

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

THE HONOURABLE MR.)
) WEDNESDAY, THE 23RD DAY
JUSTICE MORAWETZ) OF OCTOBER, 2013

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 COMPRISE OR ARRANGEMENT OF SINO-FOREST CORPORATION

**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 MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (successor by merger to Banc of America Securities LLC)

Defendants

Proceeding under the *Class Proceedings Act, 1992*

ORDER

THIS MOTION, made by the Ad Hoc Committee of Purchasers of the Applicant's Securities, including the plaintiffs in the action commenced against Sino-Forest Corporation ("Sino-Forest") in the Ontario Superior Court of Justice, bearing (Toronto) Court File No. CV-11-431153-00CP (the "Ontario Plaintiffs" and the "Ontario Class Action", respectively) for an order approving the form of notice to Securities Claimants of the hearing to approve the Claims and Distribution Protocol and the fee and disbursement expense request of class counsel (the "Fee Request"), and of the claims filing procedure and deadline (the "Notice"), and matters ancillary thereto, was heard on October 23, 2013, in Toronto, Ontario.

WHEREAS the Ontario Plaintiffs and Ernst & Young have entered into the Ernst & Young Settlement;

AND WHEREAS the Supervising CCAA Judge in this proceeding, the Honourable Justice Morawetz, was designated on December 13, 2012 by Regional Senior Justice Then to hear the motion for approval of the Ernst & Young Settlement pursuant to both the CCAA and the *Class Proceedings Act, 1992*;

AND WHEREAS the Ernst & Young Settlement was approved on March 20, 2013;

AND ON BEING ADVISED that the defendant Sino-Forest has delivered to counsel for the Ontario Plaintiffs a list of non-objecting beneficial owners of Sino-Forest securities as of June 2, 2011 (the "June 2, 2011 Shareholder List");

AND ON BEING ADVISED that NPT RicePoint Class Action Services Inc. ("NPT RicePoint") has consented to being the trustee for the purpose of holding and distributing the Settlement Fund and administering the Settlement Trust (the "Administrator");

AND ON BEING ADVISED that the Monitor has consented to the appointment of NPT RicePoint as Administrator;

AND ON READING the materials filed, and on hearing submissions of counsel for the Ontario Plaintiffs,

1. **THIS COURT ORDERS** that the time for service and filing of this notice of motion and motion record is validated and abridged and any further service thereof is dispensed with.
2. **THIS COURT ORDERS** that unless otherwise defined herein, or unless the context requires otherwise, capitalized terms in this Order have the meanings attributed to them at **Schedule "A"** of this Order.
3. **THIS COURT ORDERS** that the Notice substantially in the form attached as **Schedule "B"** be and hereby is approved and shall be published, subject to the right of the Ontario Plaintiffs to make minor non-material amendments to such form as may be necessary or desirable.
4. **THIS COURT ORDERS** that a short-form notice substantially in the form attached as **Schedule "C"** (the "Short-Form Notice") be and hereby is approved and shall be published, subject to the right of the Ontario Plaintiffs to make minor non-material amendments to such form as may be necessary or desirable.
5. **THIS COURT ORDERS** that the Notice and the Short-Form Notice shall be disseminated as follows, by November 6, 2013:
 - a. Siskinds LLP and Koskie Minsky LLP (together, "Class Counsel") shall provide or cause to be provided a copy of the Notice directly, either electronically or by mail, to all individuals or entities who have contacted Class Counsel, Siskinds Desmeules sencrl ("Desmeules"), or Cohen Milstein Sellers & Toll PLLC ("Cohen Milstein")

regarding this action, and to any person or entity who requests a copy of the Notice, provided that such person or entity has furnished his, her or its contact information to Class Counsel, Desmeules, or Cohen Milstein;

- b. Class Counsel will send or will cause to be sent copies of the Notice to the deliverable addresses on the June 2, 2011 Shareholder List and by electronic mail to the current Service List in Court File No. CV-12-9667-00CL (the “CCAA Proceeding”);
- c. Class Counsel will send or cause to be sent copies of the Notice to all Canadian brokers and all US brokers and other nominees who are known to Class Counsel, with a cover letter directing those brokers to provide a copy of the Notice, either by mail or electronically, to those of their clients who are or have been beneficial owners of Sino-Forest securities. Brokers will also be requested to send a statement to Class Counsel or its designee indicating that such mailing or electronic communication was completed as directed;
- d. copies of the Notice will be posted on the websites of Class Counsel (in English and French) and Cohen Milstein (in English);
- e. Class Counsel will issue and cause to be disseminated a press release which incorporates the Notice;
- f. Class Counsel will provide hyper-links to the Notice from the following twitter accounts:
 - i. @kmlawllp; and
 - ii. @SiskindsLLP;
- g. copies of the Short-Form Notice will be published in the following print publications:
 - i. *The Globe and Mail*, in English, in one weekday publication;
 - ii. *National Post*, in English, in one weekday publication
 - iii. *Wall Street Journal*, in English, in one weekday publication;

iv. *La Presse*, in French, in one weekday publication; and

v. *Le Soleil*, in French, in one weekday publication.

6. **THIS COURT ORDERS** that any persons objecting to the Claims and Distribution Protocol or the Class Counsel Fee Request shall deliver a notice of objection substantially in the form attached hereto as **Schedule “D”** (the “Notice of Objection”) to be received by no later than November 29, 2013, by mail, courier, or email transmission, to the contact information indicated on the Notice of Objection.
7. **THIS COURT ORDERS** that the deadline for the submission of Claim Forms to the Administrator is February 14, 2014, or such other date as may be ordered by the Court. (the “Claims Bar Deadline”).
8. **THIS COURT ORDERS** that no person may file a Claim Form that is postmarked after the Claims Bar Deadline.
9. **THIS COURT ORDERS** that NPT Ricepoint is hereby appointed as the Administrator pursuant to the Settlement Approval Order.



Morawetz J.

OCT 23 2013
MB

SCHEDULE "A"

Definitions of capitalized terms used in this Order

"CCAA" means the *Companies' Creditors Arrangement Act*, RSC, 1985, c. C-36

"Claims and Distribution Protocol" has the meaning attributed to it in the Settlement Approval Order

"Ernst & Young" has the meaning attributed to it in the Plan

"Ernst & Young Settlement" has the meaning attributed to it in the Plan

"Plan" means the Plan of Compromise and Reorganization of Sino-Forest Corporation under the CCAA, dated December 3, 2012

"Securities Claimants" has the meaning attributed to it in Appendix "A" to the Settlement Approval Order

"Settlement Approval Order" means the Order of this Court, dated March 20, 2013, approving the Ernst & Young Settlement

"Settlement Fund" has the meaning attributed to it in the Settlement Approval Order

"Settlement Trust" has the meaning attributed to it in the Settlement Approval Order

SINO-FOREST SECURITIES CLASS ACTION

NOTICE OF

CLAIMS FILING DEADLINE

and

HEARING TO APPROVE THE CLAIMS AND DISTRIBUTION PROTOCOL AND COUNSEL FEES

TO: All persons and entities, wherever they may reside, who acquired any securities of Sino-Forest Corporation including securities acquired in the primary, secondary, and over-the-counter markets (the “Securities Claimants”).

**READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS.
YOU MAY NEED TO TAKE PROMPT ACTION**

IMPORTANT DEADLINES

Claims Bar Deadline (to file a claim for compensation from the Ernst & Young Settlement. See page 5 for more details)

Feb 14, 2014

Objection Deadline (for those who wish to object or make submissions regarding the proposed Claims and Distribution Protocol or the fee and disbursement request of Class Counsel. See page 4 for more details)

November 29, 2013

Background of Sino-Forest Class Action and CCAA Proceeding

In June and July of 2011, class actions were commenced in the Ontario Superior Court of Justice (the “Ontario Proceeding”) and the Quebec Superior Court (the “Quebec Proceeding”) by certain plaintiffs (the “Plaintiffs”) against Sino-Forest Corporation (“Sino-Forest”), its senior officers and directors, its underwriters, a consulting company, and its auditors, including Ernst & Young LLP (“Ernst & Young”). In January 2012, a proposed class action was commenced against Sino-Forest and other defendants in the Supreme Court of the State of New York which is now pending in the United States District Court for the Southern District of New York (the “US Action”) (collectively, the “Proceedings”). The actions alleged that the public filings of Sino-Forest contained false and misleading statements about Sino-Forest’s assets, business, and transactions. The actions also allege that Ernst & Young issued false and misleading audit opinions on Sino-Forest’s financial statements issued during the class period.

Since that time, the litigation has been vigorously contested. On March 30, 2012, Sino-Forest obtained creditor protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”), and the Ontario Superior Court ordered a stay of proceedings against the company and other parties, including Ernst & Young (the “CCAA Proceeding”). Orders and other materials relevant

to the CCAA Proceeding can be found at the CCAA Monitor's website at <http://cfcanada.fticonsulting.com/sfc/> (the "Monitor's Website").

On December 10, 2012, a Plan of Arrangement was approved by the court in the CCAA Proceeding. As part of the Plan of Arrangement, the court approved a framework by which the Plaintiffs may enter into settlement agreements with any of the third-party defendants to the Proceedings.

Settlement with Ernst & Young

The Plaintiffs have entered into a settlement with Ernst & Young (the "Settlement Agreement"). The Settlement Agreement was approved by the Ontario Superior Court of Justice by an order dated March 20, 2013 (the "Settlement Approval Order"). Pursuant to the Settlement Agreement, Ernst & Young will pay CAD\$117,000,000 (the "Settlement Amount") to a Settlement Trust to be administered in accordance with orders of the court.

In return, the action will be dismissed against Ernst & Young, and there will be an order forever barring claims against it in relation to Sino-Forest including any allegations relating to the Proceedings. Ernst & Young does not admit to any wrongdoing or liability. The terms of the Settlement Agreement do not involve the resolution of any claims against Sino-Forest or any of the other defendants. For information regarding CCAA orders affecting Sino-Forest, including the Settlement Approval Order, please see the Monitor's Website. A complete copy of the Settlement Agreement and other information about these proceedings is available at: www.kmlaw.ca/sinoforestclassaction and www.sinoeysettlement.com (the "Class Action Websites").

The Settlement Agreement is contingent on the United States Bankruptcy Court for the Southern District of New York ("U.S. Bankruptcy Court") recognizing the Settlement Approval Order. A hearing to recognize the Settlement Approval Order will be held in the U.S. Bankruptcy Court on November 18, 2013.

Who Acts for the Securities Claimants

Koskie Minsky LLP, Siskinds LLP, Siskinds Desmeules, sencrl, and Cohen Milstein Sellers & Toll PLLC (collectively, "Class Counsel") represent the Securities Claimants in the Proceedings. If you want to be represented by another lawyer, you may hire one to appear in court for you at your own expense.

You will not have to directly pay any fees or expenses to Class Counsel. However, Class Counsel will seek to have their fees and expenses paid from any money obtained for the class or paid separately by the defendants. The fee request of Class Counsel in connection with the Settlement Agreement is explained below.

Hearing to Approve the Claims and Distribution Protocol and Class Counsel Fees on December 13, 2013 in Toronto, Ontario

On December 13, 2013 at 10:00 a.m., there will be a hearing before the Ontario Superior Court of Justice (the "Distribution Protocol and Fee Hearing") at which Class Counsel will seek that Court's approval of (1) the plan for allocating the Net Settlement Amount (as defined below)

among the members of the Securities Claimants (the “Claims and Distribution Protocol”); and (2) the fees and expense reimbursement requests of Class Counsel. The hearing will be held at the Canada Life Building, 330 University Avenue, 8th Floor, Toronto, Ontario. The exact courtroom number will be available on a notice board on the 8th Floor.

The proposed Claims and Distribution Protocol sets out, among other things, i) the method by which the Administrator (defined below) will review and process claims forms; and ii) the method by which the Administrator will calculate the amount of compensation to be distributed to each Securities Claimant, including the Allocation System, which assigns different risk adjustment factors to different Sino-Forest securities depending on factors such as the type of security acquired and the time that security was acquired. Persons that suffered the same loss on their Sino-Forest securities may receive different levels of compensation, depending on the risk adjustment factors assigned to their securities.

The detailed proposed Claims and Distribution Protocol can be found at the Class Action Websites, or by contacting Class Counsel at the contact information set out at the end of this notice. **The court has discretion to modify the proposed Claims and Distribution Protocol.**

At the Distribution Protocol and Fee Hearing, Class Counsel will also seek court approval of its request for fees and expense reimbursements (“Class Counsel Fees”). As is customary in class actions, Class Counsel is prosecuting and will continue to prosecute this class action on a contingent fee basis. Class Counsel is not paid as the matter proceeds, and Class Counsel funds the out-of-pocket expenses of conducting the litigation. Class Counsel will be requesting the following fees and disbursements to be deducted from the Settlement Amount before it is distributed to Class Members:

Koskie Minsky LLP, Siskinds LLP, Siskinds Desmeules, sencrl

Amount requested: \$17,846,250, plus disbursements (expenses), plus taxes

Cohen Milstein Sellers & Toll PLLC

Amount requested for fees: \$2,340,000, plus disbursements (expenses), plus taxes

The court materials in support of these fee and disbursement requests will be posted on the Class Action Websites prior to the Distribution Protocol and Fee Hearing.

Expenses incurred or payable relating to notification, implementation, and administration of the settlement (“Administration Expenses”) will also be paid from the Settlement Amount.

The Plaintiffs have also entered into a litigation funding agreement with Claims Funding International PLC (“CFI”). Pursuant to that agreement, CFI has agreed to pay any adverse cost awards against the Plaintiffs in this litigation, and to pay \$50,000 towards disbursements. In return, CFI is entitled to 5% of any net recovery in these actions up to a maximum of \$5 million if the action is resolved before the pre-trial or 7% of net recovery up to a maximum of \$10 million if the action is resolved after the pre-trial. The litigation funding agreement with CFI was approved by the Ontario Superior Court of Justice on May 17, 2012.

The amount of funds remaining after deduction of Class Counsel Fees, Administration Expenses, and payment to CFI (the “Net Settlement Amount”) will be distributed to the Securities Claimants.

Securities Claimants may attend at the hearing of the Distribution Protocol and Fee Hearing and ask to make submissions regarding the Claims and Distribution Protocol or Class Counsel’s fee and expense reimbursement request.

Persons intending to object to the Claims and Distribution Protocol or the Class Counsel fees and expense reimbursement request are required to deliver a Notice of Objection, substantially in the form that can be found on the Class Action Websites, and, if this Notice is received by mail or email, enclosed with this Notice (the “Notice of Objection”), to Siskinds LLP by regular mail, courier, or email transmission, to the contact information indicated on the Notice of Objection, so that it is received by no later than 5:00 p.m. on November 29, 2013. Copies of the Notices of Objection sent to Siskinds LLP will be filed with the court.

THE COURT MAY APPROVE A CLAIMS AND DISTRIBUTION PROTOCOL THAT IS DIFFERENT THAN THE CLAIMS AND DISTRIBUTION PROTOCOL THAT IS PROPOSED BY CLASS COUNSEL. WHETHER OR NOT THEY SUBMIT A VALID CLAIM FORM, ALL PERSONS OR ENTITIES THAT ARE ENTITLED TO PARTICIPATE IN THE E&Y SETTLEMENT WILL BE BOUND BY THE CLAIMS AND DISTRIBUTION PROTOCOL, WHATEVER IT MAY BE, THAT IS APPROVED BY THE COURT.

The Administrator

The Court has appointed NPT RicePoint as the Administrator of the settlement. The Administrator will, among other things: (i) receive and process the Claim Forms (discussed below); (ii) make determinations of Class Members’ eligibility for compensation pursuant to the Claims and Distribution Protocol; (iii) communicate with Class Members regarding their eligibility for compensation; and (iv) manage and distribute the Net Settlement Amount. The Administrator can be contacted at:

Mailing Address: NPT RicePoint Class Action Services
Sino-Forest Class Action
P.O. Box 3355
London, ON N6A 4K3

Telephone: 1-866-432-5534

Email Address: sino@nptricepoint.com

Website: www.nptricepoint.com

Claims Filing Procedure and Deadline

Securities Claimants will only be eligible for compensation from the Net Settlement Amount if they submit a complete Claim Form before the Claims Bar Deadline (defined below) including any supporting documentation with the Administrator.

Claim Forms are available on the Class Action Websites or, if you are receiving this notice by mail or email, attached to this notice.

To be eligible for compensation, Class Members must submit their Claim Form, postmarked via mail or email to the Administrator at the addresses listed above NO LATER THAN February 14, 2014 (the “Claims Bar Deadline”). If you do not submit a Claim Form by the Claims Bar Deadline, you will not receive any compensation from the Net Settlement Amount but will remain bound by the final Settlement Order and release.

Please note that Noteholders who still held their notes as of January 16, 2013 do not need to complete a Claim Form in respect of those notes. Claim Forms will still need to be filed in respect of any other notes.

The Net Settlement Amount will be distributed to Class Members in accordance with the Claims and Distribution Protocol that is approved by the Court.

If you file a Claim Form to participate in this settlement, you may not be required to file additional Claim Forms to participate in any future judgments or settlements in this litigation. However, you must ensure that the Administrator is advised of any changes to your mailing address.

Further Information

If you would like additional information, please contact Koskie Minsky LLP, Siskinds LLP, Siskinds Desmeules sencl, or Cohen Milstein Sellers & Toll PLLC using the information below:

Jonathan Bida, Garth Myers
Koskie Minsky LLP
20 Queen St. West, Suite 900, Box 52, Toronto, ON, M5H 3R3
Re: Sino-Forest Class Action
Tel: 1.866.474.1739 (within North America)
Tel: 416.595.2158 (outside North America)
Email: sinoforestclassaction@kmlaw.ca

Dimitri Lascaris, Charles Wright
Siskinds LLP
680 Waterloo Street, P.O. Box 2520 London, ON N6A 3V8
Re: Sino-Forest Class Action
Tel: 1.800.461.6166 x 2380 (within North America)
Tel: 519.672.2251 x 2380 (outside North America)
Email: sinoforest@siskinds.com

Simon Hebert
Siskinds Desmeules, sencrl
43 Rue Buade, Bureau 320, Québec City, Québec, G1R 4A2
Re: Sino-Forest Class Action
Tel: 418.694.2009
Email: simon.hebert@siskindsdesmeules.com

Richard Speirs
Cohen Milstein Sellers & Toll, PLLC
88 Pine Street
New York, NY 10005
Tel. 212.838.7797
Email: lawinfo@cohenmilstein.com

Please do not direct inquiries about this notice to the Court. All inquiries should be directed to the Administrator or Class Counsel.

DISTRIBUTION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE ONTARIO
SUPERIOR COURT OF JUSTICE

Did you acquire securities of Sino-Forest Corporation?

A \$117 million settlement between the plaintiffs and Ernst & Young has been approved in the class action against Sino-Forest Corporation.

YOU MUST FILE A CLAIM TO PARTICIPATE

A hearing will be held at 10:00 a.m. on **December 13, 2013** to approve the method of distribution of the settlement funds ("Claims and Distribution Protocol") and fees to be paid to lawyers ("Class Counsel Fees"). The hearing will be held at the Canada Life Building, 330 University Avenue, 8th Floor, Toronto, Ontario. The exact courtroom number will be available on a notice board on the 8th floor.

IMPORTANT DEADLINES:

To participate in the settlement, you must file a claim by February 14, 2014

To object to the proposed Claims and Distribution Protocol or Class Counsel Fees, you must file an objection by **November 29, 2013**

FOR MORE INFORMATION:

VISIT www.sinoeysettlement.com

and read the "Notice of Distribution Protocol and Fee Hearing" to learn how to file a claim and how to object to the Claims and Distribution Protocol or Class Counsel Fees.

OR CALL 1-800-461-6166 x 2380

DISTRIBUTION OF THIS NOTICE HAS BEEN AUTHORIZED BY THE ONTARIO
SUPERIOR COURT OF JUSTICE

Schedule D

NOTICE OF OBJECTION

TO: SISKINDS LLP
680 Waterloo Street
PO Box 2520
London, ON N6A 3V8

Attention: Nicole Young

Email: sinoforest@siskinds.com

**RE: SINO-FOREST CORPORATION — ERNST & YOUNG SETTLEMENT
DISTRIBUTION PROTOCOL AND FEE HEARING**

I, _____ (please check all boxes that apply):
(insert name)

- am a current shareholder of Sino –Forest Corporation
- am a former shareholder of Sino –Forest Corporation
- am a current noteholder of Sino –Forest Corporation
- am a former noteholder of Sino –Forest Corporation
- other (please explain)

I acknowledge that pursuant to the order of Mr. Justice Morawetz dated October 23, 2013 (the “Order”), persons wishing to object to the Claims and Distribution Protocol or the Class Counsel Fees request are required to complete and deliver this Notice of Objection to Siskinds LLP by mail, courier or email to be received by no later than 5:00 p.m. (Eastern Time) on November 29, 2013

I hereby give notice that I object to the (please check all boxes that apply):

- Claims and Distribution Protocol
- Class Counsel Fee Request

for the following reasons (please attach extra pages if you require more space):

- I DO NOT intend to appear at the hearing of the motion to approve the Claims and Distribution Protocol and Class Counsel Fee Request, and I understand that my objection will be filed with the court prior to the hearing of the motion at 10:00 a.m. on December 13, 2013, at 330 University Ave., 8th Floor Toronto, Ontario.

- I DO intend to appear, in person or by counsel, and to make submissions at the hearing of the motion to approve the Claims and Distribution Protocol and Class Counsel Fee Request at 10:00 a.m. on December 13, 2013, at 330 University Ave., 8th Floor Toronto, Ontario.

MY ADDRESS FOR SERVICE IS:

MY LAWYER'S ADDRESS FOR SERVICE IS (if applicable):

Name:

Name:

Address:

Address:

Tel.:

Tel.:

Fax:

Fax:

Email:

Email:

Date: _____

Signature: _____

