

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

Applicant

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

MOTION RECORD

October 4, 2012

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(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**

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AND IN THE MATTER OF PLAN OF COMPROMISE OR
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Applicant

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

NOTICE OF MOTION

The moving party, Ernst & Young LLP ("E&Y"), will make a Motion to a Judge on October 9 and 10, 2012 at 10:00 a.m. or as soon after that time as the Motion can be heard at the court house, 330 University Avenue, 8th Floor, Toronto, Ontario, M5G 1R7.

PROPOSED METHOD OF HEARING: The Motion is to be heard

- in writing under subrule 37.12.1(1) because it is;
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

THE MOTION IS FOR:

- (a) An Order abridging the time for service of this Notice of Motion and Motion Record in respect of this Motion and dispensing with further service thereof;
- (b) A declaration that the steps taken by the Petitioner in Quebec Court File: 200-06-000132-111 including, *inter alia*, bringing one or more motions to amend the Motion to Authorize the Bringing of a Class Action and to Obtain the Status of a Representative constitute a breach of the Orders made by the Honourable Justice Morawetz in this proceeding on March 30, 2012, April 13, 2012, May 8, 2012, May 31, 2012, and/or September 28, 2012;
- (c) A declaration that the steps taken by the Petitioner in Quebec Court File: 200-06-000132-111 in (a) above are not authorized or permitted by the Order of the Honourable Justice Morawetz in this proceeding dated May 8, 2012;
- (d) The costs of this Motion; and
- (e) Such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

- (a) On March 30, 2012, this Honourable Court granted the Initial Order, which stayed the proceedings against the Applicant (the “Stay”);
- (b) On April 13, May 31, 2012 and September 28, 2012 this Honourable Court extended the Stay. The Stay currently expires on October 11, 2012;

- (c) The Applicant has brought a motion returnable October 9 and 10, 2012 to extend the Stay to December 3, 2012.
- (d) On May 8, 2012, this Honourable Court ordered that the Stay extends to the third party defendants to the Ontario Class Action, including E&Y (the “Third Party Stay Order”);
- (e) On May 8, 2012, this Honourable Court ordered that the proposed representative plaintiffs in the Ontario and Quebec proposed class proceedings (together, the “Class Action Plaintiffs” and individually, the “Ontario Plaintiffs” and the “Quebec Plaintiffs”) could proceed with certain motions to give effect to a settlement agreement entered into with Pöyry (Beijing) Consulting Company;
- (f) On October 2, 2012, E&Y was served with a motion brought in the Cour Supérieure de Québec to remove a defendant, add another defendant, add a Petitioner, and substantially re-formulate the Quebec Plaintiffs’ Motion for Authorization, including adding causes of action under securities legislation in Quebec;
- (g) Counsel for the Ontario Plaintiffs requested that the CCAA parties, including E&Y, confirm that the requested relief fell within the scope of the Stay exception ordered by this Honourable Court on May 8, 2012;
- (h) The motion of the Quebec Plaintiffs does not fall within the exception to the Stay ordered by this Honourable Court on May 8, 2012;
- (i) The Class Action plaintiffs are in breach of this Honourable Court’s Orders;

- (j) Rules 1.04 and 37 of the *Rules of Civil Procedure*;
- (k) Sections 11 and 11.02 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36; and
- (l) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

- (a) The affidavit of Christian Shiels sworn October 4, 2012
- (b) The affidavit of Christina Shiels sworn April 24, 2012;
- (c) The affidavit of W. Judson Martin sworn March 30, 2012;
- (d) The affidavit of W. Judson Martin sworn April 23, 2012; and,
- (e) Such further and other evidence as the lawyers may advise and this Honourable Court permit.

October 4, 2012

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

Applicant

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

AFFIDAVIT

I, Christina Shiels, of the Town of Oakville, in the Region of Halton, MAKE OATH
AND SAY:

1. I am a law clerk with the law firm of Lenczner Slaght Royce Smith Griffin LLP, the lawyers for Ernst & Young LLP ("E&Y") in *The Trustees of the Labourers' Pension Fund of Central and Eastern Canada et al. Sino-Forest Corporation et al.*, in Court File No. CV-11-431153-00CP. As such, I have knowledge of the matters contained in this affidavit.

2. On May 8, 2012, the Honourable Justice Morawetz issued an Order with respect to the Ad Hoc Committee of Purchasers of the Applicant Securities' motion for advice and direction regarding the impact of the stay of proceedings on a proposed settlement leave motion. Attached hereto as **Exhibit "A"** is a true copy of the Order of Justice Morawetz.

3. The Order of Justice Morawetz at Exhibit "A" references the April 2, 2012 Notice of Motion of the plaintiffs in the proceeding bearing the Court File No.: CV-11-431153-00CP. A true copy of the April 2, 2012 Notice of Motion is attached hereto as **Exhibit "B"**.

4. On October 2, 2012, the Petitioner's counsel served a motion for permission to amend in the Quebec class action bearing Court File No.: 200-06-000132-111. Attached hereto is **Exhibit "C"** is a true copy of email correspondence between counsel dated October 2, 2012 and October 3, 2012. Attached hereto as **Exhibit "D"** is a true copy of the Motion to Amend served on October 2, 2012.

5. I make this Affidavit in support of E&Y's motion returnable October 9 and 10, 2012, and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on October 4, 2012



Commissioner for Taking Affidavits
(or as may be)



CHRISTINA SHIELDS

A

This is Exhibit "A" referred to in the Affidavit of Christina Shiels
sworn October 4, 2012



Commissioner for Taking Affidavits (or as may be)

BRENDAN GRAY

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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



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

ORDER

(Pöyry Settlement Leave Motion)

THIS MOTION made by the Ad Hoc Committee of Purchasers of the Applicant's Securities (the "**Moving Party**"), for advice and direction regarding the impact of the stay of proceedings herein on certain proceedings in the action styled as Trustees of the Labourers' Pension Fund of Central and Eastern Canada et al. (the "**Ontario Plaintiffs**") v. Sino-Forest Corporation et al., bearing (Toronto) Court File No. CV-11-431153-00CP (the "**Ontario Class Action**") and in the action styled as Guining Liu (the "**Quebec Plaintiff**") v. Sino-Forest Corporation et al., bearing (Quebec) Court File No. 200-06-000132-111 (the "**Quebec Class Action**"), was heard this day, at the courthouse at 330 University Avenue, Toronto, Ontario,

ON READING the materials summarized in Schedule "A" to the factum dated May 7, 2012, filed on behalf of the Monitor, as amended, and on hearing the submissions of counsel for FTI Consulting Canada Inc. in its capacity as monitor (the "**Monitor**") and in the presence of counsel for the Moving Party, Pöyry (Beijing) Consulting Company Limited ("**Pöyry**"), Sino-Forest Corporation, the directors and officers named as defendants (the "**Directors**") in the Ontario Class Action, Ernst & Young LLP, BDO Limited, the Underwriters named as defendants

in the Ontario Class Action, and an ad hoc Committee of Bondholders and those other parties present, no one appearing for the other parties served with notice of this motion, although duly served as appears from the affidavit of service, filed:

1. **THIS COURT ORDERS** that further service of the Notice of Motion and Motion Record on any party not already served is hereby dispensed with, such that this motion is properly returnable today.

2. **THIS COURT ORDERS** that:
 - a. the Ontario Plaintiffs may proceed on May 17, 2012 in the Ontario Class Action only for the relief sought in paragraphs (f) and, to the extent required, paragraph (g) of the prayer for relief set out in the notice of motion dated April 2, 2012 in Court File No. CV-11-431153-00CP filed in the Ontario Class Action, which notice of motion is in respect of a settlement between the Ontario Plaintiffs, Quebec Plaintiff and Pöyry (the “**Ontario Pöyry Settlement Motion**”); and,
 - b. the Quebec Plaintiff may proceed with similar relief as described in paragraph 2(a) of this order on a similar schedule in a companion motion (the “**Quebec Pöyry Settlement Motion**”) brought in the Quebec Class Action.

3. **THIS COURT ORDERS** that the Ontario Plaintiffs and the Quebec Plaintiff may proceed after September 1, 2012 with (1) the balance of the relief sought in the Ontario Pöyry Settlement Motion and the Quebec Pöyry Settlement Motion, (2) a motion for approval of the settlement between the Ontario Plaintiffs, the Quebec Plaintiff and Pöyry and (3) any motions that are necessary to give effect to the motions mentioned in (1) and (2) above, on dates to be fixed by the Courts supervising the Ontario Class Action and the Quebec Class Action, such motions to be brought on notice to the parties in the Ontario Class Action and the Service List.

4. **THIS COURT ORDERS** that this order is without prejudice to the defendants’ rights to oppose in the Ontario Class Action and Quebec Class Action the relief

sought in the Ontario Pöyry Settlement Motion, Quebec Pöyry Settlement Motion or a motion for approval of the settlement between the Ontario Plaintiffs, Quebec Plaintiff and Pöyry.

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



MAY 11 2012



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

ONTARIO
SUPERIOR COURT OF JUSTICE
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820694_1.DOC

B

This is Exhibit "B" referred to in the Affidavit of Christina Shiels
sworn October 4, 2012



Commissioner for Taking Affidavits (or as may be)

BRENDAN GRAY

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

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

Plaintiffs

- and -

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

Defendants

Proceeding under the Class Proceedings Act, 1992

**NOTICE OF MOTION
(Certification for Settlement Purposes
and Notice of Fairness Hearing)**

THE PLAINTIFFS will make a motion to the Honourable Justice Perell on April 17, 2012 at 10 a.m., at Osgoode Hall, 130 Queen Street West, Toronto Ontario.

PROPOSED METHOD OF HEARING: The motion will be heard orally.

THE MOTION IS FOR:

- (a) an order certifying this action as a class proceeding for the purposes of settlement, pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c. 6, against the Defendant Poyry (Beijing) Consulting Company Limited only;
- (b) an order defining the class as:
- all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation common shares, notes or other securities, as defined in the Ontario *Securities Act*, during the period from and including March 19, 2007 to and including June 2, 2011
- (a) by distribution in Canada or on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter or
- (b) who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino-Forest Corporation's securities outside of Canada,
- excluding the defendants, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is a member of the immediate family of an individual defendant;
- (c) an order defining the common issues as:
- Did the Pöyry (Beijing) Consulting Company Limited make misrepresentations as alleged in this action during the class period concerning the assets, business or transactions of Sino-Forest? If so, what damages, if any, did class members suffer?
- (d) an order appointing the plaintiffs as the representatives of the class;
- (e) an order requiring the defendant Sino-Forest Corporation to deliver to the plaintiffs within ten days a list of the names and addresses of known beneficial owners of Sino-Forest securities as of June 2, 2011;

- (f) an order approving and directing the dissemination and publication of the notice of settlement approval hearing in respect of a proposed settlement between the plaintiffs and Pöyry (Beijing) Consulting Company Limited (“Pöyry”);
- (g) an order granting leave to bring this motion in advance of the motion for certification and motion for leave under section 138.8 of the *Securities Act*; and
- (h) such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

- (a) this action was commenced on July 20, 2011 under the *Class Proceedings Act, 1992*;
- (b) the plaintiffs advance statutory and common law claims against all defendants;
- (c) as against Pöyry, the plaintiffs allege: (a) negligence in connection with Sino-Forest’s share and note offerings during the class period; (b) the statutory cause of action in section 130 of the *Securities Act*, R.S.O. 1990, c.S.5 for alleged misrepresentations in Sino-Forest’s June 2009 and December 2009 prospectuses; and (c) the statutory cause of action in Part XXIII.1 of the *Securities Act* in connection with Sino-Forest’s continuous disclosure documents;
- (d) the plaintiffs and Pöyry have entered into a settlement agreement in respect of the claims against Pöyry;
- (e) the plaintiffs will bring a motion to this Honourable Court seeking approval of the settlement agreement on a date to be determined by the court;

- (f) Pöyry consents to an order for certification for the purposes of settlement, including notice to putative class members of certification and the settlement approval hearing;
- (g) the elements of the Pöyry settlement include:
 - (i) Pöyry will consent to certification;
 - (ii) Pöyry will provide material cooperation in the plaintiffs' prosecution of this action against the remaining defendants, including, providing relevant documents and if necessary, acting as a witness for the plaintiffs;
 - (iii) the action is being dismissed as against Pöyry without costs; and
 - (iv) the approval order would include bar orders to prevent future and other claims against Pöyry respect of the matters raised in this action.
- (h) the plaintiffs' claim meets the criteria for certification in section 5 of the *Class Proceedings Act, 1992* and this action should be certified for settlement purposes;
- (i) the proposed class definition uses objective criteria to determine membership in the class and is rationally linked to the proposed common issue;
- (j) the causes of action, proposed class definition and proposed common issue are substantially similar to other securities class actions certified in Ontario for the purposes of settlement;
- (k) a class proceeding is the preferable procedure for resolving the claims of class members particularly in light of the large class size, the prohibitively high cost of prosecuting individual securities actions and in the interests of judicial economy;

- (l) a class proceeding is the fairest, most efficient and manageable means of adjudicating the common issues;
- (m) the proposed representative plaintiffs can fairly and adequately represent the interests of the class and there is no conflict of interest;
- (n) all of the plaintiffs except David Grant purchased Sino-Forest shares on the Toronto Stock Exchange;
- (o) the Trustees of the Labourers' Pension Fund of Central and Eastern Canada and Robert Wong purchased Sino-Forest shares as part of Sino-Forest's December 2009 prospectus offering;
- (p) David Grant purchased Sino-Forest notes as part of Sino-Forest's October 2010 note offering;
- (q) the plaintiffs propose to provide notice of certification and the settlement approval hearing by posting it on class counsel's and other websites, direct mailings to class members, forwarding the notice to brokers and newspaper notice;
- (r) direct mailings can only occur if Sino-Forest provides information regarding the names and addresses of class members;
- (s) Sino-Forest has this information available for shareholders as it is required by the *Canada Business Corporations Act* R.S.C. 1985, c. C-44 to periodically send materials to its shareholders, such as shareholder meeting materials;

- (t) The Trustees of the International Union Of Operating Engineers Local 793 Pension Plan For Operating Engineers are current Sino-Forest shareholders and, in accordance with section 21 of the *Canada Business Corporations Act* are entitled to a list “setting out the names of the shareholders of the corporation, the number of shares owned by each shareholder and the address of each shareholder as show on the records of the corporation”;
- (u) Sino-Forest also has information regarding the class members that held notes during the class period;
- (v) for example, the December 2009 offering memorandum (p.161) provides that in the event of a fundamental change, Sino-Forest shall mail a notice of such change to all noteholders “at their address shown in the register of the Registrar” and to the beneficial owners”; and
- (w) such further and other grounds as this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

- (a) the affidavit of Joseph Mancinelli;
- (b) the affidavit of Michael Gallagher;
- (c) the affidavit of David Grant;
- (d) the affidavit of Robert Wong;
- (e) the affidavit of Richard Gröttheim;

- (f) the affidavit of Daniel Bach; and
- (g) such further and other material as counsel may advise and this Honourable Court may permit.

April 2, 2012

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Lawyers for Pöyry (Beijing) Consulting Company Limited

The Trustees of the Labourer's Pension
Fund of Central and Eastern Canada, et al.
Plaintiffs

and Sino-Forest Corporation, et al.
Defendants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings Under the *Class Proceedings Act, 1992*

Proceeding commenced at **Toronto**

**NOTICE OF MOTION
(Certification for Settlement Purposes
and Notice of Fairness Hearing)**

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Lawyers for the Plaintiffs

C

This is Exhibit "C" referred to in the Affidavit of Christina Shiels
sworn October 4, 2012



Commissioner for Taking Affidavits (or as may be)

BRENDAN GRAY

Brendan Gray

From: Shara N. Roy
Sent: Wednesday, October 03, 2012 5:15 PM
To: Nicole Young; staleyr@bennettjones.com; zychk@bennettjones.com; belld@bennettjones.com; sahnir@bennettjones.com; bellj@bennettjones.com; zweigs@bennettjones.com; derrick.tay@gowlings.com; clifton.prophet@gowlings.com; jennifer.stam@gowlings.com; ava.kim@gowlings.com; jason.mcmurtrie@gowlings.com; greg.watson@fticonsulting.com; Jodi.porepa@fticonsulting.com; john.pirie@bakermckenzie.com; david.gadsden@bakermckenzie.com; pgreene@agmlawyers.com; kdekker@agmlawyers.com; mbooth@agmlawyers.com; jfabello@torys.com; dbish@torys.com; agray@torys.com; Peter Griffin; Peter J. Osborne; Linda Fuerst; tmerchant@merchantlaw.com; bzarnett@goodmans.ca; rchadwick@goodmans.ca; boneill@goodmans.ca; cdescours@goodmans.ca; hcraig@osc.gov.on.ca; llowenstein@osler.com; esellers@osler.com; ggrove@osler.com; stoll@cohenmilstein.com; mkaplan@cohenmilstein.com; rspeirs@cohenmilstein.com; sramirez@cohenmilstein.com; james.heaney@lawdeb.com; yesenia.batista@thompsonhine.com; irving.apar@thompsonhine.com; Curtis.tuggle@thompsonhine.com; david.m.kerr@bnymellon.com; George.bragg@bnymellon.com; pwardle@wdblwa.ca; sbieber@wdblwa.ca; marelize.coetzee@bnymellon.com; tin.chung@bnymellon.com; grace.lau@bnymellon.com; Melvin.Sng@linklaters.com; hyung.ahn@linklaters.com; Samantha.Kim@Linklaters.com; Jon.Gray@linklaters.com; Edward.Xu@hk.kwm.com; Helena.huang@kingandwood.com; tata.sun@kingandwood.com; esimpson@applebyglobal.com; awillins@applebyglobal.com; ajowett@applebyglobal.com; jgrout@tgf.ca; kplunkett@tgf.ca; atardif@mccarthy.ca; mpoplaw@mccarthy.ca; clegendre@mccarthy.ca; Harvey@chaitons.com; ecole@millertomson.com; jmarin@millertomson.com; ken.rosenberg@paliareroland.com; max.starnino@paliareroland.com; diane.winters@justice.gc.ca; sbrotman@fasken.com; coneill@fasken.com; mcolloff@emmetmarvin.com; neil.rabinovitch@fmc-law.com; jane.dietrich@fmc-law.com; marymargaret.fox@clydeco.ca; paul.emerson@clydeco.ca; bruno.floriani@lrm.com; Mike.P.Dean@ca.ey.com
Cc: A. Dimitri Lascaris; Charles M. Wright; kbaert@kmlaw.ca; jptak@kmlaw.ca; jbida@kmlaw.ca; gmyers@kmlaw.ca; Daniel Bach; Samy Elnemr
Subject: RE: Liu v Sino-Forest Corporation, et al.

We acknowledge that we have received the below email and attached motion record. It is EY's position that this motion is not of the type contemplated by paragraph 3 of Justice Morawetz on May 8, 2012 (Poyry Settlement Leave Motion). It is EY's position that bringing this motion violates Justice Morawetz's Initial Order, Scope of Stay Order dated May 8, 2012 and various Stay Extension Orders.

Please note that we will be bringing a motion returnable before Justice Morawetz on October 9 and 10 for directions in this regard. We intend to serve our client's motion record tomorrow.

From: Nicole Young [mailto:nicole.young@siskinds.com]
Sent: Tuesday, October 02, 2012 3:47 PM
To: staleyr@bennettjones.com; zychk@bennettjones.com; belld@bennettjones.com; saahnir@bennettjones.com; bellj@bennettjones.com; zweigs@bennettjones.com; derrick.tay@gowlings.com; clifton.prophet@gowlings.com; jennifer.stam@gowlings.com; ava.kim@gowlings.com; jason.mcmurtrie@gowlings.com; greg.watson@fticonsulting.com;

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Cc: A. Dimitri Lascaris; Charles M. Wright; kbaert@kmlaw.ca; jptak@kmlaw.ca; jbida@kmlaw.ca; gmyers@kmlaw.ca; Daniel Bach; Samy Elnemr
Subject: Liu v Sino-Forest Corporation, et al.

Counsel,


Further to the Order of May 8th, 2012 of the Honourable Mr Justice Morawetz and in accordance with paragraph 3 stating that motions must be brought on notice to the parties in the Ontario Class Action and the Service List, you will find attached a Motion for permission to amend («Requête pour permission d’amender») served in the Québec Class Action.

We ask that you please confirm that you have received and accepted the present notice in accordance with the Order mentioned here above.

Regards

Nicole Young
Law Clerk
Siskinds LLP
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 London, ON N6A 3V8

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38

D

This is Exhibit "D" referred to in the Affidavit of Christina Shiels
sworn October 4, 2012



Commissioner for Taking Affidavits (or as may be)

BRENDAN GRAY

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
NO : 200-06-000132-111

COUR SUPÉRIEURE
(recours collectif)

GUINING LIU
REQUÉRANT

C.

SINO-FOREST CORPORATION ET AUTRES
INTIMÉS

REQUÊTE DU REQUÉRANT POUR PERMISSION D'AMENDER
(Art. 1016 C.p.c.)

À L'HONORABLE JUGE JEAN-FRANÇOIS ÉMOND, DE LA COUR SUPÉRIEURE DU QUÉBEC,
JUGE DÉSIGNÉ POUR ENTENDRE TOUTES LES PROCÉDURES AYANT TRAIT À CETTE
AFFAIRE, LE REQUÉRANT EXPOSE CE QUI SUIT :

1. Le 9 juin 2011, le requérant a déposé une requête pour autorisation d'exercer un recours collectif, sous le titre : «*Motion to authorize the bringing of a Class Action and to obtain the status of representative*»;
2. Le 3 août 2012, le requérant a déposé une requête pour permission d'amender la requête pour autorisation d'exercer un recours collectif;
3. Par jugement rendu le 30 août 2012, cette honorable Cour a accueilli la requête pour permission d'amender;
4. En vue de la présentation de la requête pour obtenir l'autorisation d'exercer un recours collectif pour fins de règlement et pour l'approbation de la transaction intervenue avec l'intimée Pöyry (Beijing) Consulting Company Limited, le requérant désire obtenir la permission d'amender de nouveau afin de clarifier le statut d'un requérant, de limiter le nombre d'intimées et de cerner les causes d'action;
5. La présente demande d'amendement a pour but de corriger la demande d'amendement du 3 août 2012;

6. Ces amendements sont nécessaires afin que le recours collectif du Québec puisse suivre son cours, et ce, considérant que la transaction avec Pöyry a été approuvée le 25 septembre 2012 dans le recours collectif de l'Ontario;

Ajout d'un requérant

7. Le jugement du 30 août 2012 autorise l'ajout de Monsieur Ilan Toledano à titre de requérant. Le but de l'amendement visait plutôt l'ajout de la compagnie Condex Wattco inc. à titre de requérante ainsi que Monsieur Ilan Toledano à titre de personne désignée;
8. Condex Wattco inc. a fait l'achat de 835 actions de Sino durant la période visée par le recours collectif;
9. Monsieur Toledano est à l'emploi de Condex Wattco inc.;
10. L'amendement proposé est dans le meilleur intérêt des membres, car Monsieur Toledano est une personne bien renseignée dans le domaine des valeurs mobilières et se montre apte à représenter adéquatement les membres;
11. Le requérant demande la permission d'ajouter la compagnie Condex Wattco inc. à titre de requérante ainsi que Monsieur Toledano à titre de personne désignée;

Ajout et retrait des intimées

12. Après analyse, les causes d'action du recours collectif reposent sur la responsabilité des intimées sur le marché secondaire prévue à l'article 225.4 de la *Loi sur les valeurs mobilières* (ci-après «*LVM*») ainsi que sur la faute en vertu de la responsabilité extracontractuelle prévue à l'article 1457 *C.c.Q.*;
13. Les allégations concernant le marché primaire n'étant plus requises, l'ajout des preneurs fermes à titre d'intimées devient sans objet et risque de provoquer des contestations des autres intimées qui pourraient retarder le déroulement de l'audition du recours collectif;
14. Les membres du groupe ne subissent aucun préjudice par le retrait des preneurs fermes à titre d'intimées;
15. Pour sa part, l'ajout de BDO Limited à titre d'intimée demeure dans l'intérêt du groupe;
16. Le requérant demande la permission d'ajouter, à titre d'intimée, la partie ci-dessous :
- Un cabinet de vérificateurs;
 ➤ BDO Limited (connu sous BDO MCCABE LO LIMITED);
17. Le requérant demande la permission de retirer, à titre d'intimées, les parties ci-dessous :

Des preneurs fermes

- CREDIT SUISSE SECURITIES (CANADA) INC.;
- TD SECURITIES INC.;
- DUNDEE SECURITIES CORPORATION;
- RBC DOMINION SECURITIES INC.;
- SCOTIA CAPITAL INC.;
- CIBC WORLD MARKETS INC.;
- MERRILL LYNCH CANADA INC.;
- CANACCORD FINANCIAL LTD.;
- MAISON PLACEMENTS CANADA INC.;
- CREDIT SUISSE SECURITIES (USA) LLC.;
- BANC OF AMERICA SECURITIES LLC.

Modification de l'intitulé du recours collectif

18. L'article 225.4 *LVM* prévoit que l'action en dommages-intérêts intentée en vertu de cette section de la loi doit être préalablement autorisée par le tribunal;
19. L'amendement proposant la modification de l'intitulé de la requête pour autorisation est dans le meilleur intérêt des membres;
20. Le requérant demande la permission de modifier l'intitulé de la requête pour autorisation qui se lira dorénavant comme suit : *Amended Motion for leave to plead the cause of action contained in Title VIII, Chapter II, Division II of the QSA and to Authorize the bringing of a class action and to obtain the status of representative* ainsi que l'ajout des allégations et conclusions liées à la *Loi sur les valeurs mobilières* et le *Code civil du Québec*;
21. La présente requête est bien fondée en faits et en droit;

PAR CES MOTIFS, PLAISE À LA COUR :

ACCUEILLIR la requête;

PERMETTRE au requérant d'amender la requête pour autorisation d'exercer un recours collectif afin d'y ajouter la compagnie Condex Wattco inc. à titre de requérante ainsi que Monsieur Toledano à titre de personne désignée;

PERMETTRE au requérant d'amender la requête pour autorisation d'exercer un recours collectif afin d'ajouter, à titre d'intimée, la partie ci-dessous :

- BDO LIMITED (connu sous BDO MCCABE LO LIMITED);

PERMETTRE au requérant d'amender la requête pour autorisation d'exercer un recours collectif afin de retirer, à titre d'intimées, les parties ci-dessous :

- CREDIT SUISSE SECURITIES (CANADA) INC.;
- TD SECURITIES INC.;
- DUNDEE SECURITIES CORPORATION;
- RBC DOMINION SECURITIES INC.;
- SCOTIA CAPITAL INC.;
- CIBC WORLD MARKETS INC.;
- MERRILL LYNCH CANADA INC.;
- CANACCORD FINANCIAL LTD.;
- MAISON PLACEMENTS CANADA INC.;
- CREDIT SUISSE SECURITIES (USA) LLC.;
- BANC OF AMERICA SECURITIES LLC.

PERMETTRE au requérant d'amender la requête pour autorisation d'exercer un recours collectif afin de modifier l'intitulé de la requête pour autorisation qui se lira dorénavant comme suit : «*Amended Motion for leave to plead the cause of action contained in Title VIII, Chapter II, Division II of the QSA and to Authorize the bringing of a class action and to obtain the status of representative*» ainsi que l'ajout des allégations et conclusions liées à la *Loi sur les valeurs mobilières* et le *Code civil du Québec*,

Le tout selon le texte du document intitulé : «*Amended Motion for leave to plead the cause of action contained in Title VIII, Chapter II, Division II of the QSA and to Authorize the bringing of a class action and to obtain the status of representative*» joint à cette requête pour permission d'amender;

LE TOUT sans frais, sauf en cas de contestation.

Québec, ce 1^{er} octobre 2012




SISKINDS, DESMEULES, S.E.N.C.R.L.
Me Samy Elnemr, procureur du requérant

DÉCLARATION SOLENNELLE

Je soussignée, BARBARA ANN CAIN, avocate, exerçant ma profession au 43, rue Buade, bureau 320, Québec, Québec, déclare solennellement ce qui suit :

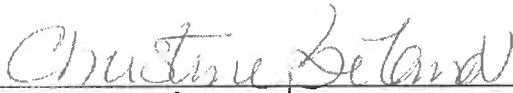
1. Je suis l'un des procureurs du requérant en la présente instance;
2. Tous les faits allégués à la présente requête sont vrais;

EN FOI DE QUOI, J'AI SIGNÉ,
à Québec, ce 1^{er} octobre 2012



Barbara Ann Cain

Déclaré solennellement devant moi
à Québec, ce 1^{er} octobre 2012



Commissaire à l'assermentation pour tous les districts judiciaires de Québec

AVIS DE PRÉSENTATION**À : Me Mason Poplaw et Me Céline Legendre**

McCarthy Tétrault
1000, de la Gauchetière Ouest, bureau 2500
Montréal (Québec) H3B 0A2
Procureurs de Ernst & Young LLP

Me Bernard Gravel & Me Bruno Floriani

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Procureurs de Sino-Forest Corporation

Me Dominique Gibbens & Me Alain Riendeau

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Procureurs des preneurs fermes

PRENEZ AVIS que la présente requête pour obtenir la permission d'amender sera présentée pour adjudication devant l'Honorable juge Jean-François Émond, de la Cour supérieure du Québec, à un endroit et un moment à être fixé lors d'une conférence de gestion de l'instance.

Québec, ce 1^{er} octobre 2012

Siskinds Desmeules

SISKINDS, DESMEULES, S.E.N.C.R.L.
Me Samy Elnemr, procureur du requérant

**CANADA
PROVINCE OF QUÉBEC
DISTRICT OF QUÉBEC
NO: 200-06-000132-111**

**(Class Action)
SUPERIOR COURT**

GUINING LIU;

Petitioner;

and
CONDEX WATTCO INC., legal person
established for a private interest, having its had
office at 55 Ave Milton Montréal (Québec) H8R
1K6;

Petitioner;

and
Ian Toledano, acting as designated person for
Condex Wattco inc.;

Designated Person;

V.

SINO-FOREST CORPORATION;
and
ERNST & YOUNG LLP;
and
BDO LIMITED (formerly known as BDO
MCCABE LO LIMITED) having its head office
at 25th Floor, Wing On Centre, 111 Connaught
Road Central, Hong Kong, China;
and
ALLEN T.Y. CHAN;
and
W. JUDSON MARTIN;
and
KAI KIT POON;
and
DAVID J. HORSLEY;
and
WILLIAM E. ARDELL;
and
JAMES P. BOWLAND;

and
JAMES M.E. HYDE;
and
EDMUND MAK;
and
SIMON MURRAY;
and
PETER WANG;
and
GARRY J. WEST;
and
PÖYRY (BEIJING) CONSULTING
COMPANY LIMITED;
Defendants;

**AMENDED MOTION FOR LEAVE TO PLEAD THE CAUSE OF ACTION
CONTAINED IN TITLE VIII, CHAPTER II, DIVISION II OF THE QUÉBEC
SECURITIES ACT ("QSA") AND TO AUTHORIZE THE BRINGING OF A CLASS
ACTION AND TO OBTAIN THE STATUS OF REPRESENTATIVE
(Article 1002 C.C.P. and following and 225.4 QSA and following)**

**TO [...] THE HONOURABLE [...] JUSTICE JEAN-FRANÇOIS ÉMOND OF THE
[...] SUPERIOR COURT, SITTING IN AND FOR THE DISTRICT OF QUÉBEC, [...] AND
PRESIDING OVER THE PRESENT CLASS ACTION, THE PETITIONERS
RESPECTFULLY DECLARE THE FOLLOWING :**

General presentation

1. The Petitioners wish to institute a class action on behalf of the following group, of which he is a member (the "Group"):

"All persons or entities (other than the Defendants, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is a member of

the immediate families of the individual named defendants) who purchased or otherwise acquired, in the secondary market [...], common shares, notes or other equity or debt securities of or relating to Sino-Forest Corporation, from and including [...] March 19, 2007 to and including June 2, 2011 (the "Class Period"), and who are resident in Quebec or who were resident in Quebec at the time of their acquisition of those securities."

or such other group definition as may be approved by the Court;

2. Sino-Forest Corporation (along with its subsidiaries, "Sino") is a public company and its shares were listed for trading at all material times on the Toronto Stock Exchange (the "TSX") under the ticker symbol "TRE," on the Berlin exchange as "SFJ GR," on the OTC market in the United States as "SNOFF" and on the Tradedgate market as "SFJ TH";
3. At all material times, Sino purported to be a legitimate enterprise operating as a commercial forest plantation operator in the People's Republic of China ("PRC"). At all material times, Sino overstated the nature of its forestry operations, including the value of its forestry assets and the amount of its revenue and net income, and misrepresented the fact that its financial reporting had complied with Canadian GAAP, when in fact it had not done so;
4. The relief that the Petitioners seek[...] includes the following:

- a) damages in an amount equal to the losses that it and the other Members of the Group suffered as a result of purchasing or acquiring the securities of Sino at inflated prices during the Class Period;
- b) a declaration [...] the 2005 Annual Consolidated Financial Statements (filed on **SEDAR** on March 31, 2006), Q1 2006 Financial Statements (filed on **SEDAR** on May 11, 2006), the 2006 Annual Consolidated Financial Statements (filed on **SEDAR** on March 19, 2007), 2006 **AIF** (filed on **SEDAR** on March 30, 2007), 2006 Annual **MD&A** (filed on **SEDAR** on March 19, 2007), Management Information Circular dated April 27, 2007 (filed on **SEDAR** on May 4, 2007), Q1 2007 **MD&A** (filed on **SEDAR** on May 14, 2007), Q1 2007 Financial Statements (filed on **SEDAR** on May 14, 2007), **June 2007 Prospectus**, Q2 2007 **MD&A** (filed on **SEDAR** on August 13, 2007), Q2 2007 Financial Statements (filed on **SEDAR** on August 13, 2007), Q3 2007 **MD&A** (filed on **SEDAR** on November 12, 2007), Q3 2007 Financial Statements (filed on **SEDAR** on November 12, 2007), 2007 Annual Consolidated Financial Statements (filed on **SEDAR** on March 18, 2008), 2007 **AIF** (filed on **SEDAR** on March 28, 2008), 2007 Annual **MD&A** (filed on **SEDAR** on March 18, 2008), Amended 2007 Annual **MD&A** (filed on **SEDAR** on March 28, 2008), Management Information Circular dated April 28, 2008 (filed on **SEDAR** on May

6, 2008), Q1 2008 **MD&A** (filed on **SEDAR** on May 13, 2008), Q1 2008 Financial Statements (filed on **SEDAR** on May 13, 2008), **July 2008 Offering Memorandum**, Q2 2008 **MD&A** (filed on **SEDAR** on August 12, 2008), Q2 2008 Financial Statements (filed on **SEDAR** on August 12, 2008), Q3 2008 **MD&A** (filed on **SEDAR** on November 13, 2008), Q3 2008 Financial Statements (filed on **SEDAR** on November 13, 2008), 2008 Annual Consolidated Financial Statements (filed on **SEDAR** on March 16, 2009), 2008 Annual **MD&A** (filed on **SEDAR** on March 16, 2009), Amended 2008 Annual **MD&A** (filed on **SEDAR** on March 17, 2009), 2008 **AIF** (filed on **SEDAR** on March 31, 2009), Management Information Circular dated April 28, 2009 (filed on **SEDAR** on May 4, 2009), Q1 2009 **MD&A** (filed on **SEDAR** on May 11, 2009), Q1 2009 Financial Statements (filed on **SEDAR** on May 11, 2009), **June 2009 Prospectus, June 2009 Offering Memorandum**, Q2 2009 **MD&A** (filed on **SEDAR** on August 10, 2009), Q2 2009 Financial Statements (filed on **SEDAR** on August 10, 2009), Q3 2009 **MD&A** (filed on **SEDAR** on November 12, 2009), Q3 2009 Financial Statements (filed on **SEDAR** on November 12, 2009), **December 2009 Prospectus, December 2009 Offering Memorandum**, 2009 Annual **MD&A** (filed on **SEDAR** on March 16, 2010), 2009 Audited Annual Financial Statements (filed on **SEDAR** on March 16, 2010), 2009 **AIF** (filed on **SEDAR** on

March 31, 2010), Management Information Circular dated May 4, 2010 (filed on **SEDAR** on May 11, 2010), Q1 2010 **MD&A** (filed on **SEDAR** on May 12, 2010), Q1 2010 Financial Statements (filed on **SEDAR** on May 12, 2010), Q2 2010 **MD&A** (filed on **SEDAR** on August 10, 2010), Q2 2010 Financial Statements (filed on **SEDAR** on August 10, 2010), **October 2010 Offering Memorandum**, Q3 2010 **MD&A** (filed on **SEDAR** on November 10, 2010), Q3 2010 Financial Statements (filed on **SEDAR** on November 10, 2010), 2010 Annual **MD&A** (March 15, 2011), 2010 Audited Annual Financial Statements (filed on **SEDAR** on March 15, 2011), 2010 **AIF** (filed on **SEDAR** on March 31, 2011), and Management Information Circular dated May 2, 2011 (filed on **SEDAR** on May 10, 2011) (the "Impugned Documents") contained one or more misrepresentations, including the Statement that Sino's Financial Statements complied with Canadian generally accounting principles (GAAP), which was, when made, a misrepresentation, both at law and within the meaning of the securities legislation;

- c) a declaration that Sino [...] is vicariously liable for the acts and/or omissions of Allen T.Y. Chan, W. Judson Martin, Kai Kit Poon, David J. Horsley, William E. Ardell, James P. Bowland, James M.E. Hyde, Edmund Mak, Simon Murray, Peter Wang, Garry J. West (the "Individual Defendants"), and of its other officers, directors and employees;

- d) a declaration that Ernst & Young LLP ("E&Y") is vicariously liable for the acts and/or omissions of each of its officers, directors, partners and employees; [...]
- e) a declaration that Pöyry (Beijing) Consulting Company Limited ("Pöyry") is vicariously liable for the acts and/or omissions of each of its officers, directors, partners and employees; and
- f) a declaration that BDO Limited ("BDO") is vicariously liable for the acts and/or omissions of each of its officers, directors, partners and employees.

The Petitioner

- 5. The Petitioner Liu is one of thousands of investors who purchased shares of Sino during the Class Period and continued to hold shares of Sino when the price of Sino's securities declined due to the correction of the misrepresentations alleged herein;
- 5.1 The Petitioner Condex/Wattco inc. (CW) is a legal person established for a private interest that had, at all times during the 12 months period preceding this motion for authorization, not more than 50 persons bound to it by contract of employment;
- 5.2 The Petitioner Condex/Wattco inc. designated Mr Ilan Toledano to act as designated person for purposes of this litigation;

6. During the Class Period, the Petitioner Liu made net purchases of 1,000 Sino shares over the TSX. [Particulars of the Petitioner's Class Period transactions are attached hereto as P-1];
- 6.1 During the Class Period, CW made purchases of 835 Sino shares over the TSX. [Particulars of CW's Class Period transactions are attached hereto as exhibit P-2];

The Defendants

7. The defendant Sino purports to be a commercial forest plantation operator in the PRC. Sino is a corporation formed under the *Canada Business Corporations Act*, RSC 1985, c C-44 (the "CBCA");
8. At the material times, Sino was a reporting issuer in all provinces of Canada, and had its registered office located in Mississauga, Ontario. At the material times, Sino's shares were listed for trading on the TSX under the ticker symbol "TRE," on the Berlin exchange as "SFJ GR," on the OTC market in the United States as "SNOFF" and on the Tradedgate market as "SFJ.TH." Sino's securities are also listed on alternative trading systems in Canada and elsewhere including, without limitation, AlphaToronto and PureTrading. Sino also has various debt instruments, derivatives and other securities which are publicly traded in Canada and elsewhere;
9. The defendants Allen T.Y. Chan, W. Judson Martin, Kai Kit Poon, David J. Horsley, William E. Ardell, James P. Bowland, James M.E. Hyde, Edmund Mak,

Simon Murray, Peter Wang and Garry J. West (the "D&Os") are officers and/or directors of Sino. Each of them is a director[...] and/or officer[...] of Sino within the meaning of the [...] *QSA*;

10. [...]

10.1 The defendant E&Y was Sino's auditor from August 13, 2007 through the end of the Class Period, and thereafter until April 4, 2012, on which date E&Y resigned as the company's auditor. E&Y was also engaged as Sino's auditor from Sino's creation through February 19, 1999, when E&Y abruptly resigned during audit season and was replaced by the now-defunct Arthur Andersen LLP. E&Y was also Sino's auditor from 2000 to 2004, when it was replaced by BDO. E&Y is an expert of Sino within the meaning of the *QSA*;

10.2 E&Y, in providing what it purported to be "audit" services to Sino, made statements that it knowingly intended to be, and which were, disseminated to Sino's current and prospective security holders. At all material times, E&Y was aware of that class of persons, intended to and did communicate with them, and intended that that class of persons would rely on E&Y's statements relating to Sino, which they did to their detriment;

10.3 E&Y consented to the inclusion in the June 2009 and December 2009 Prospectuses, as well as the July 2008, June 2009, December 2009 and October 2010 Offering Memoranda, of its audit reports on Sino's Annual Financial Statements for various years, as alleged more particularly below, and E&Y's audit

reports were in fact included or incorporated by reference into such offering documents;

11. [...]

11.1 BDO is the successor of BDO McCabe Lo Limited, the Hong Kong, China based auditing firm that was engaged as Sino's auditor during the period of March 21, 2005 through August 12, 2007, when it resigned at Sino's request, and was replaced by E&Y. BDO is an expert of Sino within the meaning of the *QSA*;

11.2 During the term of its service as Sino's auditor, BDO provided what it purported to be "audit" services to Sino, and in the course thereof made statements that it knowingly intended to be, and which were, disseminated to Sino's current and prospective security holders. At all material times, BDO was aware of that class of persons, intended to and did communicate with them, and intended that that class of persons rely on BDO's statements relating to Sino, which they did to their detriment;

11.3 BDO consented to the inclusion in each of the June 2007 and December 2009 Prospectuses and the July 2008, June 2009 and December 2009 Offering Memoranda, of its audit reports on Sino's Annual Financial Statements for 2005 and 2006, and BDO's audit reports were in fact included or incorporated by reference into such offering documents;

11.4 E&Y's and BDO's annual Auditors' Report was made "to the shareholders of Sino-Forest corporation," which included the Class Members. Indeed, s. 1000.11 of

the Handbook of the Canadian Institute of Chartered Accountants states that "the objective of financial statements for profit-oriented enterprises focuses primarily on the information needs *of investors and creditors*" [emphasis added];

- 11.5 Sino's shareholders, including numerous Members of the Group, appointed E&Y as auditors of Sino-Forest by shareholder resolutions passed on various dates, including on June 21, 2004, May 26, 2008, May 25, 2009, May 31, 2010 and May 30, 2011;
- 11.6 Sino's shareholders, including numerous Class Members, appointed BDO as auditors of Sino-Forest by resolutions passed on May 16, 2005, June 5, 2006 and May 28, 2007;
- 11.7 During the Class Period, with the knowledge and consent of BDO or E&Y (as the case may be), Sino's audited annual financial statements for the years ended December 31, 2006, 2007, 2008, 2009 and 2010, together with the report of BDO or E&Y thereon (as the case may be), were presented to the shareholders of Sino (including numerous Class Members) at annual meetings of such shareholders held in Toronto, Canada on, respectively, May 28, 2007, May 26, 2008, May 25, 2009, May 31, 2010 and May 30, 2011. As alleged elsewhere herein, all such financial statements constituted Impugned Documents;
- 11.8 Pöyry is an international forestry consulting firm which purported to provide certain forestry consultation services to Sino. Pöyry is an expert of Sino within the meaning of the *QSA*;

11.9 Pöyry, in providing what it purported to be “forestry consulting” services to Sino, made statements that it knowingly intended to be, and which were, disseminated to Sino’s current and prospective security holders. At all material times, Pöyry was aware of that class of persons, intended to and did communicate with them, and intended that that class of persons would rely on Pöyry’s statements relating to Sino, which they did to their detriment;

11.10 Pöyry consented to the inclusion in the June 2007, June 2009 and December 2009 Prospectuses, as well as the July 2008, June 2009, December 2009 and October 2010 Offering Memoranda, of its various reports, as detailed below;

Sino’s Continuous Disclosure Obligations

12. As a reporting issuer in Québec, Sino was required throughout the Class Period to issue and file with SEDAR:

- within 60 days of the end of each quarter, quarterly interim financial statements prepared in accordance with GAAP including a comparative statement to the end of each of the corresponding periods in the previous financial year;
- within 140 days of the end of the fiscal year, annual financial statements prepared in accordance with GAAP, including comparative financial statements relating to the period covered by the preceding financial year; and
- contemporaneously with each of the above, management’s discussion and analysis of each of the above financial statements.

13. The Defendants issued the disclosure documents referenced herein pursuant to their statutory obligation to do so, and also for the specific purpose of attracting investment in Sino's securities, and inducing members of the public to purchase those securities;

The Defendants' Misrepresentations

14. Throughout the Class Period, Sino falsely purported to be a legitimate enterprise operating as a commercial forest plantation operator in the PRC. As part of its obligations as a reporting issuer in Québec (and elsewhere), Sino issued the Impugned Documents. In those documents, Sino made statements concerning the nature of its business, its revenues, profitability, future prospects and compliance with the laws of the PRC and of Canada, implicitly and explicitly and through documents incorporated by reference;
15. In fact, such statements were materially false and/or misleading. During the Class Period, Sino overstated its forestry assets, misrepresented its revenue recognition practices, falsely maintained that its financial statements complied with Canadian GAAP [...], issued materially misleading statements regarding Chinese law and Sino's compliance therewith, and failed to disclose certain related party transactions, among other misrepresentations;
16. On June 2, 2011, however, the truth was at least partially revealed. As a result, the market value of Sino's securities fell dramatically, and the market value for Sino's shares in particular fell by in excess of 70% on extraordinarily heavy

trading volume. Trading of Sino common shares was halted on the TSX after a decline in excess of 24% on June 2. When trading resumed on the TSX on June 3, Sino shares fell in excess of a further 63%, for a two-day drop in excess of nearly 73%;

The Defendants' Fault

The Defendants Owed Duties to the Members of the Group

17. The Defendants owed a duty to the Petitioners and to persons and entities similarly situated, at law and under provisions of the [...] QSA and article 1457 of the Civil Code of Québec, to disseminate promptly, or to ensure that prompt dissemination of truthful, complete and accurate statements regarding Sino's business and affairs, and promptly to correct previously-issued, materially inaccurate information, so that the price of Sino's publicly-traded securities was based on complete, accurate and truthful information;
18. At all times material to the matters complained of herein, each of the Defendants knew or ought reasonably to have known that the trading price of Sino's publicly traded securities was directly influenced by the statements disseminated by the Defendants concerning the business and affairs of Sino;
19. As such, the Defendants knew or ought reasonably to have known that a failure to ensure that Sino's disclosures referenced herein were materially accurate and materially complete would cause Sino's securities to become inflated, and thus would cause damage to persons who invested in Sino's securities while their price remained inflated by such false statements;

The Defendants Violated their Duties

20. Certain statements made by Sino and the D&Os in the Impugned Documents were materially false and/or misleading. [...] Petitioners and the Members of the Group relied on such statements directly or indirectly or via the instrumentality of the markets on which Sino securities traded. When the truth was revealed and true value of Sino's securities became clear, [...] Petitioners and the Members of the Group were injured thereby. [...] Petitioners and the Group plead [...] a fault in violation of the general private law duty of diligence owed to them in the circumstances accordingly with article 1457 of the *Civil Code of Québec* as against Sino and the D&Os;
21. Sino's internal controls, which were designed and/or maintained by the D&Os, were inadequate or ignored. The D&Os owed a duty of care to the Petitioners and the Members of the Group to properly design and/or maintain such internal controls. The Petitioners and the Group plead a fault accordingly with article 1457 of the *Civil Code of Québec* as against the D&Os in connection thereto;
22. E&Y and BDO made statements in certain of the Impugned Documents that were continuous disclosure documents that the audited financial statements contained or incorporated by reference therein "present fairly, and in all material respects, the financial position of [Sino] [...] and the results of its operations and cash flows [...] in accordance with Canadian generally accepted accounting principles" (or similar language). Such statements were materially false and/or misleading, and E&Y and BDO lacked a reasonable basis to make such statements when E&Y

and BDO made them. E&Y and BDO knowingly prepared [...] their reports for use by Sino's security holders and prospective security holders. The Petitioners and the Group relied on such statements directly or indirectly or via the instrumentality of the markets on which Sino securities traded. When the truth was revealed and the true value of Sino's securities became clear, the Petitioners and the Group were injured thereby. In respect of Sino's continuous disclosure documents, the Petitioners and the Group plead a fault [...] in violation of the general private law duty of diligence owed to them in the circumstances accordingly with article 1457 of the *Civil Code of Québec* as against E&Y and BDO;

23. [...]

24. Pöyry made statements regarding the nature of Sino's operations in reports dated on or about May 31, 2011, May 27, 2011, April 23, 2010 and April 2, 2009. Such statements were materially false and/or misleading, and Pöyry lacked a reasonable basis to make such statements when Pöyry made such statements. Pöyry knowingly prepared its reports for use by Sino's security holders and prospective security holders. The Petitioners and the Members of the Group relied on such statements directly or indirectly or via the instrumentality of the markets on which Sino securities traded. When the truth was revealed and true value of Sino's securities became clear, the Petitioners and the Members of the Group were injured thereby. The Petitioners and the Members of the Group plead a fault [...] in violation of the general private law duty of diligence owed to

them in the circumstances accordingly with article 1457 of the *Civil Code of Québec* as against Pöyry;

25. At all times material to the matters complained of herein, each of the Defendants ought to have known that Sino's disclosure documents described herein were materially misleading as detailed above. Accordingly, the Defendants have violated their duties to the Petitioners and to persons or entities similarly situated;
26. The reasonable standard of care expected in the circumstances required the Defendants to act fairly, reasonably, honestly, candidly and in the best interests of the Petitioner and the other Members of the Group. The Defendants' conduct failed to meet the requirements imposed by the duty not to harm others by reason of wrongful conduct under the *Civil Code of Québec*;
27. The Defendants failed to meet the standard of care required by issuing Sino's disclosure documents during the relevant period, which were materially false and/or misleading as described above;
28. The fault of the Defendants resulted in the damage to the Petitioners and Members of the Group as pleaded;

The Relationship Between Sino's Disclosures and the Price of Sino's Securities

29. The price of Sino's securities was directly affected during the Class Period by the issuance of the disclosure documents described herein. The Defendants were

aware at all material times of the effect of Sino's disclosures upon the price of its Sino's securities;

30. The disclosure documents referenced above were filed, among other places, with SEDAR and the TSX and thereby became immediately available to, and were reproduced for inspection by, the Members of the Group, other members of the investing public, financial analysts and the financial press;
31. Sino routinely transmitted the documents referred to above to the financial press, financial analysts and certain prospective and actual holders of Sino's securities. Sino provided either copies of the above referenced documents or links thereto on its website;
32. Sino regularly communicated with the public investors and financial analysts via established market communication mechanisms, including through regular disseminations of press releases on newswire services in Canada, the United States and elsewhere. The price of Sino's securities was directly affected each time SINO communicated new material information about Sino's financial results to the public;
33. Sino was the subject of analysts' reports that incorporated material information contained in the disclosure documents referred to above, with the effect that any recommendations in such reports during the Class Period were based, in whole or in part, upon that information;

34. Sino's securities were and are traded on efficient and automated markets. The price at which Sino's securities traded promptly incorporated material information about Sino's business and affairs, including the omissions and/or misrepresentations described herein, which were disseminated to the public through the documents referred to above and distributed by Sino, as well as by other means;

Misrepresentations under the [...] QSA— Secondary Market

35. Each of the Impugned Documents is a "Core Document" within the meaning of the [...] QSA;
36. Each of the Impugned Documents contained one or more misrepresentations;
37. Each of the D&Os was an officer and/or director of Sino at all material times. Each of the D&Os authorized, permitted or acquiesced in the release of some or all of the Impugned Documents;
38. Sino is a reporting issuer within the meaning of the [...] QSA;
39. Pöyry is an expert within the meaning of the [...] QSA;
40. E&Y is an expert within the meaning of the [...] QSA;
- 40.1 BDO is an expert within the meaning of the [...] QSA;

41. The Petitioners and the Group assert the causes of action set forth in Title VIII, Chapter II, Division II of the [...] QSA as against Sino, Pöyry, the D&Os, [...] E&Y and BDO and will seek leave, if and as required, in connection therewith;
42. [...]
43. [...]
44. [...]
45. [...]

Vicarious Liability of Sino, E&Y, BDO and Pöyry

46. Sino is vicariously liable for the acts and omissions of the Individual Defendants particularized in this [...] Amended Petition;
47. The acts or omissions particularized and alleged herein to have been done by Sino were authorized, ordered and done by the Defendants and other agents, employees and representatives of Sino, while engaged in the management, direction, control transaction of the business and affairs of Sino. Such acts and omissions are, therefore, not only the acts and omissions of the Individual Defendants, but are also the acts and omissions of Sino;
- 47.1 E&Y is vicariously liable for the acts and omissions of its directors, officers, partners and employees particularized in this Amended Petition;

- 47.2 The acts or omissions particularized and alleged herein to have been done by E&Y were authorized, ordered and done by the representatives and agents of E&Y, while engaged in the management, direction, or control of the business and affairs of E&Y. Such acts and omissions are, therefore, not only the acts and omissions of such representatives and agents, but are also the acts and omissions of E&Y;
- 47.3 BDO is vicariously liable for the acts and omissions of its directors, officers, partners and employees particularized in this Amended Petition;
- 47.4 The acts or omissions particularized and alleged herein to have been done by BDO were authorized, ordered and done by the representatives and agents of BDO, while engaged in the management, direction, or control of the business and affairs of BDO. Such acts and omissions are, therefore, not only the acts and omissions of such representatives and agents, but are also the acts and omissions of BDO;
- 47.5 Pöyry is vicariously liable for the acts and omissions of its directors, officers, partners and employees particularized in this Amended Petition;
- 47.6 The acts or omissions particularized and alleged herein to have been done by Pöyry were authorized, ordered and done by the representatives and agents of Pöyry, while engaged in the management, direction, or control of the business and affairs of Pöyry. Such acts and omissions are, therefore, not only the acts

and omissions of such representatives and agents, but are also the acts and omissions of Pöyry;

Damages

48. As a result of the acts and omissions described above, the Petitioners and the other Members of the Group were induced to over-pay substantially for Sino's securities. Such persons and entities have suffered damages equivalent to the loss in market value that occurred when Sino corrected the Misrepresentations;
49. The Petitioners and other Members of the Group are also entitled to recover, as damages or costs, the costs of administering the plan to distribute the recovery in this action;

Conditions required to institute a class action

50. The composition of the Group makes the application of article 59 or 67 C.C.P. impracticable for the following reasons:
- The number of persons included in the group is estimated to be several thousand;
 - The names and addresses of persons included in the group are not known to the Petitioners (but are likely to be known to Defendants);
 - All the facts alleged in the preceding paragraphs make the application of articles 59 or 67 C.C.P. impossible.

51. The claims of the Members of the Group raise identical, similar or related questions of fact or law, namely:

- Did the Defendants authorize or issue false and/or misleading public information?
- Did the Defendants' Misrepresentations cause the share price of Sino's stock to be artificially inflated during the Class Period?
- Did the Defendants therefore commit a fault towards the Petitioners and the other Members of the Group, thereby engaging their liability?
- What prejudice was sustained by the Petitioners and the Members of the Group as a result of the Defendants' faults?
- Are the Defendants jointly responsible for the damages sustained by each of the members?

52. The interests of justice weigh in favour of this motion being granted in accordance with its conclusions.

Nature of the action and conclusions sought

53. The action that the Petitioners wish[...] to institute for the benefit of the Members of the Group is an action in damages;

54. The conclusions that the Petitioners wish[...] to introduce by way of a motion to institute proceedings are:

GRANT the [...] Petitioners' action against the Defendants, under the cause of action contained in Title VIII, Chapter II, Division II of the QSA and, if necessary, the equivalent provisions of the Other Canadian Securities Legislation and under article 1457 of the Civil Code of Quebec;

CONDEMN Defendants to pay to the Members of the Group compensatory damages for all monetary losses;

GRANT the class action of the Petitioners on behalf of all the Members of the Group;

ORDER the treatment of individual claims of each Member of the Group in accordance with articles 1037 to 1040 C.C.P.;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Québec* and with full costs and expenses including expert fees and notice expenses;

55. The Petitioners suggests that this class action be exercised before the Superior Court in the district of Québec for the following reasons:

- A great number of the Members of the Group resides in the judicial district of [...] Québec and in the appeal district of Québec;
- [...] The Petitioners' lawyers have an office in the district of Québec.

56. The Petitioners, who [...] are requesting to obtain the status of representatives, will fairly and adequately protect and represent the interest of the Members of the Group for the following reasons:

- They [...] understand the nature of the action;
- They are [...] available to dedicate the time necessary for an action to collaborate with Members of the Group; and
- Their [...] interests are not antagonistic to those of other Members of the Group.

57. The present motion is well-founded in fact and in law.

FOR THESE REASONS, MAY IT PLEASE THE COURT:

GRANT the present motion;

AUTHORIZE leave under the cause of action contained in Title VIII, Chapter II, Division II of the QSA and, if necessary, the equivalent provisions of the Other Canadian Securities Legislation and the bringing of a class action in the form of a motion to institute proceedings in damages;

ASCRIBE the Petitioners the status of representative of the persons included in the group herein described as:

"All persons or entities (other than the Defendants, their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns, and any individual who is a member of the immediate families of the individual named defendants) who purchased or otherwise acquired, in the secondary market [...],

common shares, notes or other equity or debt securities of or relating to Sino-Forest Corporation, from and including [...] March 19, 2007 to and including June 2, 2011 (the "Class Period"), and who are resident in Québec or who were resident in Québec at the time of their acquisition of those securities."

or such other class definition as may be approved by the Court.

IDENTIFY the principle questions of fact and law to be treated collectively as the following:

- Did the Defendants authorize or issue false and/or misleading public information?
- Did the Defendants' Misrepresentations cause the share price of Sino's stock to be artificially inflated during the Class Period?
- Did the Defendants therefore commit a fault towards the Petitioners and the Members of the Group, thereby engaging their liability?
- What prejudice was sustained by the Petitioners and the Members of the Group as a result of the Defendants' faults?
- Are the Defendants jointly responsible for the damages sustained by each of the Members of the Group?

IDENTIFY the conclusions sought by the class action to be instituted as being the following:

GRANT the [...] Petitioners action against the Defendants, under the cause of action contained in Title VIII, Chapter II, Division II of the QSA and, if necessary, the equivalent provisions of the Other Canadian Securities Legislation and under article 1457 of the Civil Code of Québec;

DECLARE that the Defendants made the Misrepresentations during the Class Period;

DECLARE that the Defendants made the Misrepresentations negligently;

DECLARE that Sino, E&Y, BDO and Pöyry are vicariously liable for the acts and/or omissions of the Individual Defendants;

CONDEMN Defendants to pay to the Members of the Group compensatory damages in the amount of \$386 million, or such other sum as this Court finds appropriate for all monetary losses;

GRANT the class action of the Petitioners on behalf of all the Members of the Group;

ORDER the treatment of individual claims of each Member of the Group in accordance with articles 1037 to 1040 C.C.P.;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Québec* and with full costs and expenses including expert fees and notice fees;

DECLARE that all Members of the Group that have not requested their exclusion from the Group in the prescribed delay to be bound by any judgement to be rendered on the class action to be instituted;

FIX the delay of exclusion at 30 days from the date of the publication of the notice to the Members of the Group;

ORDER the publication of a notice to the Members of the Group in accordance with article 1006 C.C.P.;

THE WHOLE with costs [...], including the costs of all publications of notices.

Québec, [...] October 1st, 2012



SISKINDS, DESMEULES, S.E.N.C.R.L.
Lawyer for the Petitioners

SCHEDULE 1**NOTICE TO DEFENDANT**

Take notice that the plaintiff has filed this action or application in the office of the Superior Court of the judicial district of Québec.

To file an answer to this action or application, you must first file an appearance, personally or by advocate, at the courthouse of Québec located at 300, boul. Jean-Lesage, Québec, G1K 8K6 within 10 days of service of this motion.

If you fail to file an appearance within the time limit indicated, a judgment by default may be rendered against you without further notice upon the expiry of the 10 day period.

If you file an appearance, the action or application will be presented before the court on November 23, 2012, at 9h00 a.m., in room 3.14 of the courthouse. On that date, the court may exercise such powers as are necessary to ensure the orderly progress of the proceeding or the court may hear the case, unless you have made a written agreement with the plaintiff or the plaintiff's advocate on a timetable for the orderly progress of the proceeding. The timetable must be filed in the office of the court.

These exhibits are available on request.

Québec, [...] October 1st, 2012



SISKINDS, DESMEULES, S.E.N.C.R.L.
Lawyers for the Petitioners

**CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUÉBEC
NO: 200-06-000132-111**

**(Class Action)
SUPERIOR COURT**

GUINING LIU

Petitioner;

and

CONDEX WATTCO INC.

Petitioner;

and

Ian Toledano

Designated Person

V.

SINO-FOREST CORPORATION & ALS.

Defendants;

LIST OF EXHIBITS

EXHIBIT P-1: Particulars of the Petitioner's Liu.
EXHIBIT P-2: Particulars of CW.

Québec, [...] October 1st, 2012


SISKINDS, DESMEULES, S.E.N.C.R.L.
Lawyers for the Petitioners

CANADA
PROVINCE DE QUÉBEC
DISTRICT DE QUÉBEC
(Recours collectif)
COUR SUPÉRIEURE
NO : 200-06-000132-111

GUINING LIU

Requérant

c.

SINO-FOREST CORPORATION & ALS

Intimées

Requête du requérant pour permission
d'amender & amended motion for leave to
plead the cause of action contained in
title VIII, division II of the Quebec
Securities Act and to authorize the
bringing of a class action and to obtain
the status of representative

BB-6852

Me Sammy Elnemr

N/D : 67-101

Casier 15

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S EN C R L

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

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MOTION RECORD

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