of the Company's assets (on a consolidated basis);
- (d) any material change in the nature of the Company's business, consisting of the ownership and management of forest plantation trees, the sale of standing timber, wood logs and wood products, and the complementary manufacturing of downstream engineered-wood products, and all activities ancillary thereto;
- (e) any affiliated or related party transactions (other than transactions between the Company and its wholly-owned subsidiaries); and
- (f) any voluntary liquidation, dissolution or winding up of the Company or any of its material subsidiaries (other than in connection with an internal reorganization).

33. Power to Demand a Vote on a Poll

- 33.1 Notwithstanding the foregoing, a poll may be demanded by the chairman of the meeting or at least one Member.
- 33.2 Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, electronic or other communication facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- 33.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.
- 33.4 Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communication facilities or means shall cast his vote in such manner as the chairman of the meeting shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be

Emerald Plantation Holdings Limited

汉青林木控股有限公司

examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman of the meeting for the purpose and the result of the poll shall be declared by the chairman of the meeting.

34. Voting by Joint Holders of Shares

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

35. Instrument of Proxy

35.1 An instrument appointing a proxy shall be in writing or transmitted by electronic mail in substantially the following form or such other form as the chairman of the meeting shall accept:

Proxy
Emerald Plantation Holdings Limited (the "Company")

I/We, **[insert names here]**, being a Member of the Company with **[number]** shares, HEREBY APPOINT **[name]** of **[address]** or failing him, **[name]** of **[address]** to be my/our proxy to vote for me/us at the meeting of the Members to be held on **[date]** and at any adjournment thereof. **[Any restrictions on voting to be inserted here]**.

Signed this **[date]**

Member(s)

35.2 The instrument of proxy shall be signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman of the meeting, by the appointor or by the appointor's attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman of the meeting, by a duly authorised officer or attorney.

35.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

35.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

36. Representation of Corporate Member

- 36.1 A corporation or other similar entity which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.
- 36.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

37. Adjournment of General Meeting

The chairman of a general meeting may, with the consent of the Members at any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat, in accordance with these Articles.

38. Written Resolutions

- 38.1 Subject to these Articles, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may be done without a meeting by written resolution in accordance with this Article.
- 38.2 A written resolution (other than a written Defined Majority Resolution approving an action that does not require approval by special resolution under the Law) is passed when it is signed by (or in the case of a Member that is a corporation, on behalf of) all the Members, or all the Members of the relevant class thereof, entitled to vote thereon.
- 38.3 A resolution in writing made in accordance with this Article is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Article to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.
- 38.4 A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.
- 38.5 For the purposes of this Article, the date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last

Emerald Plantation Holdings Limited

汉青林木控股有限公司

Member to sign and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

39. Directors Attendance at General Meetings

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

40. Election and Appointment of Directors

40.1 The Directors shall be elected or appointed in writing in the first place by the subscribers to the Memorandum of Association or by a majority of them. There shall be no shareholding qualification for Directors.

40.2 The Board may from time to time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, subject to any upper limit on the number of Directors prescribed pursuant to these Articles and the appointment rights of 10%+ Members set out in these Articles.

40.3 Subject to these Articles, the Members may from time to time by ordinary resolution appoint any person to be a Director.

40.4 At and after the first annual general meeting of Members, each 10%+ Member shall be entitled to appoint one Director (each such Director, a “**10% Designee**”) to the Board. Upon a 10% Designee vacating or otherwise being removed from office by the 10%+ Member that appointed him or her, the 10%+ Member shall be entitled to appoint a replacement 10% Designee.

40.5 The Board shall, following receipt by the Company of notice from the 10%+ Member that appointed such 10% Designee of its entitlement to appoint a 10% Designee to the Board so in accordance with these Articles, cause to be entered the name of the 10% Designee to the Register of Directors and Officers no more than three days following receipt of such notice.

41. Number of Directors

The Board shall consist of not less than: (i) prior to the first annual general meeting of Members, one Director; or (ii) at and following the first annual general meeting of Members, five Directors, or such number in excess thereof as the Board may determine, up to a maximum of 10. Any increase in the size of the Board to more than five Directors (other than by reason of the appointment of a new 10% Designee) shall require a Special Resolution.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

42. Term of Office of Directors

- 42.1 An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period; but no such term shall be implied in the absence of express provision.
- 42.2 A 10% Designee shall serve as a Director until he or she vacates office or his or her earlier removal by the 10%+ Member that appointed him or her to the Board or as otherwise provided in these Articles.

43. Alternate Directors

- 43.1 Unless a 10%+ Member otherwise resolves, a 10% Designee appointed by such 10%+ Member may appoint a person or persons (other than another existing Director or another Alternate Director) to act as a Director in the alternative to himself by notice deposited with the Secretary.
- 43.2 Any person elected or appointed pursuant to this Article shall have all the rights and powers of the Director or Directors for whom such person is elected or appointed in the alternative, provided that such person shall not be counted more than once in determining whether or not a quorum is present.
- 43.3 An Alternate Director shall be entitled to receive notice of all Board meetings and to attend and vote at any such meeting at which a 10% Designee for whom such Alternate 10% Designee was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.
- 43.4 An Alternate Director's office shall terminate:
- (a) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to his appointor, would result in the termination of the appointor's directorship; or
 - (b) when the Alternate Director's appointor revokes the appointment by notice to the Company in writing specifying when the appointment is to terminate; or
 - (c) if the Alternate Director's appointor ceases for any reason to be a Director.
- 43.5 Unless the Board determines otherwise, an Alternate Director may also represent his appointor at meetings of any committee of the Board on which his appointor serves; and the provisions of this Article shall apply equally to such committee meetings as to Board meetings.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

43.6 Save as provided in these Articles an Alternate Director shall not, as such, have any power to act as a Director or to represent his appointor and shall not be deemed to be a Director for the purposes of these Articles.

44. Removal of Directors

44.1 Prior to the first anniversary of the Plan Implementation Date, the Company may from time to time by a Special Resolution remove any Director from office, whether or not appointing another in his stead. Thereafter, the Company may from time to time by ordinary resolution remove any Director (other than a 10% Designee) from office, whether or not appointing another in his stead.

44.2 A 10%+ Member shall be entitled to remove any 10% Designee appointed by it at any time by delivery of written notice to the Company and such 10% Designee.

44.1 In the event a 10%+ Member ceases to be a 10%+ Member, then: the 10% Designee appointed by such 10%+ Member shall immediately resign and such Member shall cease to have any rights in respect of appointment under Article 40. In the event that such 10% Designee does not immediately resign from the Board, the Board may remove such 10% Designee.

45. Vacancy in the Office of Director

The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Articles;
- (b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;
- (c) is or becomes of unsound mind or an order for his detention is made under the Mental Health Law of the Cayman Islands or any analogous law of a jurisdiction outside the Cayman Islands, or dies; or
- (d) resigns his office by notice to the Company.

46. Remuneration of Directors

The remuneration (if any) of the Directors shall, subject to any direction that may be given by the Company in general meeting, be determined by the Board as it may from time to time determine and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from Board meetings, any committee appointed by the Board, general meetings, or in connection with the business of the Company or their duties as Directors generally, all as may be determined by the Board from time to time.

47. Defect in Appointment

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he was, or any of them were, disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

48. Directors to Manage Business

The Board shall manage and conduct, or supervise the management and conduct of, the business of the Company. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by these Articles, required to be exercised by the Company in general meeting subject, nevertheless, to these Articles and the provisions of the Law.

49. Powers of the Board of Directors

The Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;
- (b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing

Emerald Plantation Holdings Limited

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with any such attorney as the Board may think fit and may also authorise any such attorney to sub delegate all or any of the powers, authorities and discretions so vested in the attorney;

- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Board for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board, including provisions for written resolutions;
- (h) delegate any of its powers (including the power to sub delegate) to any person on such terms and in such manner as the Board may see fit;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

50. Right to Share Information

Subject to a 10% Designee's obligations and duties to the Company under the Law and otherwise in his capacity as a Director, a 10% Designee may share with the 10%+ Member that appointed him to the Board information provided to such 10% Designee in his capacity as a Director.

51. Register of Directors and Officers

51.1 The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers in accordance with the Law and shall enter therein the following particulars with respect to each Director and Officer:

- (a) first name and surname; and
- (b) address.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

51.2 The Board shall, within the period of thirty days from the occurrence of:

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers,

cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies of any such change that takes place.

52. Officers

The Officers shall consist of a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of these Articles.

53. Appointment of Officers

The Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

54. Duties of Officers

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

55. Remuneration of Officers

The Officers shall receive such remuneration as the Board may determine.

56. Conflicts of Interest

56.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company on such terms, including with respect to remuneration, as may be agreed between the parties. Nothing herein contained shall authorise a Director or a Director's firm, partner or company to act as Auditor to the Company.

56.2 A Director who is directly or indirectly interested in a contract or proposed contract with the Company (an "Interested Director") shall declare the nature of such interest.

56.3 An Interested Director who has complied with the requirements of the foregoing Article may:

- (a) vote in respect of such contract or proposed contract; and/or

- (b) be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on,

and no such contract or proposed contract shall be void or voidable by reason only that the Interested Director voted on it or was counted in the quorum of the relevant meeting and the Interested Director shall not be liable to account to the Company for any profit realised thereby.

57. Indemnification and Exculpation of Directors and Officers

- 57.1 The Directors, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof, and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly) and their heirs, executors, administrators and personal representatives (each an “indemnified party”) shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any monies of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer.
- 57.2 The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

MEETINGS OF THE BOARD OF DIRECTORS

58. Board Meetings

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Each Director shall be entitled to one vote. A resolution put to the vote at a Board meeting shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

59. Notice of Board Meetings

A Director may, and the Secretary on the requisition of a Director shall, summon a Board meeting by notice to each Director: (a) not less than 5 days before the time when the meeting is to be held if the notice is mailed; or (b) not less than 24 hours before the time the meeting is to be held if the notice is given personally or is delivered or is sent by any means of transmitted or recorded communication or as an electronic document to such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.

60. Electronic Participation in Meetings

Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

61. Representation of Director

61.1 A Director which is a corporation may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Director, and that Director shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

61.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at Board meetings on behalf of a corporation which is a Director.

62. Quorum at Board Meetings

The quorum necessary for the transaction of business at a Board meeting shall be a majority of the Directors.

63. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number.

64. Chairman to Preside

Unless otherwise agreed by a majority of the Directors attending, the Chairman, if there be one, shall act as chairman at all Board meetings at which such person is present. In his absence a chairman of the meeting shall be appointed or elected by the Directors present at the meeting.

65. Written Resolutions

65.1 Anything which may be done by resolution of the Directors may, without a meeting and without any previous notice being required, be done by written resolution in accordance with this Article. For the purposes of this Article only, "the Directors" shall not include an Alternate Director.

65.2 A written resolution may be signed by (or in the case of a Director that is a corporation, on behalf of) all the Directors in as many counterparts as may be necessary.

65.3 A written resolution made in accordance with this Article is as valid as if it had been passed by the Directors in a directors' meeting, and any reference in any Article to a meeting at which a resolution is passed or to Directors voting in favour of a resolution shall be construed accordingly.

65.4 A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.

65.5 For the purposes of this Article, the date of the resolution is the date when the resolution is signed by (or in the case of a Director that is a corporation, on behalf of) the last Director to sign and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

66. Validity of Prior Acts of the Board

No regulation or alteration to these Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

67. Minutes

The Board shall cause minutes to be duly entered in books provided for the purpose:

Emerald Plantation Holdings Limited

汉青林木控股有限公司

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each Board meeting and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, Board meetings and meetings of committees appointed by the Board.

68. Register of Mortgages and Charges

- 68.1 The Board shall cause to be kept the Register of Mortgages and Charges required by the Law.
- 68.2 The Register of Mortgages and Charges shall be open to inspection in accordance with the Law, at the registered office of the Company on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

69. Form and Use of Seal

- 69.1 The Company may adopt a seal, which shall bear the name of the Company in legible characters, and which may, at the discretion of the Board, be followed with or preceded by its dual foreign name or translated name (if any), in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Cayman and, if the Board thinks fit, a duplicate Seal may bear on its face the name of the country, territory, district or place where it is to be issued.
- 69.2 The Seal (if any) shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf and, until otherwise determined by the Board, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Board or the committee of the Board.
- 69.3 Notwithstanding the foregoing, the Seal (if any) may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

ACCOUNTS

70. Books of Account

70.1 The Board shall cause to be kept proper books of account including, where applicable,

material underlying documentation including contracts and invoices, and with respect to:-

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the Company; and
- (c) all assets and liabilities of the Company.

70.2 Such books of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

70.3 Such books of account shall be retained for a minimum period of five years from the date on which they are prepared.

70.4 No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company.

71. Financial Year End

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than eighteen months.

72. Financial Reporting

The Board will cause to be delivered to each Member: (i) as soon as available, but not later than 180 days after the end of each financial year of the Company, a copy of the consolidated balance sheet of the Company as of the end of such financial year and the related consolidated statements of income, changes in equity and cash flows for such financial year, setting forth in each case in comparative form the figures for the previous year, all in reasonable detail and accompanied by a management summary and analysis of the operations for the Company for such financial year; and (ii) as soon as available, but not later than 90 days after the end of each financial half-year of

Emerald Plantation Holdings Limited

汉青林木控股有限公司

the Company, a copy of the consolidated balance sheet of the Company as of the end of such financial half-year and the related consolidated statements of income, changes in equity and cash flows for such financial half-year, and accompanied by a management summary and analysis of the operations for the Company for such financial half-year.

73. Member Tax Information Rights

For any taxable year, at the request of any Member, the Company will monitor its status to determine whether it believes it is classified as a passive foreign investment company (“PFIC”) or controlled foreign corporation (“CFC”) for U.S. federal income tax purposes. The Company agrees to take commercially reasonable efforts to provide each requesting Member with a PFIC Annual Information Statement that will permit the requesting Member (or a person having an interest in such Member) to timely make a qualified electing fund election with respect to the Company and each of its subsidiaries for such year (including on a protective basis). The Company agrees to take commercially reasonable efforts to timely provide information returns, documentation, certifications, statements, schedules and other information relating to the Company and its subsidiaries reasonably requested by any Member that is required for such Member (or a person having an interest in such Member) to comply with applicable tax rules.

AUDITS

74. Audit

Nothing in these Articles shall be construed as making it obligatory to appoint Auditors.

75. Appointment of Auditors

75.1 The Company may in general meeting appoint Auditors to hold office for such period as the Members may determine.

75.2 Whenever there are no Auditors appointed as aforesaid the Board may appoint Auditors to hold office for such period as the Board may determine or earlier removal from office by the Company in general meeting.

75.3 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

76. Remuneration of Auditors

76.1 The remuneration of an Auditor appointed by the Members shall be fixed by the Company in general meeting.

76.2 The remuneration of an Auditor appointed by the Board in accordance with these Articles shall be fixed by the Board.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

77. Duties of Auditor

The Auditor shall make a report to the Members on the accounts examined by him and on every set of financial statements laid before the Company in general meeting, or circulated to Members, pursuant to this Article during the Auditor's tenure of office.

78. Access to Records

78.1 The Auditor shall at all reasonable times have access to the Company's books, accounts and vouchers and shall be entitled to require from the Company's Directors and Officers such information and explanations as the Auditor thinks necessary for the performance of the Auditor's duties and, if the Auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of their audit, he shall state that fact in his report to the Members.

78.2 The Auditor shall be entitled to attend any general meeting at which any financial statements which have been examined or reported on by him are to be laid before the Company and to make any statement or explanation he may desire with respect to the financial statements.

VOLUNTARY WINDING UP AND DISSOLUTION

79. Winding Up

79.1 The Company may be voluntarily wound up by a Special Resolution.

79.2 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

80. Changes to Articles

Subject to the Law and to the conditions contained in its memorandum, the Company may, by Special Resolution, alter or add to its Articles.

Emerald Plantation Holdings Limited

汉青林木控股有限公司

81. Changes to the Memorandum of Association

Subject to the Law and these Articles, the Company may from time to time by Special Resolution alter its Memorandum of Association with respect to any objects, powers or other matters specified therein.

82. Discontinuance

Subject to Article 32.1, the Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.



APPENDIX “D” - COMPANY’S PRESS RELEASE DATED JANUARY 24, 2013

(See Attached)



Sino-Forest Announces Revised CCAA Plan Implementation Date

TORONTO, CANADA – January 24, 2013 – Sino-Forest Corporation ("Sino-Forest" or the "Company") today announced that the Plan Implementation Date, the date on which the Company's CCAA Plan of Compromise and Reorganization dated December 3, 2012 (the "Plan") is to become effective, has been extended with the consent of the Initial Consenting Noteholders and the Monitor. While Sino-Forest has been working diligently with the Monitor and counsel to the Initial Consenting Noteholders to complete the implementation of the Plan, certain additional work is still necessary before the Plan can become effective. The Plan Implementation Date is now expected to occur on or about January 29, 2013 and in any event before the end of January, 2013.

Inquiries

All inquiries regarding the Company's proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") should be directed to the Monitor, FTI Consulting, via email at: sfc@fticonsulting.com, or telephone: (416) 649-8094. Information about the CCAA proceedings, including copies of all court orders and the Monitor's reports, are available at the Monitor's website <http://cfcanada.fticonsulting.com/sfc>.

This news release contains forward-looking information within the meaning of applicable securities laws ("forward-looking statements"), including forward-looking statements relating to the expected timing of the Plan Implementation Date. The forward-looking statements expressed or implied by this news release are subject to important risks and uncertainties. Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate in the circumstances. The results or events predicted in these statements may differ materially from actual results or events and are not guarantees of future performance of Sino-Forest. Factors which could cause results or events to differ from current expectations include, among other things: Sino-Forest's ability to complete the Plan in the time period contemplated, if at all, which is dependent on its ability to comply with the closing conditions to the Plan, many of which are significant and beyond the control of Sino-Forest; actions taken by the Company's noteholders, lenders, creditors, shareholders, and other stakeholders to enforce their rights; actions taken against the Company by governmental agencies and securities and other regulators; actions taken by the Monitor; the outcome of examinations and proceedings currently underway by law enforcement and securities regulatory authorities; the outcome of class action or other proceedings which have been or may in future be initiated against the Company; and the Company's ability to continue to operate without former senior management, almost all of whom have ceased to be employed by the Company; and other factors not currently viewed as material that could cause actual results to differ materially from those described in the forwarding-looking statements. Sino-Forest Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

APPENDIX “E” – ONGOING REPRESENTATION LETTER

(See Attached)



FTI Consulting Canada
TD South Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto ON M5K 1G8

January 29, 2013

SENT BY EMAIL

Bennett Jones LLP
1 First Canadian Place, Suite 3400
Toronto, Ontario

Attention: Rob Staley/ Kevin Zych

Dear Sirs:

Re: Sino-Forest Corporation (“SFC”) Plan of Compromise and Reorganization dated December 3, 2012 (as the same may be amended, revised or restated in accordance with its terms, the “Plan”)

Capitalized terms used herein and not otherwise defined have the meaning given to them in the Plan.

We write in connection with our recent conversations as to the status of SFC as a defendant in the Class Actions after the implementation of the Plan (“**Plan Implementation**”). We understand from our discussions that it is proposed that Bennett Jones LLP (“**Bennett**”) will continue to act as defence counsel for SFC in connection with the Canadian Class Actions post-Plan Implementation and that it is anticipated that all fees and expenses will be covered by SFC’s insurance.

The Monitor hereby consents to the ongoing representation by Bennett as counsel to SFC in connection with defending the Class Actions provided that:

1. In no event shall the estate of SFC or the Monitor (including any monies held in any of the Administration Charge Reserve, the Unaffected Claims Reserve or the Monitor’s Post-Implementation Reserve) have any liability for any of the fees and expenses of Bennett or anyone retained by Bennett or SFC in connection with defending the Class Actions and any such fees or expenses shall be borne through the proceeds of insurance;
2. The Monitor shall have no responsibility to oversee, consult, participate or otherwise bear any responsibility for the ongoing participation of SFC (or Bennett) in the Class Actions;
3. Bennett will work with the Monitor to agree on a form of Order that addresses the matters set out herein; and



4. Bennett will provide the Monitor with updates on the status of the Class Actions from time to time.

Yours Truly,

A handwritten signature in black ink, appearing to be 'R. Stalay', written over a horizontal line.

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

ACKNOWLEDGED AND AGREED this 29th day of January, 2013.

BENNETT JONES LLP

Bennett Jones LLP
per: R. Stalay .

- c. Derrick Tay/Jennifer Stam (*Gowling Lafleur Henderson LLP*)
Rob Chadwick/ Brendan O'Neill (*Goodmans LLP*)

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

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)

SIXTEENTH REPORT OF THE MONITOR

GOWLING LAFLEUR HENDERSON LLP

Barristers and Solicitors
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100 King Street West, Suite 1600
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Lawyers for the Monitor,
FTI Consulting Canada Inc.