

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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

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

**Responding Motion Record of  
BDO Limited**

**(motion re Pöyry settlement approval motion returnable September 21, 2012)**

August 20, 2012

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**SERVICE LIST (Attached)**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

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

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# INDEX

**INDEX**

<b><u>Tab</u></b>	<b><u>Document</u></b>	<b><u>Page No.</u></b>
1.	<b>Affidavit of Li Yin Fan, sworn August 20, 2012</b>	<b>1-7</b>
A.	<b>Exhibit "A"</b> - National Settlement Agreement	8-46
B.	<b>Exhibit "B"</b> - Statement of Claim issued By BDO as against Pöyry Singapore, issued July 25, 2012	47-67
C.	<b>Exhibit "C"</b> - Enhanced Corporate Search Report for Pöyry Singapore	68-72
D.	<b>Exhibit "D"</b> - 2005 Sino-Forest Annual Valuation Report	73-231
E.	<b>Exhibit "E"</b> - 2006 Sino-Forest Annual Valuation Report	232-354
F.	<b>Exhibit "F"</b> - 2005 Sino-Forest Audit Completion Memorandum	355-389
G.	<b>Exhibit "G"</b> - 2006 Sino-Forest Audit Completion Memorandum	390-434
2.	<b>Affidavit of Diana Correia , sworn August 20, 2012</b>	<b>435-436</b>
A.	<b>Exhibit "A"</b> - June 2007 Sino-Forest Corporation Prospectus	437-469
B.	<b>Exhibit "B"</b> - July 2008 Sino-Forest Corporation Offering Memorandum	470-698
C.	<b>Exhibit "C"</b> - June 2009 Sino-Forest Corporation Offering Memorandum	699-959
D.	<b>Exhibit "D"</b> - December 2009 Sino-forest Corporation Prosepctus	960-1013
E.	<b>Exhibit "E"</b> - December 2009 Sino-Forest Corporation Offering Memorandum	1014-1232
F.	<b>Exhibit "F"</b> - 2005 Condolitated Annual Financial Report of Sino-Forest	1233-1297

G.	<b>Exhibit “G”</b> - 2006 Condolitated Annual Financial Report of Sino-Forest	1298-1366
H.	<b>Exhibit “H”</b> - 2007 Condolitated Annual Financial Report of Sino-Forest	1367-1439
I.	<b>Exhibit “I”</b> - 2008 Condolitated Annual Financial Report of Sino-Forest	1440-1518
J.	<b>Exhibit “J”</b> – Statement of Allegations prepared by the Ontario Securities Commission	1519-1558

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

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

**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 -**

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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**

*Proceeding under the Class Proceedings Act, 1992*

**Defendants**

**AFFIDAVIT OF LI YIN FAN  
(sworn August 2, 2012)**

I, LI YIN FAN, of the City of Hong Kong, Special Administrative Region, People's

Republic of China MAKE OATH AND SAY:

1. I am a Director of BDO Limited ("BDO"). BDO was the auditor of Sino Forest Corporation ("Sino") from August 2005 until August 2007 and audited Sino's annual financial statements for the years ended December 31, 2005 and December 31, 2006. I was the Engagement Director at BDO who was in charge of those audits. As such I have personal



- 2 -

knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge, I have stated the source of my belief and believe the information to be true.

2. BDO is a defendant in this action and in Fresh as Amended Statement of Claim allegations have been made relating to alleged deficiencies in BDO's audits of Sino's 2005 and 2006 annual financial statements and in the Audit Statements made by BDO regarding those financial statements.

3. I understand that under an Order made within Sino's restructuring proceedings this action is currently stayed as against all defendants to this action, other than Pöyry (Beijing) Consulting Limited ("Pöyry Beijing") and any affiliates of Pöyry Beijing. If and when this stay is lifted, BDO anticipates that it will at the appropriate time formally file a Statement of Defence to respond to this action that will include a complete denial of the allegations of negligence that are being made against it.

4. Another of the defendants to this action is Pöyry Beijing. It is pleaded in the Fresh as Amended Statement of Claim in this action that "Pöyry Beijing provided 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 securities holders." It is my understanding from the Fresh as Amended Statement of Claim that Pöyry Beijing has been sued for alleged misrepresentations in valuation reports regarding Sino's forest (timber) assets, the first of which was alleged to have been produced and disseminated to the public in or about March 2008.

5. I make this affidavit in response to the motion made by the plaintiffs in which they are seeking, among other things, Court approval of the settlement agreement the plaintiffs have entered into with Pöyry Beijing (the "Settlement Agreement"). Attached hereto and marked as **Exhibit "A"** is a copy of the Settlement Agreement.

6. It is my understanding that, if approved, the Settlement Agreement and the order being sought on the approval motion would not only release Pöyry Beijing from any claims that could be made against it in this action, but it would also release all affiliates and subsidiaries of Pöyry Beijing. This would include another Pöyry company that was extensively involved

- 3 -

in valuing Sino's assets during the period covered by this action, Pöyry Management Consulting (Singapore) Pte. Ltd. ("Pöyry Singapore").

**The Action by BDO against Pöyry Singapore:**

7. While Pöyry Singapore has not been named by the plaintiffs as a defendant in this action, on July 25, 2012 BDO commenced an action against Pöyry Singapore. Attached hereto and marked as Exhibit "B" is a copy of the Statement of Claim in that action.

8. If and when the stay of this action is lifted, it is BDO's intention to seek to consolidate its action against Pöyry Singapore with this action so that the two actions will proceed together.

**The Pöyry Singapore Reports:**

9. Pöyry Singapore was formerly known as Pöyry Forest Industry Pte. Ltd. between April 2006 and March 2010 and, prior to that, as JP Management Consulting (Asia-Pacific) Pte. Ltd. between April 2000 and April 2006. In that regard, I attach as Exhibit "C" hereto an Enhanced Corporate Search Report for Pöyry Singapore the contents of which I believe to be accurate.

10. For each year between 2003 to 2008 inclusive, Pöyry Singapore provided annual valuation reports in respect of Sino's timber assets and the current and projected valuation of those assets (collectively, the "Pöyry Singapore Reports").

11. As described below, BDO relied on the 2005 and 2006 Pöyry Singapore Reports in the conduct of its audits of the annual financial statements of Sino for those same years. Attached hereto and marked as Exhibit "D" and "E", respectively, are copies of the 2005 and 2006 Pöyry Singapore Reports.

- 4 -

### **BDO's reliance on the Pöyry Singapore Reports**

12. In connection with BDO's audits of the annual financial statements of Sino for the years ended December 31, 2005 and December 31, 2006 I and the other members of the BDO audit team obtained and reviewed the Pöyry Singapore Reports for 2005 and 2006.

13. The primary purpose of our review of the Pöyry Singapore Reports for 2005 and 2006 was to compare the costs of the timber assets shown in Sino's financial statements with the market value of those timber holdings as valued by Pöyry Singapore.

14. This comparison review was necessary to ascertain whether or not the market value of the timber assets by Pöyry Singapore was greater or lower than the cost of the assets shown by Sino in its financial statements to determine whether any adjustment (impairment) would need to be made to the carrying amount of the timber holdings shown in the Sino financial statements for 2005 and 2006.

15. In addition to reviewing the 2005 and 2006 Pöyry Singapore Reports, BDO also took steps to assess the methodology and assumptions used therein and, ultimately whether BDO could reasonably rely upon the 2005 and 2006 Pöyry Singapore Reports.

16. To that end, in early 2006 my colleague, Wong Chi Wai, and I met with the principal of Pöyry Singapore, Andy Fyfe, as well as Sino's Vice President, Finance & Group Financial Controller, Alvin Lim.

17. The purpose of this meeting was to assess and discuss the following matters:

- i. Pöyry Singapore's independence from Sino;
- ii. The business background and experience of Pöyry Singapore;
- iii. The significant estimates made in the Pöyry Singapore Reports;
- iv. The assumptions used in the valuation and their consistency with both prior years and industry standards;
- v. Any difficulties encountered in the valuation process;

- 5 -

- vi. A documentary request (to Andy Fyfe) to provide to BDO a list of information Sino had provided to Pöyry Singapore to ensure the information provided was consistent with the information Sino had provided BDO; and
- vii. Enquiry with Pöyry Singapore if it would check and verify the accuracy of the information provided by Sino to it for use in the Pöyry Singapore Reports.

18. In response to these inquiries and discussions, I was assured and advised of the following by Pöyry Singapore:

- i. I received assurances from Andy Fyfe that Pöyry Singapore was independent from Sino;
- ii. I received assurances that Pöyry Singapore that was one of the world's leading advisors to the global forestry industry with significant experience in asset valuation, which appeared to be the case;
- iii. Assurances that satisfied BDO that the estimates used by Pöyry Singapore appeared to be reasonable and consistent with both those used in prior years and industry standards;
- iv. Assurances that satisfied BDO that the assumptions used in the valuation by Pöyry Singapore appeared to be reasonable and consistent with both those used in prior years and industry standards;
- v. I was not made aware of any significant difficulties experienced in the valuation process; and
- vi. I was advised by Andy Fyfe that Pöyry Singapore would check the accuracy of the information provided to it by Sino on a sampling basis.

19. I and the other members of the BDO audit team relied upon all of the said information, assurances and advice provided by Pöyry Singapore in conducting our audit of Sino's 2005 annual financial statements— especially in concluding that the valuation shown for Sino's timber assets was reliable and not subject to any impairment (i.e. the market value estimated

- 6 -

by Pöyry Singapore was not lower than the cost shown in the financial statements). Attached hereto as Exhibit "F" is a copy of the 2005 Audit Completion Memo which contains an accurate summary of the steps taken by BDO in reliance upon Pöyry Singapore and the 2005 Pöyry Singapore Report.

20. For BDO's audit of Sino's 2006 annual financial statements, steps were taken to ascertain the reliability of Pöyry Singapore and the 2006 Pöyry Report that were similar to those outlined above in connection with the audit of Sino's 2005 annual financial statements.

21. In some cases, BDO relied upon prior answers given by Pöyry Singapore regarding its independence and expertise during the 2005 audit process. However, additional steps were taken to consult with Pöyry Singapore staff and assess the reliability of Pöyry Singapore Report for 2006.

22. These steps included an attendance to observe a site visit by Pöyry Singapore as part of the valuation process. In particular, I have been advised by a member of the BDO audit team for 2006, Ho Siu Lung, George and believe that in early 2007 Mr. Ho observed a site visit conducted by Pöyry Singapore at Sino's plantation in Rongshui, Guangxi, People's Republic of China. I am further advised by Mr. Ho and believe that Mr. Ho also had discussions at that time with Pöyry Singapore employees regarding the methodology they were using in valuing Sino's timber assets.

23. In light of the extensive reviews and discussions described above, I and other members of the BDO audit team once again relied upon the Pöyry Singapore Report for 2006 in auditing the 2006 annual financial statements of Sino and, in particular, in concluding that the valuation of Sino's timber assets as shown in its 2006 financial statements was reliable and those assets were not subject to impairment. Again, we took comfort from the fact that the market value estimated by Pöyry Singapore was higher than the cost of those assets as shown in Sino's 2006 financial statements.


24. Attached hereto and marked as Exhibit "G" is a copy of the 2006 Audit Completion Memo prepared by BDO which contains an accurate summary of BDO's use and reliance

- 7 -

upon the 2006 Pöyry Singapore Report in auditing the 2006 annual financial statements for Sino.

25. I make this affidavit in response to a motion by the plaintiffs for approval of their settlement with Pöyry Beijing and other associated relief and for no other purpose.

SWORN BEFORE ME at the City of Hong Kong, Special Administrative Region, People's Republic of China, on August 20, 2012.



Person Authorized to take Affidavits

**Katherine K. Y. Lam**  
**Solicitor,**  
**Hong Kong SAR**  
Messrs. Simon Si & Co.



LI YIN FAN

# TAB A

This is Exhibit "A" referred to in the  
Affidavit of Li Yin Fan,  
sworn before me this 20  
day of August, 2012



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Person Authorized to take Affidavits

Katherine K. Y. Lam  
Solicitor,  
Hong Kong SAR  
Messrs. Simon Si & Co.



**SINO-FOREST CLASS ACTION  
NATIONAL SETTLEMENT AGREEMENT**

Made as of March 20, 2012

Between

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**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, ROBERT WONG and GUINING LIU**

and

**POYRY (BEIJING) CONSULTING COMPANY LIMITED**

**SINO-FOREST CLASS ACTION  
NATIONAL SETTLEMENT AGREEMENT**

**TABLE OF CONTENTS**

RECITALS .....	1
SECTION 1 - DEFINITIONS .....	3
SECTION 2 - SETTLEMENT APPROVAL .....	8
2.1 Best Efforts .....	8
<del>2.2 Motions for Approval .....</del>	<del>8</del>
2.3 Pre-Motion Confidentiality .....	9
SECTION 3 - SETTLEMENT BENEFITS .....	10
3.1 Cooperation – No Disclosure of Privileged Communications .....	10
3.2 Cooperation – No Disclosure of Documents or Information Contrary to Privacy and State Secrets Protection Laws .....	10
3.3 Cooperation – No Disclosure of Confidential Information .....	10
3.4 Cooperation .....	10
SECTION 4 - OPTING-OUT .....	15
4.1 Procedure .....	15
4.2 Opt-Out Report .....	16
SECTION 5 - NON-APPROVAL OF SETTLEMENT AGREEMENT .....	16
5.1 Effect of Non-Approval of Settlement Agreement .....	16
5.2 Survival of Provisions After Non-Approval of Settlement Agreement .....	17
5.3 Reservation of Rights in the Event of Non-Approval of Settlement Agreement ..	18
SECTION 6 - RELEASES AND DISMISSALS .....	18
6.1 Release of Releasees .....	18
6.2 Covenant Not To Sue .....	18
6.3 No Further Claims .....	19
6.4 Dismissal of the Proceedings .....	19

6.5	Dismissal of Other Actions.....	19
SECTION 7 - BAR ORDER AND OTHER CLAIMS .....		19
7.1	Ontario Bar Order .....	19
7.2	Quebec Bar Order .....	21
7.3	Claims Against Other Persons Reserved .....	22
7.4	Material Term .....	22
SECTION 8 - EFFECT OF SETTLEMENT .....		22
8.1	No Admission of Liability .....	22
8.2	Agreement Not Evidence.....	22
8.3	No Further Litigation.....	23
SECTION 9 - CERTIFICATION OR AUTHORIZATION FOR SETTLEMENT ONLY .....		23
SECTION 10 - NOTICE TO SETTLEMENT CLASSES .....		23
10.1	Required Notice .....	23
10.2	Form and Distribution of Notices .....	24
SECTION 11 - MISCELLANEOUS .....		24
11.1	Motions for Directions.....	24
11.2	Class Counsel to Advise Settling Defendant of Status of Proceedings .....	24
11.3	Headings, etc.....	24
11.4	Computation of Time.....	25
11.5	Ongoing Jurisdiction.....	25
11.6	Governing Law .....	25
11.7	Disputes.....	26
11.8	Joint and Severable / Indivisible.....	26
11.9	Entire Agreement.....	27
11.10	Amendments .....	27
11.11	Binding Effect.....	27

11.12 General Obligation.....27

11.13 No Assignment.....28

11.14 Third Party Beneficiaries.....28

11.15 Counterparts.....28

11.16 Negotiated Agreement.....28

11.17 Language.....29

11.18 Transaction.....29

11.19 Recitals.....29

11.20 Schedules.....29

11.21 Acknowledgements.....29

11.22 Authorized Signatures.....30

11.23 Notice.....30

11.24 Date of Execution.....32

**SINO-FOREST CLASS ACTION  
NATIONAL SETTLEMENT AGREEMENT**

**RECITALS**

- A. WHEREAS the Proceedings have been commenced by the Plaintiffs in Ontario and Quebec which allege that the Settling Defendant made misrepresentations regarding the assets, business and transactions of Sino-Forest contrary to the *OSA*, the *QSA*, the civil law of Québec and the common law of the rest of Canada;
- B. AND WHEREAS the Settling Defendant believes that it is not liable in respect of the claims as alleged in the Proceedings and the Settling Defendant believes that it has good and reasonable defences in respect of the merits in the Proceedings;
- C. AND WHEREAS the Settling Defendant asserts that it would actively pursue its defences in respect of the merits during the course of certification, during the course of discovery and at trial if the Plaintiffs continued the Proceedings against it;
- D. AND WHEREAS, despite the Settling Defendant's belief that it is not liable in respect of the claims as alleged in the Proceedings and its belief that it has good and reasonable defences in respect of the merits, the Settling Defendant has negotiated and entered into this Settlement Agreement to avoid further expense, inconvenience, and burden of this litigation and any other present or future litigation arising out of the facts that gave rise to this litigation and to achieve final resolutions of all claims asserted or which could have been asserted against the Settling Defendant by the Plaintiffs on their own behalf and on behalf of the classes they seek to represent, and to avoid the risks inherent in uncertain, complex and protracted litigation;
- E. AND WHEREAS counsel for the Settling Defendant and counsel for the Plaintiffs have engaged in extensive arm's-length settlement discussions and negotiations in respect of this Settlement Agreement;
- F. AND WHEREAS as a result of these settlement discussions and negotiations, the Settling Defendant and the Plaintiffs have entered into this Settlement Agreement, which embodies all of the terms and conditions of the settlement between the Plaintiffs and the Settling Defendant, both individually and on behalf of the Settlement Class, subject to approval of the Courts;

355

- 2 -

- G. AND WHEREAS the Plaintiffs have agreed to accept this settlement, in part, because of the value of the cooperation the Settling Defendant has made and agrees to render or make available to the Plaintiffs and/or Class Counsel pursuant to this Settlement Agreement, as well as the attendant risks of litigation in light of the jurisdictional issues relating to the Settling Defendant, the potential defences that may be asserted by the Settling Defendant and the challenges of enforcement against the Settling Defendant in a foreign jurisdiction;
- H. AND WHEREAS the Plaintiffs recognize the benefits of the Settling Defendant's early cooperation in respect of the Proceedings;
- I. AND WHEREAS the Settling Defendant does not admit through the execution of this Settlement Agreement any allegation of unlawful conduct alleged in the Proceedings;
- J. AND WHEREAS the Plaintiffs and Class Counsel have reviewed and fully understand the terms of this Settlement Agreement and, based on their analyses of the facts and law applicable to the Plaintiffs' claims, and having regard to the burdens and expense in prosecuting the Proceedings, including the risks and uncertainties associated with trials and appeals, the Plaintiffs and Class Counsel have concluded that this Settlement Agreement is fair, reasonable and in the best interests of the Plaintiffs and the classes they seek to represent;
- K. AND WHEREAS the Plaintiffs, Class Counsel and the Settling Defendant agree that neither this Settlement Agreement nor any statement made in the negotiation thereof shall be deemed or construed to be an admission by or evidence against the Settling Defendant or evidence of the truth of any of the Plaintiffs' allegations against the Settling Defendant, which the Settling Defendant expressly denies;
- L. AND WHEREAS the Settling Defendant is entering into this Settlement Agreement in order to achieve a final and nation-wide resolution of all claims asserted or which could have been asserted against it by the Plaintiffs in the Proceedings or claims which could in the future be brought on the basis of the same events, actions and omissions underlying the Proceedings, and to avoid further expense, inconvenience and the distraction of burdensome and protracted litigation;

M. AND WHEREAS the Parties therefore wish to, and hereby do, finally resolve on a national basis, without admission of liability, all of the Proceedings as against the Settling Defendant;

N. AND WHEREAS for the purposes of settlement only and contingent on approvals by the Courts as provided for in this Settlement Agreement, the Parties have consented to certification of the Ontario Proceeding and authorization of the Quebec Proceedings as class proceedings and have consented to a Settlement Class and a Common Issue in each of the Proceedings;

O. AND WHEREAS for the purposes of settlement only and contingent on approvals by the Courts as provided for in this Settlement Agreement, the Plaintiffs have consented to a dismissal of each of the Proceedings as against the Settling Defendant;

NOW THEREFORE, in consideration of the covenants, agreements and releases set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that the Proceedings be settled and dismissed with prejudice as to the Settling Defendant only, without costs as to the Plaintiffs, the classes they seek to represent or the Settling Defendant, subject to the approval of the Courts, on the following terms and conditions:

#### SECTION 1 - DEFINITIONS

For the purpose of this Settlement Agreement (as hereinafter defined):

- (1) *Affiliates* means, in respect of any Person, any other Person or group of Persons that, directly or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, such Person first mentioned, and for the purposes of this definition, "control" means the power to direct or cause the direction of the management and policies of a Person whether through the ownership of voting securities, by contract or otherwise.
- (2) *Approval Hearings* means the hearings to approve the motions brought by Ontario Counsel before the Ontario Court and Quebec Counsel before the Quebec Court, for such Courts' respective approval of the settlement provided for in this Settlement Agreement.
- (3) *Auditors* means, collectively, Ernst & Young LLP and BDO Limited (formerly known as BDO McCabe Lo Limited);

- (4) *Class Counsel* means, collectively, Ontario Counsel and Quebec Counsel.
- (5) *Class Period* means March 19, 2007 to June 2, 2011.
- (6) *Common Issue* in each of the Ontario Proceeding and Quebec Proceeding means: Did the Settling Defendant make misrepresentations as alleged in this Proceeding during the Class Period concerning the assets, business or transactions of Sino-Forest? If so, what damages, if any, did Settlement Class Members suffer?
- (7) *Courts* means, collectively, the Ontario Court and the Quebec Court.
- (8) *Defendants* means, collectively, the Persons named as defendants in the Proceedings as set out in Schedule A and any other Person who is added as a defendant in the Proceedings in the future.
- (9) *Effective Date* means the date when the Final Order has been received from the last of the Ontario Court and the Quebec Court to issue the Final Order.
- (10) *Excluded Person* means 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.
- (11) *Final Order* means a final judgment entered by the Ontario Court or the Quebec Court in respect of both: (i) the certification or authorization of the Ontario Proceeding or the Quebec Proceeding, respectively, as a class proceeding; and (ii) the approval of this Settlement Agreement; but only once the time to appeal such judgment has expired without any appeal being taken, if an appeal lies or, once there has been affirmation of the certification or authorization of a Proceeding as a class proceeding and the approval of this Settlement Agreement, upon a final disposition of all appeals therefrom.
- (12) *Non-Settling Defendant* means a Defendant that is not the Settling Defendant.
- (13) *Notice of Certification/Authorization and Approval Hearings* means the form or forms of notice, agreed to by the Plaintiffs and the Settling Defendant, or such other form or forms as may be approved by the Courts, which informs the Settlement Class of: (i) the certification of the



Ontario Proceeding or authorization of the Quebec Proceeding solely for the purposes of this Settlement; (ii) the dates and locations of each of the Approval Hearings; (iii) the principal terms of this Settlement Agreement; (iv) the process by which Settlement Class Members can opt out of each of the Proceedings; and (v) the Opt Out Deadline in respect of each of the Proceedings.

- (14) *Ontario Proceeding* means Ontario Court File No. CV-11-431153-00CP (Toronto).
- (15) *Ontario Counsel* means Siskinds LLP and Koskie Minsky LLP.
- (16) *Ontario Court* means the Ontario Superior Court of Justice.
- (17) *Opt-Out Administrator* means the Person appointed by the Courts to receive and report on Opt Outs.
- (18) *Opt-Out Deadline* means the date which is sixty (60) days after the date on which the Notice of Certification/Authorization and Approval Hearings is first published.
- (19) *OSA* means the *Securities Act*, RSO 1990, c S.5.
- (20) *Other Actions* means, without limitation, actions, suits, proceedings or arbitration, civil, criminal, regulatory or otherwise, at law or in equity, other than the Proceedings, relating to Released Claims commenced by a Settlement Class Member either before or after the Effective Date.
- (21) *Parties* means, collectively, the Plaintiffs, Settlement Class Members and the Settling Defendant.
- (22) *Person* means an individual, corporation, partnership, limited partnership, limited liability company, association, estate, legal representative, trust, trustee, executor, beneficiary, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity and their heirs, predecessors, successors, representatives, or assignees.
- (23) *Plaintiffs* means the Persons named as plaintiffs in the Proceedings as set out in Schedule A, and any other Person who may in the future be added as plaintiff to either of the Proceedings.
- (24) *PRC* means the People's Republic of China.

359

- 6 -

- (25) *Proceedings* means, collectively, the Ontario Proceeding and the Quebec Proceeding.
- (26) *Proportionate Liability* means that proportion of any judgment that, had they not settled, the Ontario Court would have apportioned to the Releasees.
- (27) *QSA* means the *Quebec Securities Act*, R.S.Q., c. V-1.1
- (28) *Quebec Class Members* means all natural persons, as well as all legal persons established for a private interest, partnerships and associations having no more than fifty (50) persons bound to it by contract of employment under its direction or control during the twelve (12) month period preceding the motion for authorization, domiciled in Quebec (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 an immediate member of the families of the individual named defendants) who purchased or otherwise acquired, whether in the secondary market, or under a prospectus or other offering document in the primary market, equity, debt or other securities of or relating to Sino-Forest Corporation, from and including August 12, 2008 to and including June 2, 2011.
- (29) *Quebec Counsel* means Siskinds Desmeules s.e.n.c.r.l.
- (30) *Quebec Court* means the Superior Court of Quebec.
- (31) *Quebec Proceeding* means Quebec Court (District of Quebec) Court file No. 200-06-000132-111.
- (32) *Released Claims* means any and all manner of claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, whether personal or subrogated, for damages whenever incurred, obligations, liabilities of any nature whatsoever including, without limitation, interest, costs, expenses, class administration expenses, penalties, and lawyers' fees (including Class Counsel's fees), known or unknown, suspected or unsuspected, in law, under statute or in equity, that the Releasers, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall or may have, relating in any way to any conduct anywhere, from the beginning of time to the date hereof, or in respect of any misrepresentations (including, without limitation, any verbal statements made or not made by the Settling Defendant's agents) directly or indirectly relating to Sino-Forest, its Subsidiaries

(including, without limitation, Greenheart Group Limited) and other Affiliates and their respective assets, business and transactions, whether contained in or arising from valuations or reports prepared by the Settling Defendant or any Releasees for Sino-Forest, its Subsidiaries (including, without limitation, Greenheart Group Limited) and other Affiliates or elsewhere, or relating to any conduct alleged (or which could have been alleged or could in the future be alleged on the basis of the same events, actions and omissions) in the Proceedings including, without limitation, any such claims which have been asserted, could have been asserted, or could in the future be asserted on the basis of the same events, actions and omissions underlying the Proceedings, directly or indirectly, whether in Canada or elsewhere, as a result of or in connection with the events discussed in the reports of Sino-Forest's Independent Committee and the June 2, 2011 report issued by Muddy Waters LLC in respect of Sino-Forest, its Subsidiaries (including, without limitation, Greenheart Group Limited) and other Affiliates;

(33) *Releasees* means, jointly and severally, individually and collectively, the Settling Defendant, its past and present, direct and indirect, Subsidiaries and other Affiliates, and their respective divisions, partners, insurers (solely in respect of any insurance policy applicable to the acts or omissions of the Settling Defendant, its past and present, direct and indirect, Subsidiaries and other Affiliates), consultants, sub-consultants, attorneys, agents and all other Persons that are Affiliates of any of the foregoing, and all of their respective past, present and future officers, directors, employees, agents, partners, shareholders, attorneys, trustees, servants and representatives and the predecessors, successors, purchasers, heirs, executors, administrators and assigns of each of the foregoing, excluding always the Non-Settling Defendants and any of their respective current or former Subsidiaries and other Affiliates, officers, directors, executives, employees, shareholders, joint venturers and/or partners.

(34) *Releasers* means, jointly and severally, individually and collectively, the Plaintiffs and the Settlement Class Members and their respective Subsidiaries and other Affiliates, and their respective divisions, partners, insurers, consultants, sub-consultants and all other Persons that are Affiliates of any of the foregoing, and all of their respective past, present and future officers, directors, employees, agents, partners, shareholders, attorneys, trustees, servants and representatives and the predecessors, successors, heirs, executors, administrators, representatives, insurers and assigns.

- (35) *Settlement Agreement* means this agreement including the recitals and schedules.
- (36) *Settlement Class* means, in respect of each of the Ontario Proceeding and the Quebec Proceeding, the settlement class defined in Schedule A.
- (37) *Settlement Class Member* means a member of a Settlement Class who does not validly opt-out of that Settlement Class in accordance with section 4.1 and any orders of the Courts.
- (38) *Settling Defendant* means Pöyry (Beijing) Consulting Company Limited.
- (39) *Sino-Forest* means Sino-Forest Corporation.
- (40) *Subsidiary* has the meaning ascribed to it in the *Canada Business Corporations Act*.
- (41) *Underwriters* means 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, including, without limitation, their respective Subsidiaries and other Affiliates and their respective personnel.

## SECTION 2 - SETTLEMENT APPROVAL

### 2.1 Best Efforts

The Parties shall use their best efforts to effectuate this settlement and to secure the prompt, complete and final dismissal with prejudice of the Proceedings and without further recourse as against the Settling Defendant.

### 2.2 Motions for Approval

- (1) Each of the Ontario Plaintiffs and Quebec Plaintiffs shall promptly bring motions before the Ontario Court and the Quebec Court, respectively, for orders approving the notices described in section 10 herein, certifying the Ontario Proceeding and authorizing the Quebec Proceeding as a class proceeding for settlement purposes only and approving this Settlement Agreement.
- (2) The motions for approval of this Settlement Agreement referred to in section 2.2(1) shall not be returnable until the Opt Out Deadline has passed.

(3) The Ontario order certifying the Ontario Proceeding referred to in section 2.2(1) shall be substantially in the form attached hereto as Schedule B-1. The Quebec order authorizing the Quebec Proceeding referred to in section 2.2(1) shall be substantially in the form attached hereto as Schedule B-2.

(4) The Ontario order approving the Settlement Agreement referred to in section 2.2(1) shall be substantially in the form attached hereto as Schedule C-1. The Quebec order approving the Settlement Agreement referred to in section 2.2(1) shall be substantially in the form attached hereto as Schedule C-2.

(5) The form and content of the orders approving the Settlement Agreement contemplated in this section 2.2 shall be considered a material term of this Settlement Agreement and the failure of any Court to approve the orders substantially in the form contemplated herein and attached as schedules hereto shall constitute a Non-Approval of Settlement Agreement pursuant to section 5.1 of this Settlement Agreement.

### **2.3 Pre-Motion Confidentiality**

(1) Until the first of the motions required by section 2.2 is brought, the Parties shall keep all of the terms of this Settlement Agreement, and any information or documents related thereto, confidential and shall not disclose them without the prior written consent of counsel for the Settling Defendant and Class Counsel, as the case may be, except as required for the purposes of financial reporting or the preparation of financial records (including, without limitation, tax returns and financial statements) or as otherwise required by law, in which case the Party seeking to disclose shall provide at least fifteen (15) days written notice to the other Parties of the proposed disclosure and the basis for the proposed disclosure.

(2) Any disclosure of the terms of this Settlement Agreement, and any information or documents related thereto, contemplated in subsection 2.3(1) or otherwise shall be for the sole and exclusive purpose of seeking approval of this Settlement Agreement by the Courts and facilitating the settlement of the Proceedings and release of the Released Claims pursuant to the terms of this Settlement Agreement.

### SECTION 3 - SETTLEMENT BENEFITS

#### 3.1 Cooperation – No Disclosure of Privileged Communications

Nothing in this Settlement Agreement shall require, or shall be construed to require, the Settling Defendant to disclose or produce any documents or information prepared by or for counsel for the Settling Defendant, or to disclose or produce any document or information in breach of any order, regulatory directive, regulatory policy, regulatory agreement or law of any jurisdiction, or subject to solicitor-client privilege, litigation privilege, attorney-client privilege, work product doctrine, common interest privilege, joint defence privilege or any other privilege.

#### 3.2 Cooperation – No Disclosure of Documents or Information Contrary to Privacy and State Secrets Protection Laws

Nothing in this Settlement Agreement shall require, or shall be construed to require, the Settling Defendant to disclose or produce any documents or information, where production of such documents or information would potentially result, in the reasonable judgment of the Settling Defendant and its counsel, in a breach or violation of any federal, provincial, state or local privacy law, or any law of a foreign jurisdiction, including, without limitation, PRC privacy and state secrets protection laws.

#### 3.3 Cooperation – No Disclosure of Confidential Information

Nothing in this Settlement Agreement shall require, or shall be construed to require, the Settling Defendant to disclose or produce any confidential documents or information that the Settling Defendant holds under commercial arrangements where such disclosure or production would potentially result, in the reasonable judgment of the Settling Defendant and its counsel, in a breach of contract.

#### 3.4 Cooperation

(1) It is understood and agreed that all documents and information provided by the Settling Defendant or Releasees to Plaintiffs and Class Counsel under this Settlement Agreement shall be used only in connection with the prosecution of the claims in the Proceedings, and shall not be used directly or indirectly for any other purpose. Plaintiffs and Class Counsel agree that they will not publicize the documents and information provided by the Settling Defendant beyond

what is reasonably necessary for the prosecution of the Proceedings or as otherwise required by law.

- (2) Within thirty (30) days of the Date of Execution or at a time mutually agreed upon by the Parties, the Settling Defendant shall provide, through a meeting between counsel for the Settling Defendant and Class Counsel, an evidentiary proffer, which will include verbal information relating to the allegations in the Proceedings including, without limitation, a summary of the Settling Defendant's material interactions and involvement with Sino-Forest, the Auditors and the Underwriters; the Settling Defendant's understanding of Sino-Forest's business model as it pertains to timber plantation, purchased forests and forestry management; and the Settling Defendant's knowledge and understanding of Sino-Forest's actual or purported revenues and/or assets during the Class Period.
- (3) Within thirty (30) days of the Effective Date, or at a time mutually agreed upon by the Parties, the Settling Defendant shall provide copies of the following categories of documents being within the possession, custody or control of the Settling Defendant and the Releasees:
- (a) documents relating to Sino-Forest, the Auditors or the Underwriters, or any of them, as well as the dates, locations, subject matter, and participants in any meetings with or about Sino-Forest, the Auditors or the Underwriters, or any of them;
  - (b) documents provided by the Settling Defendant or any Releasee to any state, federal or international government or administrative agency, without geographic limitation, concerning the allegations raised in the Proceedings, excluding documents created for the purpose of being so provided; and
  - (c) documents provided by the Settling Defendant or any Releasee to Sino-Forest's Independent Committee or the ad hoc committee of noteholders.
- (4) The obligation to produce documents pursuant to this section 3.4 shall be a continuing obligation to the extent that material documents are identified following the initial productions. The Settling Defendant and Releasees make no representation that they have a complete set of documents within any of the categories of information or documents described herein.

- (5) To the extent that any document includes technical information within the expertise of the Settling Defendant, Class Counsel may request, and the Settling Defendant shall provide, an explanation sufficient for Class Counsel to understand the document; however, in no event will any liability or further obligation attach to such explanation.
- (6) Following the Effective Date, the Settling Defendant and Releasees shall, at the request of Class Counsel, upon reasonable notice, and subject to any legal restrictions, make reasonable efforts to make available at a mutually convenient time, at a mutually agreed upon location in North America, up to three (3) current or former employees of the Settling Defendant and Releasees who have knowledge of the allegations raised in the Proceedings, to provide information regarding the allegations raised in the Proceedings in a personal interview with Class Counsel and/or experts retained by Class Counsel in the presence of, and assisted by, counsel for the Settling Defendant, provided that none of the employee(s) or former employee(s) are required to travel to North America pursuant to this subsection 3.4(6) more than two (2) times each. Costs incurred by, and the expenses of, the employees of the Settling Defendant and Releasees in relation to such interviews shall be the responsibility of the Settling Defendant. If the employee(s) or former employee(s) contemplated in this subsection 3.4(6) refuse to provide information, or otherwise cooperate, the Settling Defendant shall use reasonable efforts to make him/her available for an interview with Class Counsel and/or experts retained by Class Counsel as aforesaid. The failure of the employee(s) or former employee(s) contemplated in this subsection 3.4(6) to agree to make him or herself available, or to otherwise cooperate with the Plaintiffs shall not constitute a breach or other violation of this Settlement Agreement, and shall not provide any basis for the termination of this Settlement Agreement, provided that the Settling Defendant has made reasonable efforts to cause such cooperation.
- (7) Subject to the rules of evidence and the other provisions of this Settlement Agreement, the Settling Defendant agrees to use reasonable efforts to produce at trial and/or discovery or through affidavits acceptable to Class Counsel or other testimony, (i) a current representative as Class Counsel and the Settling Defendant, acting reasonably, agree would be qualified to establish for admission into evidence the Settling Defendant and Releasees' involvement with Sino-Forest, the Auditors and the Underwriters; and (ii) current representatives as Class Counsel and the Settling Defendant, acting reasonably, agree would be necessary to support the submission into evidence of any information and/or documents provided by the Settling



Defendant or any Releasee in accordance with this Settlement Agreement that Class Counsel and the Settling Defendant, acting reasonably, agree might be reasonably necessary for the prosecution of the Proceedings, including, without limitation, for the purpose of any motion where such evidence is reasonably necessary.

(8) In connection with its provision of information, testimony and documents, the Settling Defendant and the Releasees shall have the right to assert solicitor-client privilege, litigation privilege and/or any other privilege, or to assert a right to refuse production on the basis of privacy law, state secrets law, contractual confidentiality obligations or other rule of law of this or any other jurisdiction. To the extent that Class Counsel requests particular documents, information or other materials from the Settling Defendant and the Settling Defendant does not produce the requested documents, information or other materials on the basis of this provision, or any other provision herein: (i) counsel for the Settling Defendant shall provide Class Counsel with a description of any such documents, information or other materials and a description of the basis on which the Settling Defendant is not prepared to produce said document, information or other material sufficient for Class Counsel to assess the nature of that basis and the document, information or other material, except where providing such descriptions would, in the reasonable judgment of counsel for the Settling Defendant, be contrary to privacy law, state secrets law, contractual confidentiality obligations or other rule of law of this or any other jurisdiction, in which case counsel for the Settling Defendant will so advise; and (ii) Class Counsel or counsel for the Settling Defendant may seek to resolve any dispute arising from this subsection 3.4(8) pursuant to the procedures set out in section 11.7 of this Settlement Agreement.

(9) The Settling Defendant and Releasees waive any and all privilege relating to any specific document that the Settling Defendant has agreed to produce in response to this section 3.4. Notwithstanding the foregoing, nothing in this Settlement Agreement shall require, or shall be construed to require, the Settling Defendant or any Releasee to disclose or produce any documents or information prepared by or for counsel for the Settling Defendant during the course of any of the Proceedings.

(10) If any of the types of documents referenced in sections 3.1, 3.2 or 3.3 are accidentally or inadvertently produced, such documents shall be promptly returned to counsel for the Settling Defendant and the documents and the information contained therein shall not be disclosed or

used directly or indirectly, except with the express written permission of the Settling Defendant, and the production of such documents shall in no way be construed to have waived in any manner any privilege or protection attached to such documents.

(11) It is understood and agreed that the Plaintiffs, the Settlement Class Members and Class Counsel shall not, without the express written consent of the Settling Defendant and its counsel, directly or indirectly use any information or documents provided by the Settling Defendant or any Releasee, or received from the Settling Defendant or any Releasee in connection with this Settlement Agreement, for any purpose other than the prosecution of the claims in the Proceedings, nor disclose or share with any other Persons (including, without limitation, any regulator, agency or organization of this or any other jurisdiction), any information or documents obtained from the Settling Defendant in connection with this Settlement Agreement or any information conveyed by counsel for the Settling Defendant or any Releasee, except in the event that a court in Canada expressly orders such information or documents to be disclosed. In no circumstances, however, may the Plaintiffs, the Settlement Class Members and/or Class Counsel apply for or consent to such an order, and promptly, upon becoming aware of an application or motion for such an order, Class Counsel shall immediately notify the Settling Defendant of the application or motion in order that the Settling Defendant may intervene in such proceedings. The disclosure restrictions set forth in this subsection do not apply to otherwise publicly available documents and information.

(12) The Settling Defendant and Releasees' obligations to cooperate as particularized in this section 3.4 shall not be affected by the release provisions contained in section 6 of this Settlement Agreement. The Settling Defendant and Releasees' obligations to cooperate shall cease at the date of final judgment or order in the Proceedings against all Defendants, including, without limitation, an order approving a settlement between the Plaintiffs and the Non-Settling Defendants and/or an order dismissing the Proceedings. In the event the Settling Defendant or any Releasee materially breaches this section 3.4, Class Counsel may move before the Courts to enforce the terms of this Settlement Agreement.

(13) The provisions set forth in this section 3.4 shall constitute the exclusive means by which the Plaintiffs, the Settlement Class Members and Class Counsel may obtain discovery from the Settling Defendant, its current and former directors, officers or employees and the Releasees, and

the Plaintiffs, the Settlement Class Members and Class Counsel shall pursue no other means of discovery against the Settling Defendant, its current and former directors, officers or employees and the Releasees, whether under the laws or rules of any jurisdiction.

(14) A material factor influencing the Settling Defendant's decision to execute this Settlement Agreement is its desire to limit the burden and expense of this litigation. Accordingly, Class Counsel agree to exercise good faith in seeking cooperation from the Settling Defendant and any Releasee and to avoid seeking information that is unnecessary, cumulative or duplicative and agree otherwise to avoid imposing undue or unreasonable burden or expense on the Settling Defendant or Releasees.

#### SECTION 4 - OPTING-OUT

##### 4.1 Procedure

(1) A Person may opt-out of the Proceedings by sending a written election to opt-out, signed by the Person or the Person's designee, by pre-paid mail, courier, fax, or email to the Opt-Out Administrator at an address to be identified in the Notice of Certification/Authorization and Approval Hearings. Residents of Quebec must also send the written election to opt-out by pre-paid mail or courier to the Quebec Court at an address to be identified in the Notice of Certification/Authorization and Approval Hearings.

(2) An election to opt-out will only be effective if it is actually received by the Opt-Out Administrator on or before the Opt-Out Deadline.

(3) The written election to opt-out must contain the following information in order to be effective:

- (a) the Person's full name, current address and telephone number;
- (b) the name and number of Sino-Forest securities purchased during the Class Period and the date and price of each such transaction;
- (c) a statement to the effect that the Person wishes to be excluded from the Proceedings; and
- (d) the reasons for opting out.

(4) Quebec Class Members who have commenced proceedings or commence proceedings against any of the Defendants with respect to the matters at issue in the Quebec Proceeding and fail to discontinue such proceedings by the Opt-Out Deadline shall be deemed to have opted out of the Quebec Proceeding. Quebec Counsel warrant and represent that, to the best of their knowledge, no such action has been commenced as of the date this Settlement Agreement was executed by it.

#### 4.2 Opt-Out Report

Within fifteen (15) days of the Opt-Out Deadline, the Opt-Out Administrator shall provide to the Settling Defendant a report containing the following information in respect of each Person, if any, who has validly and timely opted out of the Proceedings:

- (a) the Person's full name, current address and telephone number;
- (b) the reasons for opting out, if given; and
- (c) a copy of all information provided in the opt-out process by the Person electing to opt-out.

### SECTION 5 – NON-APPROVAL OF SETTLEMENT AGREEMENT

#### 5.1 Effect of Non-Approval of Settlement Agreement

In the event of non-approval of the Settlement Agreement by either of the Ontario Court or the Quebec Court:

- (a) any order certifying or authorizing a Proceeding as a class action on the basis of the Settlement Agreement or approving this Settlement Agreement shall be set aside and declared null and void and of no force or effect, and anyone shall be estopped from asserting otherwise;
- (b) to the extent that any Court is resistant to setting aside any order certifying or authorizing the Proceeding as a class action solely for settlement purposes, Class Counsel undertakes to, on a best efforts basis, assist the Settling Defendant in having such an order set aside and shall, if requested by the Settling Defendant, bring a

motion on behalf of the Plaintiffs to set aside any order certifying or authorizing the Proceeding as a class action solely for settlement purposes;

- (c) any prior certification or authorization of a Proceeding as a class proceeding, including, without limitation, the definitions of the Settlement Class and the Common Issue, shall be without prejudice to any position that any of the Parties may later take on any issue in the Proceedings or any other litigation;
- (d) within ten (10) days of such non-approval having occurred, Class Counsel shall destroy: (i) all documents and other materials provided by the Settling Defendant or any Releasee; and (ii) all documents and other materials containing or reflecting information derived from any documents or other materials provided by the Settling Defendant or any Releasee or conveyed by counsel for the Settling Defendant, through the evidentiary proffer process described in subsection 3.4(2) herein or otherwise.
- (e) To the extent Class Counsel or the Plaintiffs have disclosed any documents or other materials provided by the Settling Defendant or any Releasee to any other Person, Class Counsel shall, within ten (10) days, recover and destroy such documents and other materials and shall provide the Settling Defendant and Releasees with a written certification by Class Counsel of such destruction.
- (f) Nothing contained in this section 5.1 shall be construed to require Class Counsel to destroy any of their work product; and
- (g) subject to section 5.2 herein, all obligations pursuant to this Settlement Agreement shall cease immediately.

## **5.2 Survival of Provisions After Non-Approval of Settlement Agreement**

If this Settlement Agreement is not approved by the Courts, the provisions of sections 5, 8.1, and 8.2, and the definitions and Schedules applicable thereto shall survive the non-approval and continue in full force and effect. The definitions and Schedules shall survive only for the limited purpose of the interpretation of sections 5, 8.1, and 8.2 within the meaning of this Settlement Agreement, but for no other purposes. All other provisions of this Settlement

Agreement and all other obligations pursuant to this Settlement Agreement shall cease immediately.

### **5.3 Reservation of Rights in the Event of Non-Approval of Settlement Agreement**

Except as may be set forth in this Settlement Agreement, the Settling Defendant and Plaintiffs expressly reserve all of their respective rights if this Settlement Agreement does not become effective or is not approved by the Courts and the Plaintiffs hereby expressly acknowledge that they will not, in any way whatsoever, use the fact or existence of this Settlement Agreement or related documents and information as any form of admission, whether of liability, process, wrongdoing, or otherwise, of the Settling Defendant.

## **SECTION 6 - RELEASES AND DISMISSALS**

### **6.1 Release of Releasees**

(1) Upon the Effective Date, and in consideration of the cooperation of the Settling Defendant and the Releasees pursuant to this Settlement Agreement, and for other valuable consideration set forth in the Settlement Agreement, the Releasers forever and absolutely release the Releasees from the Released Claims.

(2) The Releasers are aware that they may hereafter discover claims or facts in addition to or different from those they now know or believe to be true with respect to the matters giving rise to the Released Claims. Nevertheless, it is the intention of each of the Releasers to fully, finally and forever settle and release the Released Claims. In furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release of all Released Claims, notwithstanding the discovery or existence of any additional or different claims or facts relative thereto.

### **6.2 Covenant Not To Sue**

Notwithstanding section 6.1, for any Settlement Class Members resident in any province or territory where the release of one tortfeasor is a release of all other tortfeasors, upon the Effective Date, the Releasers do not release the Releasees but instead covenant and undertake not to make any claim in any way or to threaten, commence, participate in or continue any proceeding in any jurisdiction against the Releasees in respect of or in relation to the Released Claims.

### 6.3 No Further Claims

The Releasors shall not now or hereafter institute, continue, maintain or assert, or otherwise join, assist, aid or act in concert in any manner whatsoever, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other Person, any action, suit, proceedings, arbitration, cause of action, claim or demand, whether civil, criminal, regulatory or otherwise, against any Releasee or any other Person who may claim contribution or indemnity from any Releasee arising from, in respect of or in connection with any of the matters giving rise to any Released Claim or any matter related thereto, except for the continuation of the Proceedings against the Non-Settling Defendants.

### 6.4 Dismissal of the Proceedings

Upon the Effective Date, each of the Ontario Proceeding and the Quebec Proceeding shall be dismissed with prejudice and without costs as against the Settling Defendant.

### 6.5 Dismissal of Other Actions

(1) Upon the Effective Date, each Settlement Class Member shall be deemed to consent to the dismissal, without costs or further recourses and with prejudice, of his, her or its Other Actions against the Releasees.

(2) Upon the Effective Date, all Other Actions in each of the Courts' respective jurisdictions commenced by any Settlement Class Member shall be dismissed against the Releasees, without costs or further recourses and with prejudice.

## SECTION 7 - BAR ORDER AND OTHER CLAIMS

### 7.1 Ontario Bar Order

(1) The Plaintiffs in the Ontario Proceeding shall seek a bar order from the Ontario Court providing for the following:

- (a) All claims for contribution, indemnity or other claims over, including, without limitation, potential third party claims, at common law, equity or pursuant to the OSA or other statute, whether asserted, unasserted or asserted in a representative capacity, inclusive of interest, taxes and costs, relating to the Released Claims, which were or could have been brought in the Proceedings or otherwise, or could in the

future be brought on the basis of the same events, actions and omissions underlying the Proceedings or otherwise, by any Non-Settling Defendant or any Party or other Releasor against a Releasee are barred, prohibited and enjoined in accordance with the terms of this section 7.1.

(b) If the Court determines that there is a right of contribution and indemnity or other claims over, whether in equity or in law, pursuant to the *OSA* or other statute, or otherwise:

- i. the Ontario Settlement Class Members shall not be entitled to claim or recover from the Non-Settling Defendants that portion of any damages (including punitive damages, if any), restitutionary award, disgorgement of profits, interest and costs that corresponds to the Proportionate Liability of the Releasees proven at trial or otherwise; and
- ii. this Court shall have full authority to determine the Proportionate Liability of the Releasees at the trial or other disposition of this action, whether or not the Releasees appear at the trial or other disposition and the Proportionate Liability of the Releasees shall be determined as if the Releasees are parties to this action and any determination by this Court in respect of the Proportionate Liability of the Releasees shall only apply in this action and shall not be binding on the Releasees in any other proceedings.

(c) After the Ontario Proceeding has been certified as a class action and all appeals or times to appeal from such certification have been exhausted, a Non-Settling Defendant may make a motion to the Court on at least twenty (20) days notice, and to be determined as if the Settling Defendant is party to this action, seeking orders for the following:

- i. documentary discovery and an affidavit of documents in accordance with the *Rules of Civil Procedure*, O.Reg. 194 from the Settling Defendant;
- ii. oral discovery of a representative of the Settling Defendant, the transcripts of which may be read in at trial;
- iii. leave to serve a request to admit on the Settling Defendant in respect of factual matters; and/or
- iv. the production of a representative of the Settling Defendant to testify at trial, with such witness or witnesses to be subject to cross-examination by counsel for the Non-Settling Defendants.



- (d) The Settling Defendant retains all rights to oppose such motion(s) brought under subsection 7.1(1)(c).
- (e) A Non-Settling Defendant may effect service of the motion(s) referred to in subsection 7.1(1)(c) on the Settling Defendant by service on counsel of record for the Settling Defendant in the Ontario Proceeding.
- (f) To the extent that an order is granted pursuant to subsection 7.1(1)(c) and discovery is provided to a Non-Settling Defendant, a copy of all discovery provided, whether oral or documentary in nature, shall promptly be provided by counsel for the Settling Defendant to Class Counsel on behalf of the Plaintiffs.

#### 7.2 Quebec Bar Order

- (1) The Plaintiffs in the Quebec Proceeding shall seek a bar order from the Quebec Court providing for the following:
  - (a) the Plaintiffs and the Settlement Class Members in the Quebec Proceeding expressly waive the benefit of solidarity against the Non-Settling Defendants with respect to the facts, deeds and omissions of the Settling Defendant;
  - (b) the Plaintiffs and the Settlement Class Members in the Quebec Proceeding shall henceforth only be able to claim and recover damages, including punitive damages, attributable to the conduct of the Non-Settling Defendants;
  - (c) any action in warranty or other joinder of parties to obtain any contribution or indemnity from the Settling Defendant or relating to the Released Claims shall be inadmissible and void in the context of the Quebec Proceeding; and
  - (d) the Quebec Court retains an ongoing supervisory role for the purposes of executing this section 7.2, as well as all procedural aspects of the Quebec Proceeding, and all issues regarding this section 7.2 or any other procedural issues shall be resolved under special case management and according to the *Quebec Code of Civil Procedure*, and the Settling Defendant shall acknowledge the jurisdiction of the Quebec Court for such purposes.

**7.3 Claims Against Other Persons Reserved**

Except as provided herein, this Settlement Agreement does not settle, compromise, release or limit in any way whatsoever any claim by Settlement Class Members against any Person other than the Settling Defendant and the Releasees.

**7.4 Material Term**

The form and content of the bar orders contemplated in this section 7 shall be considered a material term of this Settlement Agreement and the failure of any Court to approve the bar orders contemplated herein shall constitute a Non-Approval of Settlement Agreement pursuant to section 5.1 of this Settlement Agreement.

**SECTION 8 - EFFECT OF SETTLEMENT****8.1 No Admission of Liability**

Whether or not this Settlement Agreement is approved by the Courts:

- (i) this Settlement Agreement and anything contained herein,
- (ii) any and all negotiations, documents, discussions and proceedings associated with this Settlement Agreement, and
- (iii) any action taken to carry out this Settlement Agreement,

shall not be deemed, construed or interpreted to be an admission of any violation of any statute or law, or of any wrongdoing or liability by the Settling Defendant or by any Releasee, or of the truth of any of the claims or allegations contained in the Proceedings or any other pleading filed by the Plaintiffs or any other Settlement Class Member.

**8.2 Agreement Not Evidence**

The Parties agree that, whether or not approved by the Courts:

- (i) this Settlement Agreement and anything contained herein,
- (ii) any and all negotiations, documents, discussions and proceedings associated with this Settlement Agreement, and

(iii) any action taken to carry out this Settlement Agreement,

shall not be referred to, offered as evidence or received in evidence in any pending or future civil, criminal or administrative action or proceeding, except in a proceeding to approve and/or enforce this Settlement Agreement, or to defend against the assertion of Released Claims, or as otherwise required by law.

### **8.3 No Further Litigation**

No Class Counsel, nor anyone currently or hereafter employed by, associated with, or a partner with Class Counsel, may directly or indirectly participate or be involved in or in any way assist with respect to any claim made or action commenced by any Person which relates to or arises from the Released Claims, except in relation to the continued prosecution of the Proceedings against any Non-Settling Defendant. Moreover, these Persons may not divulge to anyone for any purpose any information obtained in the course of the Proceedings or the negotiation and preparation of this Settlement Agreement, except to the extent such information is otherwise publicly available or unless ordered to do so by a court.

## **SECTION 9 - CERTIFICATION OR AUTHORIZATION FOR SETTLEMENT ONLY**

(1) The Parties agree that the Ontario Proceeding shall be certified, and the Quebec Proceeding shall be authorized, as class proceedings solely for purposes of settlement of the Proceedings and the approval of this Settlement Agreement by the Courts.

(2) The Plaintiffs agree that, in the motions for certification of the Ontario Proceeding and for authorization of the Quebec Proceeding as class proceedings and for the approval of this Settlement Agreement, the only common issue that they will seek to define is the Common Issue and the only classes that they will assert are the Settlement Classes.

## **SECTION 10 - NOTICE TO SETTLEMENT CLASSES**

### **10.1 Required Notice**

The proposed Settlement Classes shall be given Notice of Certification/Authorization and Approval Hearings.

## 10.2 Form and Distribution of Notices

(1) The form of notice referred to in section 10.1 and the manner and extent of publication and distribution of the notice shall be as agreed to by the Plaintiffs and the Settling Defendant and approved by each of the Courts.

(2) The Settling Defendant shall pay the costs of the notice required in section 10.1 and the cost of the Opt-Out Administrator, provided that such costs shall not exceed \$100,000 CAD (exclusive of all applicable taxes). Any costs in excess of \$100,000 CAD (exclusive of all applicable taxes), shall be borne equally by the Settling Defendant and the Plaintiffs.

## SECTION 11 - MISCELLANEOUS

### 11.1 Motions for Directions

(1) Class Counsel or the Settling Defendant may apply to the Courts for directions in respect of the interpretation, implementation and administration of this Settlement Agreement. Unless the Courts order otherwise, motions for directions that do not relate specifically to the Quebec Proceeding shall be determined by the Ontario Court.

(2) All motions contemplated by this Settlement Agreement shall be on notice to the Plaintiffs and Settling Defendant, as appropriate.

### 11.2 Class Counsel to Advise Settling Defendant of Status of Proceedings

Class Counsel agrees to provide information as to the status of the Proceedings in response to reasonable requests made by the Settling Defendant from time to time as to the status of the Proceedings. Upon reasonable request, Class Counsel will promptly provide counsel for the Settling Defendant with electronic copies of all affidavit material and facts exchanged in the Proceedings, unless precluded from doing so by court order.

### 11.3 Headings, etc.

In this Settlement Agreement:

- (a) the division of the Settlement Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Settlement Agreement;

- (b) words in the singular include the plural and vice-versa and words in one gender include all genders; and
- (c) the terms "this Settlement Agreement", "hereof", "hereunder", "herein", and similar expressions refer to this Settlement Agreement and not to any particular section or other portion of this Settlement Agreement.

#### **11.4 Computation of Time**

In the computation of time in this Settlement Agreement, except where a contrary intention appears,

- (a) where there is a reference to a number of days between two events, the number of days shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and
- (b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

#### **11.5 Ongoing Jurisdiction**

- (1) Each of the Courts shall retain exclusive jurisdiction over each Proceeding commenced in its jurisdiction, and over the Parties thereto.
- (2) No Party shall ask a Court to make any order or give any direction in respect of any matter of shared jurisdiction unless that order or direction is conditional upon a complimentary order or direction being made or given by the other Court(s) with which it shares jurisdiction over that matter.
- (3) The Plaintiffs and the Non-Settling Defendant may apply to the Ontario Court for direction in respect of the implementation, administration and enforcement of this Settlement Agreement.

#### **11.6 Governing Law**

This Settlement Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario, save for matters relating exclusively to the

Quebec Class Members, which matters shall be governed by and construed and interpreted in accordance with the Laws of the Province of Quebec shall apply.

### 11.7 Disputes

(1) Subject to subsection 11.7(2) herein, if there is a dispute regarding the applicability of any provision or term of this Settlement Agreement which cannot be resolved through reasonable discussions and negotiations as between Class Counsel and counsel for the Settling Defendant, such dispute(s) shall be submitted to the Ontario Court for resolution, save for dispute(s) relating exclusively to the Quebec Class Members, which dispute(s) shall be submitted to the Quebec Court for resolution. The costs of any such dispute shall be shared by the parties to the dispute according to the degree to which they do or do not prevail on their respective claims (i.e., with the losing party bearing the greater share), as determined by the Ontario Court or the Quebec Court, as the case may be. To the extent that any dispute contemplated in this subsection 11.7(1) involves or requires a determination as to whether any documents or other materials shall be required to be disclosed pursuant to this Settlement Agreement, Class Counsel and counsel for the Settling Defendant agree to seek, on a consent basis, a sealing order or other appropriate relief such as to ensure that any such documents or other materials shall remain confidential and shall not form part of the public Ontario Court record or the Quebec Court record, as the case may be.

(2) To the extent that any dispute contemplated in this section 11.7 involves or requires a determination as to whether any documents, information or other materials are prohibited from being disclosed by the Settling Defendant pursuant to any foreign privacy law, foreign state secrets law or other law of a foreign jurisdiction, Class Counsel and counsel for the Settling Defendant agree to seek, on a joint and reasonable efforts basis, the requisite approval for the disclosure or export of such documents or other materials from the relevant authorities of the applicable foreign jurisdiction.

### 11.8 Joint and Severable / Indivisible

All of the obligations of the Plaintiffs and the Releasers in this Settlement Agreement are joint and several (in Quebec, solidary) amongst them and are indivisible under the laws of Quebec. All of the obligations of the Settling Defendant and the Releasees in this Settlement

Agreement are joint and several (in Quebec, solidary) amongst them and are indivisible under the laws of Quebec.

#### **11.9 Entire Agreement**

This Settlement Agreement constitutes the entire agreement among the Parties, and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of this Settlement Agreement, unless expressly incorporated herein.

#### **11.10 Amendments**

This Settlement Agreement may not be modified or amended except in writing and on consent of all Parties hereto and any such modification or amendment must be approved by the Courts with jurisdiction over the matter to which the amendment relates.

#### **11.11 Binding Effect**

This Settlement Agreement shall be binding upon, and enure to the benefit of, the Plaintiffs, the Settling Defendant, the Releasees, the Settlement Class Members, the Releasors and all of their successors and assigns unless and until this Settlement Agreement is not approved by the Courts, in which case only those sections referenced in section 5.2 of this Settlement Agreement shall continue to be binding in the manner contemplated in this section 11.11. Without limiting the generality of the foregoing, each and every covenant, condition, release and agreement made herein by the Plaintiffs shall be binding upon all Releasors and each and every covenant, condition, release and agreement made herein by the Settling Defendant shall be binding upon all of the Releasees unless and until this Settlement Agreement is not approved by the Courts, in which case only those sections referenced in section 5.2 of this Settlement Agreement shall continue to be binding in the manner contemplated in this section 11.11.

#### **11.12 General Obligation**

Without limiting the generality of any other provisions of this Settlement Agreement, until such time as either of the Courts have refused to approve this Settlement Agreement and the

delay for appeal from which shall have expired without any appeal having been lodged: (i) none of the Plaintiffs, the Releasors and Class Counsel shall take any action or omit to take any action that is inconsistent with the purposes and scope of this Settlement Agreement; and (ii) none of the Settling Defendant, the Releasees and their respective counsel that are party hereto shall take any action or omit to take any action that is inconsistent with the purposes and scope of this Settlement Agreement.

#### **11.13 No Assignment**

None of the Plaintiffs and the Releasors has heretofore assigned, transferred or granted, or purported to assign, transfer or grant, any of the claims, demands and causes of action disposed of by this Settlement Agreement including, without limitation, any of the Released Claims.

#### **11.14 Third Party Beneficiaries**

The Plaintiffs acknowledge and agree, on their behalf and on behalf of all Releasors, that the Releasees other than the Settling Defendant are third party beneficiaries of this Settlement Agreement, and that the obligations and agreements of the Plaintiffs and the Releasors under this Settlement Agreement are expressly intended to benefit all Releasees despite not being signatories to this Settlement Agreement.

#### **11.15 Counterparts**

This Settlement Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile signature shall be deemed an original signature for purposes of executing this Settlement Agreement.

#### **11.16 Negotiated Agreement**

This Settlement Agreement has been the subject of negotiations and discussions among the undersigned, each of which has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Settlement Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of this Settlement Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Settlement Agreement.



**11.17 Language**

The Parties acknowledge that they have required and consented that this Settlement Agreement and all related documents be prepared in English; les parties reconnaissent avoir exigé que la présente convention et tous les documents connexes soient rédigés en anglais. If a French translation is made, the English version will have precedence.

**11.18 Transaction**

This Settlement Agreement constitutes a transaction in accordance with Articles 2631 and following of the *Civil Code of Quebec*, and the Parties are hereby renouncing to any errors of fact, of law and/or of calculation.

**11.19 Recitals**

The recitals to this Settlement Agreement are true and form an integral part of the Settlement Agreement.

**11.20 Schedules**

The Schedules annexed hereto form an integral part of this Settlement Agreement.

**11.21 Acknowledgements**

Each of the Parties hereby affirms and acknowledges that:

- (a) he, she or a representative of the Party with the authority to bind the Party with respect to the matters set forth herein has read and understands the Settlement Agreement;
- (b) the terms of this Settlement Agreement and the effects thereof have been fully explained to him, her or the Party's representative by his, her or its counsel;
- (c) he, she or the Party's representative fully understands each term of the Settlement Agreement and its effect; and
- (d) no Party has relied upon any statement, representation or inducement (whether material, false, negligently made or otherwise) of any other Party with respect to the first Party's decision to execute this Settlement Agreement.

383

- 30 -

**11.22 Authorized Signatures**

Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Settlement Agreement.

**11.23 Notice**

Where this Settlement Agreement requires a Party to provide notice or any other communication or document to another, such notice, communication or document shall be provided by email, facsimile or letter by overnight delivery to the representatives for the Party to whom notice is being provided, as identified below:

For Plaintiffs in the Ontario Proceedings and for Ontario Counsel:

Charles M. Wright

Kirk M. Baert

**Siskinds LLP**  
Barristers and Solicitors  
680 Waterloo Street  
London, ON N6A 3V8

**Koskie Minsky LLP**  
Barristers and Solicitors  
20 Queen Street West, Suite 900, Box 52  
Toronto, ON M5H 3R3

Telephone: 519-660-7753  
Facsimile: 519-660-7754  
Email: charles.wright@siskinds.com

Tel: 416.595.2117  
Fax: 416.204.2889  
Email: kbaert@kmlaw.ca

For Plaintiffs in the Quebec Proceedings and for Quebec Counsel

Simon Hébert

**Siskinds Desmeules s.e.n.c.r.l.**  
Les promenades du Vieux-Quebec  
43 rue Busé, bureau 320  
Quebec City, QC G1R 4A2

Telephone: 418-694-2009  
Facsimile: 418-694-0281  
Email: simon.hebert@siskindsdesmeules.com

For Settling Defendant  
in the Ontario Proceeding:

John J. Pirie

**Baker & McKenzie LLP**  
**Barristers & Solicitors**  
**Brookfield Place**  
**Bay/Wellington Tower**  
**181 Bay Street, Suite 2100**  
**Toronto, Ontario M5J 2T3**  
**Canada**

Telephone: 416.865.2325  
Fax: 416.863.6275  
Email: john.pirie@bakermckenzie.com

For Settling Defendant  
in the Quebec Proceeding

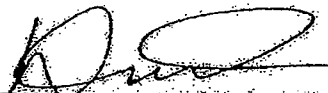
Bernard Gravel

**Lapointe Rosenstein Marchand Melançon,**  
**LLP**  
**1250 René-Lévesque Blvd. West, Suite 1400**  
**Montreal, Quebec, H3B 5E9**  
**Canada**


Telephone: 514.925.6382  
Fax: 514.925.5082  
Email: bernard.gravel@lrmm.com

11.24 Date of Execution


The Parties have executed this Settlement Agreement as of the date on the cover page.

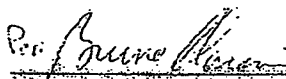
By:   
 Name: Siskinds LLP  
 Title: Ontario Counsel

By:   
 Name: Koskie Minsky LLP  
 Title: Ontario Counsel

By:   
 Name: Siskinds D'Amico s.e.n.c.r.l  
 Title: Québec Counsel

PÖYRY (BEIJING) CONSULTING COMPANY LIMITED

By:   
 Name: Baker & McKenzie LLP  
 Title: Counsel for the Settling Defendant in Ontario

By:   
 Name: Lapointe Rosenstein Marchand Melançon, LLP  
 Title: Counsel for the Settling Defendant in Quebec

## SCHEDULE A – PROCEEDINGS

Proceeding	Plaintiffs	Defendants	Settlement Class
Ontario Superior Court of Justice Court File No. CV-11-431153-00CP (the "Ontario Proceeding")	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	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	All persons and entities, wherever they may reside who acquired Sino Forest's Securities during the Class Period by distribution in Canada or on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired Sino Forest's Securities during the Class Period who are resident of Canada or were resident of Canada at the time of acquisition, except the Excluded Persons.
Superior Court of Quebec (District of Québec), File No. 200-06-000132-111 (the "Quebec Proceeding")	Guining Liu	Sino-Forest Corporation, Ernst & Young LLP, 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 and Pöyry (Beijing) Consulting Company Limited	All natural persons, as well as all legal persons established for a private interest, partnerships and associations having no more than fifty (50) persons bound to it by contract of employment under its direction or control during the twelve (12) month period preceding the motion for authorization domiciled in Quebec

- 2 -

Proceeding	Plaintiffs	Defendants	Settlement Class
			(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 an immediate member of the families of the individual named defendants) who purchased or otherwise acquired, whether in the secondary market, or under a prospectus or other offering document in the primary market, equity, debt or other securities of or relating to Sino-Forest Corporation, from and including August 12, 2008 to and including June 2, 2011.

# TAB B

This is Exhibit "B" referred to in the  
Affidavit of Li Yin Fan,  
sworn before me this 20  
day of August, 2012



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Person Authorized to take Affidavits

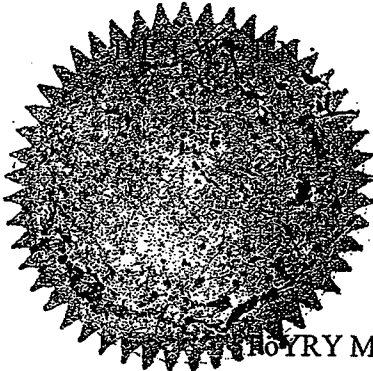
Katherine K. Y. Lam  
Solicitor,  
Hong Kong SAR  
Messrs. Simon Si & Co.



Court File No.

CU-12-459655

ONTARIO  
SUPERIOR COURT OF JUSTICE



BDO LIMITED

Plaintiff

- and -

ROYRY MANAGEMENT CONSULTING (SINGAPORE) PTE. LTD.

Defendant

## STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

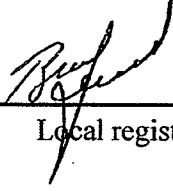
IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$5,000.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding

dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

Date July <sup>25</sup>, 2012

Issued by

  
Local registrar

Address of court office 393 University Avenue  
Toronto, ON

TO: **Pöyry Management Consulting (Singapore) Pte. Ltd.**  
Raffles Place  
#38 – 05 Singapore Land Tower  
Singapore, 048623

**CLAIM**

1. The plaintiff, BDO Limited("BDO"), claims:
  - (a) Contribution and indemnity for any amounts for which BDO is held liable to anyone in the proposed class action brought by The Trustees of the Labourers' Pension Fund of Central and Eastern Canada and others against Sino-Forest Corporation and others, including BDO, in Ontario Superior Court of Justice Court File No. CV-11-431153-00CP (the "Ontario Class Action") as well as for BDO's substantial indemnity costs of defending the Ontario Class Action and any crossclaims or other claims for indemnity advanced against BDO in or in relation to the claims advanced in the Ontario Class Action;
  - (b) In the alternative, damages equal to any amounts for which BDO is held liable to any party in the Ontario Class Action plus any costs of defending the Ontario Class Action and any indemnity claims advanced against BDO in relation to the claims advanced in the Ontario Class Action;
  - (c) An order consolidating this action with the Ontario Class Action on such terms as this Honourable Court considers to be just, including terms requiring that this action be treated as if it were commenced as a third party claim within the Ontario Class Action;
  - (d) Interest on the amounts claimed pursuant to the *Courts of Justice Act*, R.S.O. 1990, c.C.43, as amended; and
  - (e) The costs of this action on a substantial indemnity scale.

**Parties involved:**

2. The plaintiff, BDO, is a Hong Kong-based accounting firm formerly known as BDO McCabe Lo Limited that, among other things, conducts audits of the annual financial statements of publicly traded companies. Among other things, BDO audited the annual financial statements for Sino-Forest Corporation ("Sino") for the years ended December 31,

2005 and December 31, 2006. BDO was the auditor for Sino until on or about August 12, 2007, when BDO was replaced as Sino's auditor by Ernst & Young LLP ("E&Y").

3. The Defendant, Pöyry Management Consulting (Singapore) Pte. Ltd. ("Pöyry Singapore"), was formerly known as Pöyry Forest Industry Pte. Ltd. ("Pöyry Forest") between April 2006 and March 2010 and, prior to that, as JP Management Consulting (Asia-Pacific) Pte. Ltd. ("JP Management") between April 2000 and April 2006. Pöyry Singapore is a Singapore-based limited private company that is a wholly-owned subsidiary of Pöyry PLC, a publicly listed consulting firm based in Helsinki, Finland. Pöyry Singapore is based in Singapore and also does business under the name Jaakko Pöyry Consulting.

4. Pöyry Singapore is a management consultancy business focused on corporate, product, and marketing strategies, corporate finance, due diligence, business intelligence services, and performance management. Pöyry Singapore provided asset valuation and other management consultancy services to Sino in connection with Sino's timber assets during the period from 2003 to 2008. Thereafter, an affiliate of Pöyry Singapore, Pöyry (Beijing) Consulting Company Limited ("Pöyry Beijing"), provided such services to Sino.

5. Sino is incorporated under the laws of Canada and carries on business as a commercial forest plantation operator.

6. Sino was and is a reporting issuer in all provinces of Canada. Until recently, Sino's shares were listed and publically traded on the Toronto Stock Exchange ("TSX") and on other exchanges in Canada and elsewhere, as well as over the counter in the United States.

**The Ontario Class Action and the claims advanced against BDO:**

7. On July 20, 2011, a Notice of Action was issued commencing the Ontario Class Action, followed by the delivery of the initial version of the Statement of Claim in the Ontario Class Action on August 30, 2011. The Ontario Class Action seeks to certify an action on behalf of all persons who purchased Sino securities in Canada during the Class Period (which is defined as March 19, 2007 to June 2, 2011), as well as all Canadian residents who purchased Sino's securities outside of Canada. The original defendants named in the Ontario Class Action were:

- (a) Sino and several current and former officers and directors of Sino: Allen T. Y. Chan ("Chan"), W. Judson Martin ("Martin"), Kai Kit Poon ("Poon"), David J. Horsley ("Horsley"), William E. Ardell ("Ardell"), James P. Bowland ("Bowland"), James N. E. Hyde ("Hyde"), Edmund Mak ("Mak"), Simon Murray ("Murray"), Peter Wang ("Wang"), and Garry J. West ("West");
- (b) Sino's auditor from August 2007 until April 2012, E&Y;
- (c) Several investment dealers that acted as underwriters for a series of public offerings of securities by Sino, namely, Banc of America Securities LLC ("Banc of America"), Canaccord Financial Ltd. ("Canaccord"), CIBC World Markets Inc. ("CIBC"), Credit Suisse Securities (Canada) Inc. ("Credit Suisse"), Credit Suisse Securities (USA) LLC ("Credit Suisse USA"), Dundee Securities Corporation ("Dundee"), Maison Placements Canada Inc. ("Maison"), Merrill Lynch Canada Inc. ("Merrill"), RBC Dominion Securities Inc. ("RBC"), Scotia Capital Inc. ("Scotia"), and TD Securities Inc. ("TD") (collectively, the "Underwriters"); and
- (d) An affiliate of the defendant, Pöyry Beijing, which conducted valuations of Sino's timber assets from and after 2008.

8. On January 25, 2012, pursuant to an Ontario Superior Court Order, all class actions commenced in Ontario except for the Ontario Class Action were permanently stayed and, in addition, the representative plaintiffs in the Ontario Class Action were given leave to file a Fresh as Amended Statement of Claim (the "January 25<sup>th</sup> Claim") which, among other things, was amended to add BDO as a defendant to the Ontario Class Action.

9. The January 25<sup>th</sup> Claim was subsequently further amended on April 18, 2012, pursuant to leave to do so granted by the Court (the "April 18<sup>th</sup> Claim").

10. Along with other relief and damages sought against BDO and the other defendants, including certification of the action as a class action, the April 18<sup>th</sup> Claim makes the following damages claims against BDO and other defendants named in the Ontario Class Action:

- (a) On behalf of all of the Class Members who purchased Sino's securities in the secondary market during the Class Period (which is defined as the period from March 19, 2007 through June 2, 2011), and as against all of the Defendants other than the Underwriters, general damages in the sum of **\$6.5 billion** (the "Secondary Market Claim");
- (b) On behalf of all of the Class Members who purchased Sino common shares on a distribution pursuant to a Prospectus issued by Sino in June 2007 (the "June 2007 Prospectus"), and as against Sino, Chan, Poon, Horsley, Martin, Mak, Murray, Hyde, Pöyry Beijing, BDO, Dundee, CIBC, Merrill and Credit Suisse general damages in the sum of **\$175,835,000**;
- (c) On behalf of all the Class Members who purchased Sino's 5% Convertible Senior Notes due 2013 on a distribution pursuant to an Offering Memorandum issued by Sino in July 2008 (the "July 2008 Offering Memorandum"), and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry Beijing, BDO, E&Y and Credit Suisse USA, general damages in the sum of **US\$345 million**;
- (d) On behalf of all the Class Members who purchased Sino's 10.25% Guaranteed Senior Notes due 2014 on a distribution pursuant to an Offering Memorandum issued by Sino in June 2009 (the "June 2009 Offering Memorandum"), and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry Beijing, BDO, E&Y and Credit Suisse USA, general damages in the sum of **US\$400 million**; and
- (e) On behalf of all of the Class Members who purchased Sino common shares on a distribution pursuant to a Prospectus issued by Sino in December 2009 (the "December 2009 Prospectus"), and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry Beijing, BDO, E&Y, Dundee, Merrill, Credit Suisse, Scotia, CIBC, RBC, Maison, Canaccord and TD, general damages in the sum of **\$319,200,000**;

- (f) On behalf of all the Class Members who purchased Sino's 4.25% Convertible Senior Notes due 2016 on a distribution pursuant to an Offering Memorandum issued by Sino in December 2009 (the "December 2009 Offering Memorandum"), and as against Sino, Chan, Poon, Horsley, Wang, Martin, Mak, Murray, Hyde, Pöyry Beijing, BDO, E&Y, Credit Suisse USA and TD, general damages in the sum of US\$460 million.

11. The claims pleaded against BDO in the April 18<sup>th</sup> Claim stem from allegations relating to the Audit Reports produced by BDO in relation to its audits of Sino's 2005 and 2006 annual financial statements (respectively, the "2005 Audit Report" and the "2006 Audit Report" and, collectively, the "BDO Audit Reports"). The 2005 Audit Report was filed on the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators ("SEDAR") in March 2006 and the 2006 Audit Report was filed on SEDAR in March 2007.

12. It is alleged in the April 18<sup>th</sup> Claim that the 2005 Audit Report and the 2006 Audit Report each contains the following misrepresentations:

- (a) That BDO's audits of Sino's 2005 and 2006 annual financial statements were conducted in accordance with Canadian generally accepted auditing standards; and
- (b) That, in the opinion of BDO, Sino's 2005 and 2006 annual financial statements "...present fairly, in all material respects, the financial position of Sino as at December 31, 2005 and December 31, 2006 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles."

13. As against BDO, the Ontario Class Action advances both common law negligent misrepresentation claims and statutory misrepresentation claims under the Ontario *Securities Act*, Parts XXIII and XXIII.1, regarding the above alleged misrepresentations by BDO.

14. The claim as against BDO further alleges that BDO as Sino's auditor owed and breached a duty to maintain or ensure that Sino maintained appropriate internal controls to

ensure that Sino's disclosure documents adequately and fairly presented the business and affairs of Sino on a timely basis.

15. BDO denies the allegations of misrepresentation, negligence and other improper conduct advanced in the April 18<sup>th</sup> Claim. BDO specifically denies that BDO owed or breached any duties to the representative plaintiffs or any other members of the proposed Class in relation to its audits of Sino's 2005 and 2006 annual financial statements or the subsequent use of the BDO Audit Reports in the Prospectuses and Offering Memoranda pursuant to which Sino's securities were sold.

16. BDO further denies that any of the alleged breaches caused damages to the representative plaintiffs or the proposed class members and denies that any of the claims advanced are suitable for certification as common issues in a class proceeding.

17. The Ontario Class Action is currently subject to a court-ordered stay (the "CCAA Stay") granted pursuant to a March 30, 2012 Initial Order issued by The Honourable Mr. Justice Morawetz ("Morawetz J.") in proceedings brought by Sino for protection under the *Companies Creditors Arrangement Act* to permit it to engage in restructuring efforts (Ontario Superior Court File No. CV-12-9667-00CL) (the "Sino CCAA Proceedings"). The CCAA Stay is currently extended to September 28, 2012.

18. In an Order dated May 8, 2012, Morawetz J. ordered that the CCAA Stay shall apply to all parties to the Ontario Class Action, except that "there shall be no stay of any Proceeding against Pöyry (Beijing) Consulting Co. Limited and/or any affiliate, any other Pöyry entity, representative or agent."

19. At an appropriate time after the CCAA Stay has been lifted, BDO intends to seek an Order consolidating this action with the Ontario Class Action on such terms as are just, including terms providing for this action to be treated in the same manner as if it were commenced as a third party claim within the Ontario Class Action.



**The Pöyry Singapore Reports and the Secondary Market Claim in the Ontario Class Action:**

20. In support of the Secondary Market Claim, it is alleged in the Ontario Class Action that BDO, among other things, failed to meet its duties in relation to its assessment of Sino's financial reporting relating to Sino's timber assets during its audits of Sino's annual financial statements for 2005 and 2006 and that the plaintiffs suffered damages as a result of their reliance on those financial statements and BDO audits thereof.
21. BDO denies these allegations and in particular denies that it ever owed or breached any duty to the plaintiffs or proposed class members to opine or make representations regarding the extent and valuation of Sino's timber assets.
22. Further, during the period when BDO was Sino's auditor, the primary alleged independent party retained by Sino to opine on the nature and value of Sino's timber assets and to report on those findings to Sino and the public generally was not BDO but, rather, the defendant, Pöyry Singapore.
23. For each year between 2003 and 2008, inclusive, Pöyry Singapore provided annual Valuation Reports to Sino concerning its timber assets and the current and projected valuation of those assets (collectively, the "Pöyry Singapore Reports").
24. In conducting its audit of Sino's 2005 annual financial statements, BDO obtained, reviewed and relied upon the 2005 Pöyry Singapore Report, in which Pöyry Singapore (which was then called JP Management) valued Sino's timber assets for the year December 31, 2005 at USD728.5 million.
25. The Pöyry Singapore Report for 2005 (the "Pöyry 2005 Report"), among other things, represented the following:
- "Jaakko Pöyry Consulting has determined the value of the 324 296.2 hectares (ha) of forest assets owned by Sino-Forest as at 31 December 2005 to be **USD728.5 million**. This is the result of a valuation of the existing planted area and uses an 11.5% discount rate applied to real, pre-tax cash flows.
- Jaakko Pöyry Consulting has also prepared an existing forest valuation that includes the revenues and costs of re-establishing and maintaining the plantation forests for a

50-year period (perpetual valuation). However, to date Sino-Forest only has an option to lease the land under the purchased trees for future rotations, the terms of which have yet to be agreed. Sino-Forest is embarking on a 200,000 ha expansion of its estate in Heyuan City. Jaakko Pöyry Consulting has determined the valuation of the Sino-Forest forest assets based on a perpetual rotation (including the planned expansion in Heyuan City) using a real pre-tax discount rate of 11.5% to be **USD968.4 million** as at 31 December 2005.”

26. In addition in assessing the reliability of the Pöyry 2005 Report, in early 2006 BDO personnel met with and interviewed Pöyry Singapore personnel, including the Principal of Pöyry Singapore, Andy Fyfe, on or about February 15, 2006 to discuss the independence, business background and experience of Pöyry Singapore in conducting valuations, the major assumptions made in preparing the Pöyry 2005 Report and its consistency with prior years and industry standards, the significant estimates used in the valuation by Pöyry Singapore and any difficulties encountered by Pöyry Singapore in the valuation process. BDO also took steps to confirm that the information received by Pöyry from Sino in preparing the Pöyry 2005 Report was consistent with the information that had been received by BDO from Sino for that year.

27. BDO relied upon all of the above information from Pöyry Singapore, as well as the fact that Pöyry Singapore’s valuation of Sino’s timber assets was higher than the cost value shown by Sino for those assets in its 2005 annual financial statements. If, in fact, said asset valuation was incorrect, this arose solely by reason of the negligence and/or acts or omissions of Pöyry Singapore.

28. In conducting its audit of Sino’s 2006 annual financial statement, BDO obtained and relied upon the 2006 Valuation Report prepared by Pöyry Singapore for the year ended December 31, 2006 (the “Pöyry 2006 Report”), in which Pöyry Singapore (which was then called Pöyry Forest) valued Sino’s timber assets for the year ended December 31, 2006 at USD919.0 million.

29. Among other things, the Pöyry 2006 Report stated:

“[Pöyry] has determined the valuation of the Sino-Forest assets as at 31 December 2006 to be **USD919.0 million**. This is the result of a valuation of the existing planted area and uses an 11.5% discount rate applied to real, pre-tax cash flows.

Pöyry has also prepared an existing forest valuation that includes the revenues and costs of re-establishing and maintaining the plantation forests for a 50 - year period (perpetual valuation). However, to date Sino-Forest only has an option to lease the land under the purchased trees for future rotations, the terms of which have yet to be agreed. Sino-Forest is embarking on a 400,000 ha expansion of its estate in Hunan. Pöyry has determined the valuation of the Sino-Forest forest assets based on a perpetual rotation (including the planned expansion in Hunan) using a real pre-tax discount rate of 11.5% to be USD1,427.6 million as at 31 December 2006.”

30. In addition in assessing the reliability of the Pöyry 2006 Report, in January 2007 BDO relied upon the assurances received in January 2006 regarding Pöyry’s independence and methodology in producing the Pöyry 2005 Report, as pleaded above, as well as an additional interview of Pöyry employees that was done while Pöyry was conducting site visits of Sino’s plantations on or about January 20, 2007 during which Pöyry’s methodology for valuing Sino’s timber assets was further discussed.

31. BDO relied upon all of the above information from Pöyry Singapore, as well as the fact that Pöyry Singapore’s valuation of Sino’s timber assets was higher than the cost value of those assets that was shown by Sino in its 2006 annual financial statements. If, in fact, said asset valuation was incorrect, this arose solely by reason of the negligence and/or acts or omissions of Pöyry Singapore.

32. Based upon Pöyry Singapore’s asset valuations hereinbefore pleaded, it is the position of BDO in the Ontario Class Action that Sino’s 2005 and 2006 financial statements accurately reflected the financial status of Sino as of December 31, 2005 and December 31, 2006, respectively. It is BDO’s position that neither Sino’s financial statements for those years nor the 2005 Audit Report and the 2006 Audit Report contained any misrepresentations.

33. In the event that there were any misrepresentations or other deficiencies in the 2005 Audit Report or the 2006 Audit Report (which is denied), this was wholly caused by the acts or omissions and/or negligence of Pöyry Singapore in its preparation of the Pöyry 2005 Report and the Pöyry 2006 Report, and in the other oral and written representations made by Pöyry Singapore to BDO regarding the valuation of Sino’s timber assets.

34. Pöyry Singapore at all times held itself out as a firm with significant expertise in the assessment and valuation of timber assets and it was reasonable and consistent with GAAS

for BDO to have relied upon Pöyry Singapore and the reports prepared by Pöyry Singapore in conducting its audits of the Sino 2005 and 2006 annual financial statements and in BDO's preparation of the BDO Audit Reports for those Sino financial statements.

35. Asset Valuation Reports regarding Sino's timber assets and their value were prepared by Pöyry Singapore for the years 2004, 2005, 2006, 2007 and 2008 (collectively, the "Pöyry Singapore Reports") and were published by Sino itself directly to shareholders and prospective purchasers of Sino securities on the secondary market, both on Sino's own website and on SEDAR – all of which was done with the prior knowledge and consent of Pöyry Singapore. In addition, Sino referenced the relevant Pöyry Singapore Reports, including the valuations contained in the Pöyry Singapore Reports, in the Annual Reports issued by Sino's management during the period relevant to the Ontario Class Action, including the Annual Reports issued by Sino for 2005 and 2006.

36. BDO has been sued in the Ontario Class Action on behalf of a proposed class of persons who purchased Sino securities on the secondary market. In that regard, BDO says that any such alleged damages (which are denied) were wholly caused by the negligent acts and omissions of Pöyry Singapore in the preparation of the Pöyry Singapore Reports in breach of its contractual obligations to Sino, the reasonable reliance of BDO upon the Pöyry Singapore Reports for 2005 and 2006 in conducting its audits of Sino's 2005 and 2006 annual financial statements, and the reliance of some or all of the proposed class members directly upon the representations in the Pöyry Singapore Reports as well as the reference to the valuations in the Pöyry Singapore Reports in Sino's Annual Reports in making their decisions to purchase Sino securities on the secondary market.

37. As such, Pöyry Singapore is liable to indemnify BDO in respect of the Secondary Market Claim advanced against BDO in the Ontario Class Action.

**Use of the Pöyry Singapore Reports in primary market distributions by Sino:**

38. In addition to the above use and publication, with Pöyry Singapore's knowledge and consent, Sino referred to and utilized the Pöyry Singapore Reports in various offering materials relating to the issuance of Sino shares and debt securities in the primary market.

(a) **The June 2007 Prospectus:**

39. The June 2007 Prospectus issued by Sino incorporated by reference the Pöyry 2006 Report.

40. Pöyry Singapore knew the Pöyry 2006 Report would be used in the June 2007 Prospectus. Pöyry Singapore issued a letter to the relevant regulators stating:

“We consent to the incorporation by reference in the Prospectus of our report, entitled ‘Valuation of China Forest Assets as at 31 December 2006’ dated March 15, 2007 (the "Report"). We further consent to the use of our name in the Prospectus under the heading "Interest of Experts" and elsewhere in the Prospectus.

We report that we have read the Prospectus and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the Report which we have prepared or that is within our knowledge as a result of the services we performed in connection with the Report.”

41. The Pöyry 2006 Report stated, among other things, that:

“[Pöyry] has determined the valuation of the Sino-Forest assets as at 31 December 2006 to be [US]\$919.0 million. This is the result of a valuation of the existing planted area and uses an 11.5% discount rate applied to real, pre-tax cash flows.

Pöyry has also prepared an existing forest valuation that includes the revenues and costs of re-establishing and maintaining the plantation forests for a 50 - year period (perpetual valuation). However, to date Sino-Forest only has an option to lease the land under the purchased trees for future rotations, the terms of which have yet to be agreed. Sino-Forest is embarking on a 400,000 ha expansion of its estate in Hunan. Pöyry has determined the valuation of the Sino-Forest forest assets based on a perpetual rotation (including the planned expansion in Hunan) using a real pre-tax discount rate of 11.5% to be [US]\$1,427.6 million as at 31 December 2006.”

42. BDO has been sued in the Ontario Class Action on behalf of a proposed class of persons who purchased Sino shares on the offering to which the June 2007 Prospectus related. In that regard, BDO says that any such damages suffered by such class members (which are denied) were wholly caused by the negligent acts and omissions of Pöyry Singapore in the preparation of the Pöyry 2006 Report in breach of its contractual obligations to Sino, the reasonable reliance of BDO upon the relevant Pöyry Singapore Reports and other representations made by Pöyry Singapore personnel to BDO in the course of its audits of Sino's 2005 and 2006 annual financial statements, and the reliance of some or all of these

proposed class members directly upon the representations in the Pöyry 2006 Report and other Pöyry Singapore Reports in making their decisions to purchase Sino shares.

43. As such, Pöyry Singapore is liable to indemnify BDO in respect of the claims advanced against BDO on behalf of purchasers of Sino shares on the offering to which the June 2007 Prospectus related.

**(b) The July 2008 Offering Memorandum:**

44. In 2008, Sino issued the July 2008 Offering Memorandum which incorporated by reference a Valuation Report prepared by Pöyry Singapore, entitled "Sino Forest Corporation Valuation of China Forest Assets as of 31 December 2007," and dated March 14, 2008 (the "Pöyry 2007 Report").

45. Pöyry Singapore knew the Pöyry 2007 Report would be used in Sino's July 2008 Offering Memorandum. In a letter to Sino dated March 14, 2008, Pöyry Singapore consented to: "The inclusion of the [Pöyry 2007] Report and/or a summary thereof (explicitly or by incorporation by reference) in, and/or any reference to the Report at any time by the Corporation or any subsidiaries thereof in, ... [a]ny document pursuant to which any securities of the Corporation or any subsidiary are offered for sale."

46. The Pöyry 2007 Report stated:

"Pöyry has determined the valuation of the Sino-Forest assets as at 31 December 2007 to be USD 1 245.3 million. This is the result of a valuation of the existing planted area and uses an 11.5% discount rate applied to real, pre-tax cash flows.

Pöyry has also prepared an existing forest valuation that includes the revenues and costs of re-establishing and maintaining the plantation forests for a 60 - year period (perpetual valuation). However, to date Sino-Forest only has an option to lease the land under the purchased trees for future rotations, the terms of which have yet to be agreed. Sino-Forest is embarking on a 750,000 ha expansion of its estate in Hunan, Yunnan and Guangxi Provinces. Poyry has determined the valuation of the Sino-Forest forest assets based on a perpetual rotation (including the planned expansion in Hunan, Yunnan and Guangxi) using a real pre-tax discount rate of 11.5% to be USD 3,205.2 million as at 31 December 2007."

47. BDO has been sued in the Ontario Class Action on behalf of a proposed class of persons who purchased Sino Notes on the offering to which the July 2008 Offering Memorandum related. In that regard, BDO says that any damages suffered by such class members (which are denied) were wholly caused by the negligent acts and omissions of Pöyry Singapore in the preparation of the Pöyry 2007 Report in breach of its contractual obligations to Sino, the reasonable reliance of BDO upon the relevant Pöyry Singapore Reports and other representations made by Pöyry Singapore personnel to BDO in the course of BDO's audits of Sino's 2005 and 2006 annual financial statements, and the reliance of some or all of these proposed class members directly upon the representations in the Pöyry 2007 Report and other Pöyry Singapore Reports in making their decisions to purchase Sino Notes.

48. As such, Pöyry Singapore is liable to indemnify BDO in respect of the claims advanced against BDO on behalf of purchasers of Sino Notes pursuant to the July 2008 Offering Memorandum.

**(c) The June 2009 Offering Memorandum**

49. On or about June 24, 2009, Sino issued the June 2009 Offering Memorandum regarding the sale of Sino's 10.25% Guaranteed Senior Notes due 2014.

50. Among other things, the June 2009 Offering Memorandum referred to a 2008 Pöyry Valuation Report prepared by Pöyry Singapore (the "Pöyry 2008 Report") that stated, among other things, that "Pöyry has estimated the market value of Sino-Forest's tree crop assets, as at 31 December 2008, to be USD \$1,644.6 million."

51. Pöyry Singapore knew the Pöyry 2008 Report would be used in the June 2009 Offering Memorandum and consented to its use. In a letter to Sino dated April 1, 2009, Pöyry Singapore consented to: "[T]he inclusion of the [Pöyry 2008] Report and/or a summary thereof (explicitly or by incorporation by reference) in, and/or any reference to the Report at any time by the Corporation or any subsidiaries thereof in, ...[a]ny document pursuant to which any securities of the Corporation or any subsidiary are offered for sale."

52. BDO has been sued in the Ontario Class Action on behalf of a proposed class of persons who purchased Sino Notes on the offering to which the June 2009 Offering

Memorandum related. In that regard, BDO says that any such damages (which are denied) were instead wholly caused by the negligent acts and omissions of Pöyry Singapore in the preparation of the Pöyry 2008 Report in breach of its contractual obligations to Sino, the reasonable reliance of BDO upon the relevant Pöyry Singapore Reports and other representations by Pöyry Singapore personnel to BDO in the course of BDO's audits of Sino's 2005 and 2006 annual financial statements, and the reliance of some or all of these proposed class members directly upon the representations in the Pöyry 2008 Report and other Pöyry Singapore Reports in making their decisions to purchase Sino's Notes.

53. As such, Pöyry Singapore is liable to indemnify BDO in respect of the claims advanced against BDO on behalf of purchasers of Sino Notes pursuant to the June 2009 Offering Memorandum.

**(d) The December 2009 Prospectus**

54. On or about December 11, 2009, Sino issued the December 2009 Prospectus regarding the issuance of Sino common shares to members of the public.

55. The December 2009 Prospectus incorporated by reference the Pöyry 2008 Report containing the representations set out above.

56. The Pöyry 2008 Report was used in the December 2009 Prospectus with the prior knowledge and authorization of Pöyry Singapore, which stated in a letter to regulators:

"We consent to the incorporation by reference in the Prospectus of our report, entitled 'Valuation of China Forest Crop Assets as at 31 December 2008' dated 01 April 2009 (the 'Report'). We further consent to the use of our name in the Prospectus under the heading 'Interest of Experts' and elsewhere in the Prospectus.

We report that we have read the Prospectus and have no reason to believe that there are any misrepresentations in the information contained therein that are derived from the Report which we have prepared or that is within our knowledge as a result of the services we performed in connection with the Report."

57. BDO has been sued in the Ontario Class Action on behalf of a proposed class of persons who purchased Sino common shares on the offering to which the December 2009 Prospectus related. In that regard, BDO says that any such damages (which are denied) were



instead wholly caused by the acts and omissions of Pöyry Singapore in the preparation of the Pöyry 2008 Report in breach of its contractual obligations to Sino, the reasonable reliance of BDO upon the relevant Pöyry Singapore Reports and other representations made by Pöyry Singapore personnel to BDO in the course of BDO's audits of Sino's 2005 and 2006 annual financial statements, and the reliance of some or all of these proposed class members directly upon representations in the Pöyry 2008 Report and other Pöyry Singapore Reports in making their decisions to purchase Sino shares.

58. As such, Pöyry Singapore is liable to indemnify BDO in respect of the claims advanced against BDO on behalf of purchasers of Sino shares pursuant to the December 2009 Prospectus.

**(e) The December 2009 Offering Memorandum**

59. On or about December 17, 2009, Sino issued the December 2009 Offering Memorandum regarding the sale of Sino's 5% Senior Convertible Notes maturing on December 15, 2016.

60. The December 2009 Prospectus incorporated by reference the Pöyry 2008 Report containing the representations set out above and it was used in the December 2009 Offering Memorandum with the prior knowledge and authorization of Pöyry Singapore.

61. BDO has been sued in the Ontario Class Action on behalf of a proposed class of persons who purchased Sino Notes on the offering to which the December 2009 Offering Memorandum related. In that regard, BDO says that any such damages (which are denied) were instead wholly caused by the acts and omissions of Pöyry Singapore in the preparation of the Pöyry 2008 Report in breach of its contractual obligations to Sino, the reasonable reliance of BDO upon the relevant Pöyry Singapore Reports and other representations made by Pöyry Singapore personnel to BDO in the course of its audits of Sino's 2005 and 2006 annual financial statements, and the reliance of some or all of these proposed class members directly upon representations in the Pöyry 2008 Report and other Pöyry Singapore Reports in making their decisions to purchase Sino Notes.

62. As such, Pöyry Singapore is liable to indemnify BDO in respect of the claims advanced against BDO on behalf of purchasers of Sino Notes pursuant to the December 2009 Offering Memorandum.

63. In relation to the claims pleaded herein, BDO pleads and relies upon the *Negligence Act*, R.S.O. 1990, c.N.1, as amended.

64. BDO relies upon the following to serve Pöyry Singapore outside of Ontario without leave:

- (a) The proceeding relates to a tort committed in Ontario (Rule 17.02(g));
- (b) The proceeding relates to damages sustained in Ontario (Rule 17.02(h));
- (c) The proceeding is against a corporation outside of Ontario who is a necessary and proper party to a proceeding, the Ontario Class Action, that has properly been brought against person(s) served in Ontario (Rule 17.02(o));
- (d) The proceeding is against a corporation that normally carries on business in Ontario and for Ontario-based clients, including Sino (Rule 17.02(p)); and
- (e) The proceeding is properly the subject-matter of a crossclaim or third or subsequent party claim commenced under the *Rules of Civil Procedure* (Rule 17.02(q)).

65. The plaintiff requests that this action be tried in Toronto with, or immediately following, the trial of the Ontario Class Action.

- 19 -

July 25, 2012

**AFFLECK GREENE McMURTRY LLP**  
Barristers & Solicitors  
365 Bay Street, Suite 200  
Toronto, Ontario M5H 2V1

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

Lawyers for the Plaintiff

BDO Limited  
Plaintiff  
and  
Poyry Management Consulting (Singapore) Pte. Ltd.  
Defendant

Court File No:

CV-12-459655

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**STATEMENT OF CLAIM**

**AFFLECK GREENE McMURTRY LLP**  
Barristers & Solicitors  
365 Bay Street, Suite 200  
Toronto, Ontario M5H 2V1

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

Lawyers for the Plaintiff

# TAB C

This is Exhibit "C" referred to in the  
Affidavit of Li Yin Fan,  
sworn before me this 20  
day of August, 2012



---

Person Authorized to take Affidavits

**Katherine K. Y. Lam**  
**Solicitor,**  
**Hong Kong SAR**  
**Messrs. Simon Si & Co.**

## ENHANCED CORPORATE SEARCH



## REQUEST CRITERIA

(You have requested to search on the following)

&gt;&gt; add to LMS

Date of Request :	17/07/2012
Name of Requestor :	CLYDE & CO LLP
Requested Entity Name :	POYRY FOREST INDUSTRY PTE. LTD.
Requested Entity Number :	199200145K
File Reference Number :	MJR/008586-000006 (HK Matter)

## SEARCH RECORD

Entity Name :	1) POYRY MANAGEMENT CONSULTING (SINGAPORE) PTE. LTD. 2) POYRY FOREST INDUSTRY PTE. LTD. 3) JP MANAGEMENT CONSULTING (ASIA-PACIFIC) PTE LTD 4) JAAKKO POYRY CONSULTING (ASIA-PACIFIC) PTE LTD 5) JAAKKO POYRY (ASIA-PACIFIC) PTE LTD
Entity Number :	199200145K

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY  
BUSINESS PROFILE (COMPANY)



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## Details Of Company

Entity Name:	POYRY MANAGEMENT CONSULTING (SINGAPORE) PTE. LTD.
Entity Number:	199200145K
Date Of Registration (dd/mm/yyyy):	09/01/1992
Country Of Incorporation:	SINGAPORE
Date Of Change Of Name:	10/03/2010
1) Former Name (Effective Date):	JAAKKO POYRY (ASIA-PACIFIC) PTE LTD ( 09/01/1992 )
2) Former Name (Effective Date):	JAAKKO POYRY CONSULTING (ASIA-PACIFIC) PTE LTD ( 01/11/1996 )
3) Former Name (Effective Date):	JP MANAGEMENT CONSULTING (ASIA-PACIFIC) PTE LTD ( 14/04/2000 )
4) Former Name (Effective Date):	POYRY FOREST INDUSTRY PTE. LTD. ( 03/04/2006 )
Type Of Company:	LIMITED PRIVATE COMPANY
Registered Office Address:	50 RAFFLES PLACE #38-05 SINGAPORE LAND TOWER SINGAPORE 048623
Date Of Change Of Address:	26/03/2010
Principal Activity / Activities:	1) INFRASTRUCTURE ENGINEERING SERVICES (71125) 2) MANUFACTURE OF PULP, PAPER AND PAPERBOARD (17010)
Status:	LIVE COMPANY
Status Date:	09/01/1992

## Capital Structure

Capital Structure:	No. Of Shares	Currency	Amount
ISSUED ORDINARY	5,074,575	SINGAPORE, DOLLARS	5,074,575.00
PAID-UP ORDINARY	-	SINGAPORE, DOLLARS	5,074,575.00

**Charge(s)**

-

**Auditor(s)**

Name	Date Of Appointment
KPMG LLP	06/10/2000

**Officer(s)**

Name ID	Address Date Of Change Of Address	Nationality	Date Of Appointment/ Position Held
DOUGLAS GRAHAM PARSONSON E3001199	29 RUSKIN ST, ELWOOD VICTORIA AUSTRALIA 3184 -	AUSTRALIAN	27/07/2009 DIRECTOR
PETER JONATHAN KAHN G6372026M	6 MOUNT SOPHIA #05-07 8 @ MOUNT SOPHIA SINGAPORE 228457 21/12/2010	BRITISH	01/02/2010 DIRECTOR
JOHAN HENRIK ARNOLD BRINK PH7583335	TAPIONTIE 24 A, 02720 ESPOO FINLAND -	FINNISH	13/02/2008 DIRECTOR
CHAN LILY S2668267C	259A COMPASSVALE ROAD #13-609 SINGAPORE 541259 02/03/2009	SINGAPORE CITIZEN	11/09/2000 SECRETARY

**Shareholder(s)**

(Entity Numbers Prefixed with UF pr ACRA are Numbers allotted by ACRA for Purposes of Identification.)

Name ID	Nationality	Address Date Of Change Of Address
POYRY PLC T05UF2633C	FINLAND	P.O. BOX 4 (JAAKONKATU 3), F1-01621 VANTAA FINLAND -
Type	No Of Shares	Currency
ORDINARY	5,074,575	SINGAPORE, DOLLARS

**SUBSIDIARY / ASSOCIATED COMPANIES**

Company	Interest	Shareholdings (Ordinary)	Status
NO TRACE			

Subsidiary - shareholding of >50% (controlling interest)  
Jointly Controlled - equal shareholding  
Associate - shareholding of between 20% - <50% (significant interest)  
Shareholder - shareholding of <20%

**Compliance Record**

Date Of Last AGM:	30/06/2011
Date Of Last AR:	04/08/2011



Date Of A/C Laid At Last AGM:

31/12/2010

THE ABOVE INFORMATION IS UPDATED TO 01 DAY FROM 17/07/2012  
PLEASE NOTE THAT THE INFORMATION HEREIN CONTAINED IS EXTRACTED FROM FORMS FILED WITH THE AUTHORITY

INFORMATION REFLECTED IN THE SECTIONS BELOW ARE NOT FROM THE ACCOUNTING AND CORPORATE REGULATORY AUTHORITY

**KEY FINANCIAL INFORMATION**

(Information as per DP Info database)

For Financial Year :	2010
Sales Turnover :	\$3,317,227.00
Auditor's Comment :	AUDITED
No. of Employees :	40
Commercial Properties Owned :	-

 Display Litigation Record(s) In Detail

 Display Litigation Record(s) In Compact Format
**1) LITIGATION SEARCH - WRIT OF SUMMONS**

(This is a litigation trace. Please purchase case details to know the latest status)

<b>Total number: 1</b>									
<b>Court/Type:</b>	MAGISTRATE COURT								
<b>Case No.:</b>	41811								
<b>Transfer:</b>	-								
<b>Year:</b>	2003								
<b>Case Details</b>									
<b>Filing Date:</b>	12/12/2003								
<b>Case Status:</b>	PENDING								
<b>Cause:</b>	NEGLIGENCE - OTHERS (NOT INJURIES / DEATH)								
<b>Amount:</b>	-								
<b>Last Known Document/Remarks:</b>	JUDGMENT UNDER O.13								
<b>Last Known Document/Remarks Date:</b>	09/02/2004								
<b>Last Known Hearing Result:</b>	-								
<b>Last Known Hearing Date:</b>	-								
<b>Parties Details</b>									
1)	<table border="1"> <tr> <td><b>Party Type:</b></td> <td>DEFENDANT</td> </tr> <tr> <td><b>Name:</b></td> <td>JP MANAGEMENT CONSULTING (ASIA-PACIFIC) PTE LTD FORMERLY KNOWN AS JAAKKO POYRY CONSULTING (ASIA PACI</td> </tr> <tr> <td><b>ID Number:</b></td> <td>199200145K</td> </tr> <tr> <td><b>SOLICITOR/LAW FIRM:</b></td> <td>- / -</td> </tr> </table>	<b>Party Type:</b>	DEFENDANT	<b>Name:</b>	JP MANAGEMENT CONSULTING (ASIA-PACIFIC) PTE LTD FORMERLY KNOWN AS JAAKKO POYRY CONSULTING (ASIA PACI	<b>ID Number:</b>	199200145K	<b>SOLICITOR/LAW FIRM:</b>	- / -
<b>Party Type:</b>	DEFENDANT								
<b>Name:</b>	JP MANAGEMENT CONSULTING (ASIA-PACIFIC) PTE LTD FORMERLY KNOWN AS JAAKKO POYRY CONSULTING (ASIA PACI								
<b>ID Number:</b>	199200145K								
<b>SOLICITOR/LAW FIRM:</b>	- / -								
2)	<table border="1"> <tr> <td><b>Party Type:</b></td> <td>PLAINTIFF</td> </tr> <tr> <td><b>Name:</b></td> <td>ISETAN (SINGAPORE) LIMITED</td> </tr> <tr> <td><b>ID Number:</b></td> <td>197001177H</td> </tr> <tr> <td><b>SOLICITOR/LAW FIRM:</b></td> <td>TOH KOK SENG / LEE &amp; LEE</td> </tr> </table>	<b>Party Type:</b>	PLAINTIFF	<b>Name:</b>	ISETAN (SINGAPORE) LIMITED	<b>ID Number:</b>	197001177H	<b>SOLICITOR/LAW FIRM:</b>	TOH KOK SENG / LEE & LEE
<b>Party Type:</b>	PLAINTIFF								
<b>Name:</b>	ISETAN (SINGAPORE) LIMITED								
<b>ID Number:</b>	197001177H								
<b>SOLICITOR/LAW FIRM:</b>	TOH KOK SENG / LEE & LEE								
<b>LAST UPDATED IN DP INFO DATABASE:</b>	26/08/2004								

**2) Winding Up/Judicial Management**

(JM Cases only as available in DP Info database)

NO TRACE

**ACCREDITATIONS**

S/No.	Award	Year	Ranking
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### FINANCIAL RELATED SEARCH COUNT

(The number of times that the above company had been searched by Financial Institutions using QuestNet)

Year	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	12	0	1	7	4	0	0	0	0	0	0	0	0

### COMMERCIAL RELATED SEARCH COUNT

(The number of times that the above company had been searched by other companies, businesses or individuals using QuestNet)

Year	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	4	0	0	0	0	0	1	0	0	1	0	2	0
2010	4	1	0	1	0	0	1	0	0	1	0	0	0

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