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

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

BRIEF OF PREVIOUSLY FILED MATERIALS AND COURT ORDERS OF SINO-FOREST CORPORATION
(Motion for Sanction Order Returnable December 7, 2012)

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RESPONDING MOTION RECORD OF THE UNDERWRITERS NAMED IN CLASS ACTIONS

(Stay of Proceedings
(returnable on May 8, 2012))

VOLUME I OF II

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AFFIDAVIT OF REBECCA L. WISE
(SWORN APRIL 23, 2012)

I, Rebecca L. Wise, of the City of Toronto in the Province of Ontario, MAKE OATH AND SAY:

1. I am an associate with the law firm of Torys LLP, lawyers for the Defendants, Credit Suisse Securities (Canada) Inc., Credit Suisse Securities (USA) LLC, TD Securities Inc., Dundee Securities Corporation, RBC Dominion Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., Merrill Lynch Canada Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated (successor by merger to Banc of America Securities LLC), Canaccord Financial Ltd., and Maison Placements Canada Inc. (the "Underwriters") in *The Trustees of the Labourers' Pension Fund of Central and Eastern Canada et al.* v. *Sino-Forest Corporation et al.*, CV-11-431153-00CP, (the "Sino-Forest Class Action"), and, as such, have knowledge of the matters contained in this affidavit.

The Sino-Forest Class Action

2. The Plaintiffs in the Sino-Forest Class Action claim damages against various parties in connection with alleged misrepresentations made by Sino-Forest Corporation ("Sino-Forest") between 2006-2011.

3. The claims asserted by the Plaintiffs involve, in part, alleged misrepresentations made by Sino-Forest in its equity and note offerings in the primary market through prospectuses and offering memoranda.

4. In particular, the following prospectuses for three equity offerings are in issue in the Sino-Forest Class Action: Sino-Forest's Short Form Prospectuses, dated June 5, 2007, June 1, 2009, and December 10, 2009. The Plaintiffs claim general damages in respect of the June 2007 offering in the amount of $175,835,000. The Plaintiffs claim general damages in respect of the June 2009 offering in the amount of $330,000,000. Lastly, the Plaintiffs claim general damages in respect of the December 2009 offering in the amount of $319,200,000.

5. In addition, the following offering and exchange offer memoranda for four note offerings are in issue in the Sino-Forest Class Action: Sino-Forest's Offering and Exchange Offer Memoranda, dated July 17, 2008, June 24, 2009, December 10, 2009 and October 14, 2010. The Plaintiffs claim general damages in the amount of US$345,000,000 in respect of the July 17, 2008 offering. The Plaintiffs claim general damages in the amount of US$400,000,000 in respect of the June 24, 2009 offering. The Plaintiffs claim general damages in the amount of US$460,000,000 in respect of the December 10, 2009 offering. Finally, the Plaintiffs claim general damages in the amount of US$600,000,000 in respect of the October 14, 2010 offering.

6. The alleged misrepresentations made by Sino-Forest in connection with these seven offerings in the primary market form the basis upon which general and other damages are claimed by the Plaintiffs against the Underwriters.

7. Not all of the Underwriters participated in each of the equity and note offerings at issue in the Sino-Forest Class Action. The Plaintiffs have therefore set out in their statement of claim against which Underwriters they claim damages for each offering.

Indemnifications Provided to the Underwriters Under Agreements Related to the Offerings in Issue

8. In connection with the three equity offerings described in paragraph 4 above, certain Underwriters have entered into related agreements with Sino-Forest and certain of its subsidiaries. In connection with the four note offerings described in paragraph 5 above, certain Underwriters (defined in the relevant agreements as either Initial Purchasers or Dealer Manager and Solicitation Agent) have entered into related agreements with Sino-Forest, as well as with certain of its subsidiaries, affiliates and/or related companies (the "Sino-Forest Subsidiary Companies"). These related agreements are as follows:

(a) the Underwriting Agreement, dated May 28, 2007, in connection with the June 2007 equity offering, a copy of which is attached as Exhibit "A" hereto;

(b) the Purchase Agreement, dated July 17, 2008, in connection with the July 2008 note offering, a copy of which is attached as Exhibit "B" hereto;

(c) the Underwriting Agreement, dated May 22, 2009, in connection with the June 2009 equity offering, a copy of which is attached as Exhibit "C" hereto;

(d) the Dealer Manager and Solicitation Agent Agreements, both dated June 24, 2009, in connection with June/July 2009 exchange note offering, copies of which are attached together as Exhibit "D" hereto;

(e) the Purchase Agreement, dated December 10, 2009, in connection with the December 2009 note offering, a copy of which is attached as Exhibit "E" hereto;

(f) the Underwriting Agreement, dated December 10, 2009, in connection with the December 2009 equity offering, a copy of which is attached as Exhibit "F" hereto; and

(g) the Purchase Agreement, dated October 14, 2010, in connection with the October 2010 note offering, a copy of which is attached as Exhibit "G" hereto.

9. I refer below to the agreements described in subparagraphs 8(a)-(g) above as the "Related Agreements".

10. The Related Agreements among Sino-Forest, the Sino-Forest Subsidiary Companies and the Underwriters contain provisions in which Sino Forest (and, in the cases of the Related Agreements for the four note offerings, except for the Solicitation Agent Agreement, also the Sino-Forest Subsidiary Companies) have agreed to indemnify and hold harmless the Underwriters (the "Indemnities") in connection with an array of matters that could arise from the seven offerings described in paragraphs 4 and 5 above.

11. Schedule "1" to my affidavit lists in chart format the offerings, the relevant indemnity/contribution provisions in the Related Agreements, the specific Sino-Forest Subsidiary Companies, if any, in addition to Sino-Forest, that are parties to indemnity provisions

in each of the Related Agreements and the Underwriters that are parties to each of the Related Agreements.

12. In particular, Sino-Forest and the Sino-Forest Subsidiary Companies have jointly and severally agreed to indemnify and hold harmless the Underwriters that are parties to the following Related Agreements: the Purchase Agreements, dated July 17, 2008, December 10, 2009 and October 14, 2010, and the Dealer Manager Agreement, dated June 24, 2009, in connection with an array of matters that could arise from the four note offerings.

Stay of Proceedings

13. On March 30, 2012, Sino-Forest sought and obtained from the Ontario Superior Court of Justice an Initial Order (the "Initial Order") under the *Companies' Creditors Arrangement Act* (the "CCAA"), which granted a stay of proceedings in respect of Sino-Forest (the "Stay of Proceedings") and other relief under the CCAA.

14. The Stay of Proceedings extends to, *inter alia*, Sino-Forest, as well as its directors and officers (the "D&Os"), who are also defendants in the Sino-Forest Class Action.

15. Subsequent to the Initial Order, Bennett Jones LLP, counsel for Sino-Forest and some of the individual defendants in the Sino-Forest Class Action wrote a letter (the "Bennett Jones Letter") to the Honourable Mr. Justice Paul M. Perell, the presiding judge in the Sino-Forest Class Action stating, *inter alia*, that, as a result of the Stay of Proceedings, Sino and all of the individual defendants do not intend to participate in the Sino-Forest Class Action. A copy of the Bennett Jones Letter is attached as Exhibit "H" hereto.

16. Further to the Bennett Jones Letter, Osler, Hoskin & Harcourt LLP, counsel for certain current and former directors of Sino-Forest in the Sino-Forest Class Action, namely Mr. William E. Ardell, Mr. James P. Bowland, Mr. James M.E. Hyde and Mr. Garry J. West (collectively, the "Directors"), wrote a letter (the "Osler Letter") to the Honourable Mr. Justice Paul M. Perell stating, *inter alia*, that, as a result of the Stay of Proceedings, the Directors do not intend to participate in the Sino-Forest Class Action. A copy of the Osler Letter is attached as Exhibit "I" hereto.

17. Also further to the Bennett Jones Letter, Miller Thomson LLP, counsel for Mr. Allen Chan, the former CEO of Sino-Forest, wrote a letter (the "Miller Thomson Letter") to the Honourable Mr. Justice Paul M. Perell stating, *inter alia*, that, as a result of the Stay of Proceedings, Mr. Chan does not intend to participate in the Sino-Forest Class Action. A copy of the Miller Thomson Letter is attached as Exhibit "J" hereto.

18. If the Stay of Proceedings continues and is not extended to the Underwriters and the Sino-Forest Class Action proceeds, then (absent any further order) it appears that the effect of the Initial Order may be as follows:

(a) Sino-Forest and the D&Os will have no obligation to make production of documents;

(b) Sino-Forest and the D&Os will not be examined for discovery;

(c) Sino-Forest and the D&Os will not attend any pre-trial and will therefore not participate in any court or private mediation associated with the pre-trial; and

(d) Sino-Forest and the D&Os will not give evidence at trial.

19. It is likely that the principal, though not the only, defences available to a defendant in a matter such as the Sino-Forest Class Action include demonstrating: (i) there were no misrepresentations of the kind alleged; and (ii) the defendant is not liable for any misrepresentations because it was duly diligent. Requiring the remaining defendants to develop either of these defences in a case where the public company and its directors and senior managers are absent (in the manner described in paragraph 18 above) will, based on the assumptions that the company and its directors and senior managers have evidence that bears upon these defences and would be expected to be the primary parties addressing the accuracy of disclosure, prejudice such remaining defendants (including the Underwriters) due to (without any further order): (a) the absence of relevant evidence with which to assess and prove defences; and (b) the absence of ongoing indemnification from Sino-Forest.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario this 23rd day of April, 2012

Commissioner for Taking Affidavits
(or as may be)

ADAM MARCUS SLAVENS
Barrister and Solicitor, Notary
Public for the Province of Ontario
My Commission is unlimited as to time.

Rebecca L. Wise

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceeding commenced at Toronto

AFFIDAVIT OF
REBECCA L. WISE
(sworn April 23, 2012))

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Email : agray@torys.com

Lawyers for the Underwriters
named in Class Actions

This is Exhibit "A" referred to in the
Affidavit of Rebecca Wise
Sworn before me, this 23rd
day of April, 2012

A Commissioner, Etc.

ADAM MARCUS SLAVENS
Barrister and Solicitor, Notary
Public for the Province of Ontario
My Commission is unlimited as to time.

UNDERWRITING AGREEMENT

May 28, 2007

Dundee Securities Corporation
1 Adelaide Street East
Suite 2700
Toronto, Ontario
M5C 2V9

Dear Sirs and Mesdames:

SINO-FOREST CORPORATION, a *Canada Business Corporations Act* corporation (the "**Company**"), proposes to issue and sell to Dundee Securities Corporation ("**Dundee**"), CIBC World Markets Inc., Merrill Lynch Canada, Inc., Credit Suisse Securities (Canada) Inc. ("**Credit Suisse**"), UBS Securities Canada Inc. and Haywood Securities Inc. (collectively, the "**Underwriters**") 13,900,000 common shares in the capital of the Company (the "**Firm Shares**"). The Company also proposes to issue and sell to the Underwriters not more than an additional 2,000,000 Common Shares in the capital of the Company (the "**Optional Shares**") if and to the extent that the Underwriters shall have determined to exercise the right to purchase such Optional Shares granted to the Underwriters in Section 3 hereof. The Firm Shares and the Optional Shares are hereinafter collectively referred to as the "**Offered Shares**".

We also understand that the Company is eligible to file, and will prepare and file a preliminary short form prospectus and a (final) short form prospectus and all other necessary documents in order to qualify the Offered Shares and the Over-Allotment Option for distribution to the public in each of the provinces of Canada other than Québec (the "Offering").

The following are the terms and conditions of the agreement among the Company and the Underwriters:

1. *Definitions.* In this Agreement, unless otherwise defined herein, the following words and terms shall have the following meanings:

(a) "**1933 Act**" means the United States *Securities Act of 1933*, as amended.

(b) "**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended.

(c) "**Affiliates**" or "**affiliates**" has the meaning specified in Rule 501(b) of Regulation D under the 1933 Act.

(d) **"Business Day"** means a day which is not a Saturday, a Sunday or a statutory or civic holiday in the City of Toronto, Ontario, the City of New York, New York or the City of Hong Kong, SAR.

(e) **"Canadian Securities Laws"** means the securities laws, regulations, rules, published national and local instruments, policy statements, notices, blanket rulings and orders, discretionary rulings and orders applicable to the Company, and prescribed forms, collectively, of each of the Qualifying Jurisdictions and all rules, by-laws and regulations governing the TSX, all as the same are in effect at the date hereof and as amended, supplemented or replaced from time to time.

(f) **"CJVs"** means, collectively, Jiangxi Jiachang Forestry Development Co. Ltd. and Heyuan Jiahe Forestry Development Co., Ltd., each a Sino-foreign cooperative joint venture enterprise with limited liability established in the PRC under the relevant PRC laws.

(g) **"Claim"** has the meaning specified in Section 9(a).

(h) **"Closing Date"** has the meaning specified in Section 4.

(i) **"Closing Time"** means 8:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date, as the Company and the Underwriters, may agree.

(j) **"Common Shares"** means the common shares in the capital of the Company.

(k) **"Company's Auditors"** means BDO McCabe Lo Limited.

(l) **"Company's Canadian Counsel"** means the law firm of Aird & Berlis LLP.

(m) **"Company's Counsel"** means, collectively, Company's Canadian Counsel, Company's PRC Counsel, Company's Hong Kong Counsel and Company's U.S. Counsel.

(n) **"Company's Hong Kong Counsel"** means Linklaters in Hong Kong.

(o) **"Company's PRC Counsel"** means the law firm of Jingtian & Gongcheng.

(p) **"Company's U.S. Counsel"** means the law firm of Weil, Gotshal & Manges LLP.

(q) "**Condition of the Company**" means the business, affairs, operations, assets, properties, prospects, liabilities (contingent or otherwise), capital, earnings or condition (financial or otherwise) of the Company and its Subsidiaries, taken as a whole.

(r) "**Defaulted Securities**" has the meaning specified in Section 10.

(s) "**Directed Selling Efforts**" means "**directed selling efforts**" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Agreement, it means, subject to the exclusions from the definition of "**directed selling efforts**" contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Offered Shares, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Offering.

(t) "**distribution**" and "**distribution to the public**" shall have the respective meanings ascribed thereto in the Canadian Securities Laws.

(u) "**Final International Offering Memorandum**" means the final international offering memorandum prepared by the Company for use in connection with the International Offering, which consists of the Prospectus and certain additional pages, as amended or supplemented.

(v) "**Final MRRS Decision Document**" means the document issued in accordance with MRRS evidencing that a final receipt has been issued in respect of the Prospectus by each of the Securities Regulators.

(w) "**Foreign Companies**" means, collectively, Sino-Forest Resources Inc. and Suri-Wood Inc.

(x) "**Foreign Parties**" means, collectively, Sino-Wood (Jiangxi) Limited and Sino-Wood (Guangdong) Limited.

(y) "**including**" means including, without limitation.

(z) "**Indemnified Party**" has the meaning specified in Section 9(a).

(aa) "**International Offering**" means the distribution of the Offered Shares by the Underwriters and their affiliates outside of Canada.

(bb) "**Joint Venture Documents**" means the cooperative joint venture contract and the articles of association, pursuant to which a CJV was organized.

(cc) "**MRRS**" means National Policy 43-201 *Mutual Reliance Review System for Prospectuses and Annual Information Forms.*

(dd) "**Master Agreements**" means the agreements between certain Subsidiaries of the Company with their respective authorized intermediaries, pursuant to which the Company appoints the authorized intermediaries to manage its wood chips trading transactions on its behalf.

(ee) "**misrepresentation**", "**material fact**" and "**material change**" mean, with respect to circumstances to which the Canadian Securities Laws of a particular Qualifying Jurisdiction are applicable, a misrepresentation, material fact, and material change as defined under the Canadian Securities Laws of that Qualifying Jurisdiction and, if not so defined or in circumstances in which the particular Canadian Securities Laws of a particular Qualifying Jurisdiction are not applicable, mean a misrepresentation, material fact and material change as defined under the *Securities Act* (Ontario).

(ff) "**NI 44-101**" means National Instrument 44-101 - *Short Form Prospectus Distributions.*

(gg) "**Offering Documents**" means the Preliminary Prospectus, the Prospectus, the Supplementary Material, the Preliminary International Offering Memorandum and the Final International Offering Memorandum.

(hh) "**Option Closing Date**" has the meaning specified in Section 3.

(ii) "**Option Closing Time**" has the meaning specified in Section 4.

(jj) "**Operational Procedures**" means the supplemental agreements to the Master Agreements, which set forth certain operational procedures relating to the wood chips sales transactions.

(kk) "**Over-Allotment Option**" has the meaning specified in Section 3.

(ll) "**Plantation Purchase Agreements**" means the purchase agreements and the relevant supplemental agreements (if applicable) relating to the purchase by Foreign Companies of the rights to the trees on the relevant forestry plantation land.

(mm) "**Plantation Rights Certificates**" means certificates issued under the PRC Forestry Law in respect of the right to use the plantation land and to own the planted trees (in the case of planted forestry plantations) or to the owners of the plantation trees (in the case of purchased tree plantations).

(nn) "**PRC**" means the People's Republic of China (excluding Hong Kong, Macau and Taiwan for the purposes of this Agreement).

(oo) "**Preferred Shares**" means preference shares, issuable in series, in the capital of the Company.

(pp) "**Preliminary International Offering Memorandum**" means the preliminary international offering memorandum prepared by the Company for use in connection with the International Offering, which consists of the Preliminary Prospectus and certain additional pages, as amended or supplemented.

(qq) "**Preliminary Prospectus**" means the preliminary short form prospectus of the Company, in English, and filed with the Securities Regulators in connection with the qualification of the Offered Shares and the Over-Allotment Option for distribution in the Qualifying Jurisdictions, and the term "Preliminary Prospectus" shall be deemed to refer to and to include all the documents incorporated therein by reference and any amendment or restatement thereto. For avoidance of doubt, reference to "Preliminary Prospectus" shall include the Preliminary Prospectus included in the Preliminary International Offering Memorandum.

(rr) "**Prospectus**" means the (final) short form prospectus of the Company dated the date of this Agreement, approved, signed and certified in accordance with the Canadian Securities Laws, relating to the qualification for distribution of the Offered Shares and the Over-Allotment Option under applicable Canadian Securities Laws in the Qualifying Jurisdictions, and the term "Prospectus" shall be deemed to refer to and include all the documents incorporated therein by reference. For avoidance of doubt, reference to "Prospectus" shall include the Prospectus included in the Final International Offering Memorandum.

(ss) "**Qualified Institutional Buyer**" means a "**qualified institutional buyer**" as that term is defined in Rule 144A.

(tt) **"Qualifying Jurisdictions"** means the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

(uu) **"Regulation D"** means Regulation D adopted by the SEC under the 1933 Act.

(vv) **"Regulation S"** means Regulation S adopted by the SEC under the 1933 Act.

(ww) **"Rule 144A"** means Rule 144A under the 1933 Act.

(xx) **"SEC"** means the United States Securities and Exchange Commission.

(yy) **"Securities Regulators"** means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions and in the United States, as applicable.

(zz) **"Subsidiary"** means:

(i) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Company or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries;

(ii) any partnership of which the Company, or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries: (x) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; and (y) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or

(iii) any other person of which at least a majority of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Company, or one or more of its Subsidiaries or the Company and one or more of its Subsidiaries;

provided that the term Subsidiary shall in any event include the CJVs, the WFOEs and each of the additional entities identified in Schedule 1 (excluding the Company).

(aaa) "**Substantial U.S. Market Interest**" means "**substantial U.S. market interest**" as that term is defined in Regulation S.

(bbb) "**Supplementary Material**" means, collectively, any amendment or supplement to the Prospectus or any other similar documents required to be filed by the Company under the Canadian Securities Laws in connection with the Offering.

(ccc) "**to the best of the knowledge, information and belief of**" means (unless otherwise expressly stated) a statement of the declarant's knowledge of the facts or circumstances to which such phrase relates after having made due inquiries and investigations in connection with such facts and circumstances.

(ddd) "**TSX**" means the Toronto Stock Exchange.

(eee) "**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

(fff) "**Underwriters' Canadian Counsel**" means the law firm of Stikeman Elliott LLP.

(ggg) "**Underwriters' Counsel**" means collectively, Underwriters' Canadian Counsel, Underwriters' PRC Counsel and Underwriters' U.S. Counsel.

(hhh) "**Underwriters' PRC Counsel**" means the law firm of Commerce & Finance Law Offices.

(iii) "**Underwriters' U.S. Counsel**" means the law firm of Davis Polk & Wardwell.

(jjj) "**U.S. Securities Laws**" means all applicable securities legislation in the United States, including, the *1933 Act*, as amended, and the *1934 Act*, as amended, and the rules and regulations promulgated thereunder.

(kkk) "**WFOEs**" means, collectively, Guangxi Guijia Forestry Co., Ltd., Gaoyao Jiayao Forestry Development Co., Ltd., Zhangzhou Jiamin Forestry Development Co., Ltd., SFR (Suzhou) Co., Ltd., Jiafeng Wood (Suzhou) Co., Ltd., Guangdong Jiayao Wood Products Development

Co., Ltd., Sinowin Plantings (Suzhou) Co., Ltd., Sino-Maple (Shanghai) Trading Co., Ltd., Sino-Forest (China) Investments Co., Ltd., Sino-Forest (Heyuan) Co., Ltd., Sino-Forest (Guangzhou) Co., Ltd., Sino-Forest (Guangzhou) Trading Co., Ltd., Sino-Forest (Anhui) Co., Ltd., Sino-Forest (Suzhou) Trading Co., Ltd., Heilongjiang Jiamu Panel Co., Ltd., Hunan Jiayu Wood Products Co., Ltd., Xiangxi Autonomous State Jiaxi Forest Development Co., Ltd., Sino-Maple (Shanghai) Co., Ltd., Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd., Hunan Jiayu Wood Products (Hongjiang City) Co., Ltd. and Shaoyang Autonomous State Jiading Forest Development Co., Ltd. each an enterprise established in the PRC in accordance with the relevant PRC laws, with capital provided solely by foreign investors.

2. *Representations and Warranties.* The Company represents and warrants to the Underwriters and acknowledges that the Underwriters are relying upon such representations and warranties in connection with their execution and delivery of this Agreement, and delivery of each of the Offering Documents by the Company to the Underwriters shall constitute the representation and warranty of the Company to the Underwriters, that:

(a) The Company is continued under the laws of Canada and is validly existing as a corporation in good standing under the laws of Canada, has the corporate power and authority to own its property and to conduct its business as described in the Offering Documents and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole.

(b) Each Subsidiary has been duly incorporated, amalgamated, formed or continued, as the case may be, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, amalgamation, formation or continuance, has the corporate power and authority to own its property and to conduct its business as described in the Offering Documents and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole; all of the issued shares of capital stock of each Subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable and the

shares of capital stock of each such Subsidiary owned by the Company of another Subsidiary are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims.

(c) Each of the Company and its Subsidiaries has obtained all consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all relevant national, local or other governmental authorities and all relevant courts and other tribunals ("**Governmental Authorizations**") which are required for the Company or any of its Subsidiaries to own, lease, license and use its properties and assets and to conduct its business in the manner described in, and contemplated by, the Offering Documents; all such Governmental Authorizations are in full force and effect; none of the Company and its Subsidiaries is in violation of, or default under, such Governmental Authorizations.

(d) Each of the Company and its Subsidiaries has good and marketable title to all real property and all personal property owned by it, in each case free and clear of all liens, encumbrances and defects, except such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by it; and any real property and buildings held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries, in each case except as described in or contemplated in the Offering Documents.

(e) This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction.

(f) The relevant PRC Subsidiaries has duly obtained the relevant Plantation Rights Certificates for their legal titles to the plantation land use rights and the planted tree plantations. According to the relevant Plantation Rights Certificates and relevant approvals provided by the Company, the relevant PRC Subsidiaries have the right to use approximately 58,000 hectares of plantation land contributed by the PRC partners of the CJVs or leased from other parties.

(g) Each of the Foreign Companies has the right to conduct business in the PRC in the manner as presently conducted and as described in the Offering Documents, and has the right to own the purchased tree plantations (as set forth in the Offering Documents) and has the right to log, transport, and sell the purchased tree plantations in accordance with the PRC laws and regulations.

(h) Each of the Foreign Parties is the sole contributor of the respective registered capital of each of the CJVs and is entitled to share the 70% of the volume of the timber logged from the forestry plantations (70% of the proceeds generated from the timber production of the forestry plantations) of each of the CJVs as set forth in the Offering Documents, in each case free and clear of all liens, encumbrances, equities, claims, restriction on transfer (other than as required under applicable PRC law or pursuant to the provisions of the Joint Venture Documents of any such CJV) or other defect of title whatsoever; the contribution of such registered capital and the sharing of the logged timber are valid and lawful under all applicable PRC laws, rules, regulations or guidelines of any local or other court or public, governmental or regulatory agency or body.

(i) Each of Sino-Wood (Guangxi) Limited (HK), Sino-Wood (Guangdong) Limited (HK), Sino-Wood (Fujian) Limited (HK), SFR (China) Inc. (BVI), Sino-Panel (Gaoyao) Ltd. (BVI), Sinowin Investments Limited (BVI), Grandeur Winway Limited (BVI), Sino-Forest Investments Limited (BVI), Sino-Forest (China) Investments Co., Ltd. (China), Sino-Panel (North East China) Limited (BVI), Sino-Panel (Asia) Inc. (BVI), Sino-Panel (Xiangxi) Limited (BVI), Sino-Panel (Suzhou) Limited (BVI) and Sino-Panel (Hunan) Limited (BVI) is the owner of the 100% registered capital of each of the WFOEs, free and clear of all liens, encumbrances, equities, claims, restrictions on transfer (other than as required under applicable PRC law), or other defect of title whatsoever; the ownership of such registered capital is valid and lawful under all applicable PRC laws, rules or regulation of any governmental or regulatory agency or body.

(j) The contracted registered capital of each of the CJVs has been subscribed in full by the respective Foreign Parties of each such CJV in accordance with the relevant Joint Venture Documents and all government approvals relating to the subscription thereof have been issued and are in full force and effect. Except for Guangdong Jiayao Wood Products Development Co, Ltd., Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd., Hunan Jiayu Wood Products (Hongjiang City) Co., Ltd. and Shaoyang Autonomous State Jiading

Forest Development Co., Ltd., whose registered capital have been subscribed in accordance with their respective approval, the registered capital of each of the WFOEs has been subscribed in full and all government approvals relating to the subscription thereof have been issued and are in full force and effect.

(k) The articles of association of each of the CJVs and WFOEs comply with the requirements of applicable laws of the PRC, and are in full force and effect.

(l) Each of the material agreements identified under the heading "Material Contracts" in the Company's annual information form dated March 30, 2007, the Joint Venture Documents, the Master Agreements and the related Operating Procedures and the Plantation Purchase Agreements which are governed by PRC law, constitutes a valid and binding agreement of each of the parties thereto, is in full force and effect and is enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws affecting creditors' rights generally and subject to the qualification that equitable remedies may be granted in the discretion of a court of competent jurisdiction.

(m) Except for Guangdong Jiayao Wood Products Development Co. Ltd., Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd., Hunan Jiayu Wood Products (Hongjiang City) Co., Ltd. and Shaoyang Autonomous State Jiading Forest Development Co., Ltd., subject to compliance with the requisite procedures under the PRC laws and regulations, each PRC Subsidiary has full power and authority to effect dividend payments and remittances thereof outside the PRC in foreign currency free of deduction or withholding on account of income taxes and without the need to obtain any consent, approval, authorization, order, registration or qualification of or with any court or governmental or regulatory agency or body of or in the PRC. Since the registered capital of Guangdong Jiayao Wood Products Development Co. Ltd., Zhangjiagang Free Trade Zone Jiashen International Trading Co., Ltd., Hunan Jiayu Wood Products (Hongjiang City) Co., Ltd. and Shaoyang Autonomous State Jiading Forest Development Co., Ltd.have not been fully paid up by their respective investors, the dividend payments and remittances thereof shall be made in proportion to the paid-up contributions of their respective registered capital.

(n) The authorized capital of the Company conforms to the description thereof contained in the Offering Documents.

(o) The Common Shares outstanding prior to the issuance of the Offered Shares have been duly authorized and are validly issued, fully paid and non-assessable.

(p) The Offered Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Offered Shares will not be subject to any pre-emptive or similar rights.

(q) The execution and delivery of this Agreement by the Company, the issuance, offering and sale of Offered Shares, the use of the proceeds as described in the Offering Documents and the compliance by the Company with the other provisions of this Agreement do not:

(i) require the consent, approval, authorization, registration or qualification of or with any governmental authority, stock exchange, Securities Regulators or other third party except: (A) such as have been obtained; and (B) such as may be required (and shall be obtained as provided in this Agreement) under the Canadian Securities Laws and by the TSX;

(ii) conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under: (A) any indenture, mortgage, lease or other agreement or instrument to which the Company, any of its Subsidiaries or any of their respective properties is bound; (B) the charter documents or by-laws of the Company or any of its Subsidiaries, respectively; or (C) any statute or any judgment, decree, order, rule or regulation of any court or other governmental authority or any arbitrator, stock exchange or securities association applicable to the Company or any of its Subsidiaries; or

(iii) give rise to any claim against the Company, any of its Subsidiaries, or any of their assets or give rise to or accelerate the repayment of any indebtedness or other payment or repayment obligation under any term or provision of any document or instrument referred to in sub-clause (A) or (B) of clause 2(q)(ii) above.

(r) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the Condition of the Company, from that set forth in the Preliminary Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement).

(s) There are no legal or governmental proceedings pending or threatened to which the Company or any of its Subsidiaries is a party or to which any of the properties of the Company or any of its Subsidiaries is subject other than proceedings accurately described in the Offering Documents and proceedings that would not have a material adverse effect on the Condition of the Company.

(t) No labour dispute with the employees of the Company or any of its Subsidiaries exists or, to the best of the knowledge, information and belief of the Company, is imminent, and the Company is not aware of any existing or imminent labour disturbance by the employees of any of its or any of its Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, would result in any material adverse effect on the Condition of the Company.

(u) The Company and its Subsidiaries have not, and to the best of the knowledge, information and belief of the Company, no director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its Subsidiaries has, taken any action, directly or indirectly, that would result in a violation by such persons of the anti-corruption legislation of Canada, the PRC, Hong Kong or any other jurisdiction, or the rules and regulations thereunder, and all related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency thereof, including, without limitation, (i) making an offer, payment or promise to pay or (ii) authorizing the payment of any money, other property, gift, promise to give, or the giving of anything of value to any official, employee or agent of any governmental agency, authority or instrumentality in Canada, the PRC, Hong Kong or any other jurisdiction where either the payment, gift or promise or the purpose of such contribution, payment, gift or promise was, is or would be prohibited under applicable law, rule or regulation of Canada, the PRC, Hong Kong or any other relevant jurisdiction or to any political party or official thereof or any candidate for political office, where either the payment, gift or promise or the purpose of such contribution, payment, gift or promise was, is or would be prohibited under applicable law, rule or regulation of Canada, the PRC, Hong Kong or any other relevant jurisdiction, except such as would not, individually or in the aggregate, have any material adverse effect on the Condition of the Company.

(v) Neither the Company or any of its Subsidiaries nor, to the best of the knowledge, information and belief of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company or any of its Subsidiaries is currently subject to any U.S.

sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(w) The Company and its Subsidiaries (i) are in compliance with any and all applicable foreign, federal, provincial, state, territorial, and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants, dangerous goods or contaminants ("**Environmental Laws**"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Condition of the Company.

(x) There is not at present on, at or under any of the real properties of the Company or any of its Subsidiaries any hazardous substances, toxic substances, wastes, pollutants, dangerous goods or contaminants ("**Hazardous Substance**") and there has not been the discharge, deposit, leak, emission, spill or other release of any Hazardous Substance on, at, under or from any real property of the Company or any of its Subsidiaries (including relating to the collection, removal and disposal of wastes), which has resulted in or may result in any cost, damage or other liability, including the diminution in value of any property.

(y) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a material adverse effect on the Condition of the Company.

(z) The Company is eligible to file a short form prospectus under NI 44-101 in each of the Qualifying Jurisdictions and there are no

reports or information that in accordance with the requirements of the Canadian Securities Laws must be made publicly available in connection with the Offering as at the date hereof that have not been made publicly available as required.

(aa) The Company has filed each statement, report, material change report, prospectus, management information circular, annual and interim report to shareholders, annual information form, financial statements, and any other material filing required to be filed with the Securities Regulators by the Company since January 1, 2004 (collectively, the "**Company Public Documents**"). As of their respective filing dates, the Company Public Documents complied in all material respects with the requirements of applicable Canadian Securities Laws and none of the Company Public Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading, except to the extent corrected by a subsequently filed Company Public Document. The Company has not filed any confidential material change report or other confidential report with any Securities Regulators or other governmental entity which at the date hereof remains confidential.

(bb) The consolidated financial statements of the Company, and its Subsidiaries and the notes thereto included or incorporated by reference in the Offering Documents fairly present, in all material respects, the consolidated financial position, results of operations, earnings and cash flow of the Company and its Subsidiaries as at the respective dates and for the periods indicated therein and such financial statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis.

(cc) Other than as disclosed in the financial statements referred to in clause 2(bb) and in the Offering Documents, there are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company or any of its Subsidiaries with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, change in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses of the Company or any of its Subsidiaries.

(dd) Except as disclosed in the Offering Documents, none of the Company or any of its Subsidiaries has any contingent liabilities, in excess of the

liabilities that are either reflected or reserved against in the financial statements referred to in clause 2(bb), which are material to the Condition of the Company.

(ee) Except as disclosed in the Offering Documents, no material indebtedness (actual or contingent) and no material contract or arrangement is outstanding between the Company or any of its Subsidiaries and any director or executive officer of the Company or any of its Subsidiaries or any person connected with such director or executive officer (including his/her spouse or children, or any company or undertaking in which he/she holds a controlling interest). There are no material relationships or transactions between the Company or any of its Subsidiaries on the one hand and its affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which are not disclosed in the Offering Documents.

(ff) The Company and each of its Subsidiaries maintains a system of internal controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the financial statements to be fairly presented in accordance with Canadian generally accepted accounting principles and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to differences; (v) material information relating to the Company and its Subsidiaries is made known to those within the Company responsible for the preparation of the financial statements during the period in which the financial statements have been prepared and that such material information is disclosed to the public within the time periods required by applicable law, including Canadian Securities Laws; and (vi) all significant deficiencies and material weaknesses in the design or operation of such internal controls that could adversely affect the Company's ability to disclose to the public information required to be disclosed by it in accordance with applicable law, including Canadian Securities Laws, and all fraud, whether or not material, that involves management or employees that have a significant role in the Company's internal controls have been disclosed to the audit committee of the Company's board of directors.

(gg) The Company's Auditors are independent public accountants as required under Canadian Securities Laws and there has not been any

disagreement (within the meaning of National Instrument 51-102) since January 1, 2004 with the present or any former auditors of the Company.

(hh) Except as referred to in and contemplated by the Offering Documents, subsequent to the respective dates as of which information is given in such documents:

(i) there has not been any material change in the assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Company and its Subsidiaries on a consolidated basis;

(ii) there has not been any material change in the capital or long-term debt of the Company and its Subsidiaries on a consolidated basis; and

(iii) there has not been any material change in the Condition of the Company.

(ii) There is no person, firm or corporation which has been engaged by the Company to act for the Company and which is entitled to any brokerage or finder's fee in connection with this Agreement or any of the transactions contemplated hereunder, and in the event any such person, firm or corporation establishes a claim for any fee from the Underwriters in respect of the transactions contemplated hereunder, the Company covenants to indemnify and hold harmless the Underwriters with respect thereto and with respect to all costs reasonably incurred in the defence thereof.

(jj) None of the Company and its Subsidiaries is, or with the giving of notice or lapse of time or both would be, in violation of or in default under:

(i) any provision of law or regulation or the charter documents or by laws of the Company or any of its Subsidiaries, respectively;

(ii) any indenture, mortgage, lease or other agreement or instrument to which the Company, any of its Subsidiaries or any of their respective properties is bound; or

(iii) any approval, judgment, order or decree of any governmental body or agency or of any court having jurisdiction over the Company, any of its Subsidiaries or any of their respective properties.

(kk) Other than as disclosed in the Offering Documents, the Company and each of its Subsidiaries has, on a timely basis, filed all necessary tax returns and notices and has paid or made provision for all applicable taxes of whatever nature for all tax years to the date hereof to the extent such taxes have become due or have been alleged to be due; other than as disclosed in the Offering Documents, the Company is not aware of any material tax deficiencies or material interest or penalties accrued or accruing or alleged to be accrued or accruing, thereon with respect to itself or any of its Subsidiaries which have not otherwise been provided for by the Company.

(ll) The Company is a reporting issuer under the Canadian Securities Laws of each of the Qualifying Jurisdictions and is not in default of any requirement of such Canadian Securities Laws.

(mm) The delivery to the Underwriters of the Offering Documents shall constitute the representation and warranty of the Company to the Underwriters that, at the time of such delivery, the information and statements contained therein (except for statements or omissions based upon information relating to the Underwriters furnished to the Company in writing by the Underwriters expressly for use therein):

(i) constitute full, true and plain disclosure of all material facts relating to (x) the Company and its Subsidiaries on a consolidated basis; and (y) the Offered Shares;

(ii) are true and correct in all material respects and contain no misrepresentation; and

(iii) do not omit a material fact (except for information relating solely to the Underwriters) which is necessary to make the information and statements contained therein not misleading in light of the circumstances in which they were made.

Such delivery shall also constitute the Company's consent to the use of (a) the Preliminary Prospectus, the Prospectus or the Supplementary Material, as the case may be, by the Underwriters for the purpose of offering and selling the Offered Shares in the Qualifying Jurisdictions in accordance with the Canadian Securities Laws and (b) the Preliminary International Offering Memorandum, the Final International Offering Memorandum and any Supplementary Material by the Underwriters (and its affiliates) for the offering and sale of the Offered Shares by them outside of Canada.

3. *Agreements to Sell and Purchase.* The Company hereby agrees to sell to the Underwriters, and the Underwriters agree to purchase from the Company, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, 13,900,000 Common Shares at Cdn.$12.65 per Share (the **"Purchase Price"**).

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Optional Shares, and the Underwriters shall have the right to purchase up to 2,000,000 Optional Shares at the Purchase Price (the **"Over-Allotment Option"**). The Underwriters may exercise this right in whole or from time to time in part by giving written notice prior to 30 days after the Closing Date. Any exercise notice shall specify the number of Optional Shares to be purchased by the Underwriters and the date on which such shares are to be purchased. Each purchase date must be at least three Business Days after the written notice is given and may not be earlier than the closing date for the Firm Shares nor later than ten Business Days after the date of such notice and must be a day that the TSX is open for trading. Optional Shares may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. On each day, if any, that Optional Shares are to be purchased (an **"Option Closing Date"**), the Underwriters agree to purchase the number of Optional Shares (subject to such adjustments to eliminate fractional shares as the Underwriters may determine) to be purchased on such Option Closing Date.

The Company hereby agrees that, without the prior written consent of Dundee, on behalf of the Underwriters, which consent shall not be unreasonably withheld or delayed, it will not, during the period commencing on the date of the Prospectus and ending 120 days after the Closing Date, issue, agree to issue, or announce an intention to issue any additional Common Shares or any securities convertible into or exchangeable for Common Shares (except in connection with the exchange, transfer, conversion or exercise of rights of existing outstanding securities or existing commitments to issue securities or except in respect of the grant of options pursuant to the Company's stock option plan and the issuance of shares pursuant to the exercise thereof).

4. *Payment and Delivery.* Payment for the Firm Shares shall be made to the Company in Canadian funds immediately available in Toronto, Canada against delivery of such Firm Shares for the account of the Underwriters at 8:00 a.m., Toronto time (the **"Closing Time"**), on June 14, 2007 or on such other date, not later than June 30, 2007, as shall be designated in writing by the Underwriters. The date of such payment is hereinafter referred to as the **"Closing Date"**.

Payment for any Optional Shares shall be made to the Company in Canadian funds immediately available in Toronto, Canada against delivery of such Optional

Shares for the account of the Underwriters at 8:00 a.m., Toronto time (the "**Option Closing Time**"), on the Option Closing Date specified in the corresponding notice described in Section 3 or on such other date, in any event not later than June 30, 2007, as shall be designated in writing by the Underwriters.

The Firm Shares and Optional Shares shall be registered in such names and in such denominations as the Underwriters shall request in writing not later than one full Business Day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm Shares and Optional Shares shall be delivered to the Underwriters on the Closing Date or an Option Closing Date, as the case may be.

In consideration for the Underwriters' services in (i) assisting in the preparation of the Offering Documents; (ii) forming and managing banking, selling or other groups in connection with the distribution of the Offered Shares; (iii) distributing the Offered Shares, both directly and through other registered dealers and brokers; and (iv) all other matters in connection with the issue and sale of the Offered Shares, the Company agrees to pay to the Underwriters, by certified cheque, wire transfer or the deduction of the Offering proceeds, a commission equal to 4.25% of the aggregate gross proceeds to the Company of the Firm Shares purchased by the Underwriters hereunder at the Closing Time. To the extent the Over-Allotment Option is exercised, the Company shall pay to the Underwriters, by certified cheque, wire transfer or the deduction of the Offering proceeds, a fee at the Over-Allotment Closing equal to 4.25% of the aggregate gross proceeds to the Company of the Optional Shares purchased by the Underwriters hereunder.

The closing of the purchase and sale of the Firm Shares will be completed at the Closing Time at the offices of the Company's Canadian Counsel, or at any other place determined in writing by the Company and the Underwriters. At the Closing Time, the Company will deliver to the Underwriters (i) a global certificate representing the Firm Shares to be issued on the Closing Date registered in the name of "**CDS & Co.**" for deposit into the book entry only system administered by CDS Clearing and Depository Services Inc. and/or such other number of certificates as directed by the Underwriters at least one Business Day prior to the Closing Date; (ii) such further documentation as may be contemplated herein or as the Underwriters or the applicable Securities Regulators or the TSX may reasonably require, against payment by the Underwriters of the purchase price therefor by certified cheque or wire transfer to the order of the Company in Canadian same day funds or by such other method as the Company and the Underwriters may agree upon. In addition, the Company shall contemporaneously pay to the Underwriters, the aforementioned 4.25% commission by wire transfer to the order of the Underwriters in Canadian same day funds, the deduction of the Offering proceeds or by such other method as the Company and the Underwriters may agree upon. The Company hereby expressly authorizes the Underwriters to deduct (x) the commission to which it is entitled pursuant to the terms hereof; and (y) any fees and expenses set forth in

Section 6(c) hereof payable by the Company to the Underwriters, from any payment made by the Underwriters of the purchase price for the Firm Shares or any Optional Shares in satisfaction of the Company's obligation to pay such commission and such fees and expenses. The Underwriters shall provide at least three Business Days notice if it does not intend to deduct the aforementioned commissions, fees and expenses from the price of the Offered Shares.

In order to facilitate an efficient and timely closing at the Closing Time and the Option Closing Time, the Underwriters may choose to initiate a wire transfer of funds to the Company prior to the Closing Time or the Option Closing Time, as the case may be. If the Underwriters do so, the Company agrees that such transfer of funds to the Company prior to the Closing Time or the Option Closing Time does not constitute a waiver by the Underwriters of any of the conditions set out in this Agreement. Furthermore, the Company agrees that any such funds received from the Underwriters prior to the Closing Time or the Option Closing Time, as the case may be, will be held by the Company in trust solely for the benefit of the Underwriters until the Closing Time or the Option Closing Time as the case may be, and, if the closing, as the case may be, does not occur at the scheduled Closing Time or the Option Closing Time, as the case may be, such funds shall be immediately returned by wire transfer to Dundee on behalf of the Underwriters, without interest. Upon the satisfaction of the conditions of closing at the Closing Time or Option Closing Time, as the case may be, the funds held by the Company, in trust for the Underwriters shall be deemed to be delivered by the Underwriters to the Company in satisfaction of the obligation of the Underwriters under Section 12 of this Agreement and upon such delivery the trust constituted by this Section 12(3) shall be terminated without further formality.

5. *Conditions to the Underwriters' Obligations.* The obligations of the Company to sell the Offered Shares to the Underwriters and the obligation of the Underwriters to purchase and pay for the Offered Shares at the Closing Time are subject to the following conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any change, or any development involving a prospective change, in the Condition of the Company, from that set forth in the Offering Documents provided to prospective purchasers of the Offered Shares that, in the Underwriters' judgment, is material and adverse and that makes it, in the Underwriters' judgment, impracticable to profitably market and sell the Offered Shares on the terms and in the manner contemplated in the Prospectus.

(b) The Underwriters shall have received a legal opinion dated the Closing Date from Company's Canadian Counsel, addressed to the

Underwriters and Underwriters' Counsel, in form and substance satisfactory to the Underwriters and the Underwriters' Counsel, acting reasonably, relating to the matters set out in Schedule "A", such opinion shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(c) The Underwriters shall have received a legal opinion dated the Closing Date from the Company's PRC Counsel, addressed to the Underwriters and Underwriters' Counsel, in form and substance satisfactory to the Underwriters and the Underwriters' Counsel, acting reasonably, relating to the matters set out in Schedule "B", such opinion shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(d) The Underwriters shall have received a legal opinion dated the Closing Date from the Company's U.S. Counsel, addressed to the Underwriters and Underwriters' Counsel, in form and substance satisfactory to the Underwriters and the Underwriters' Counsel, acting reasonably, relating to the matters set out in Schedule "C". Such opinion shall be rendered to the Underwriters at the request of the Company, and shall so state therein.

(e) The Underwriters shall have received a legal opinion dated the Closing Date from the Company's Hong Kong Counsel in or substantially in the form of the opinion set out in Schedule "D". Such opinion shall be rendered to the Underwriters at the request of the Company, and shall so state therein.

(f) The Underwriters shall have received a legal opinion dated the Closing Date from Underwriters' Canadian Counsel, addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, relating to the matters set out in Schedule "E".

(g) The Underwriters shall have received legal opinions dated the Closing Date from Underwriters' PRC Counsel, addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, relating to the matters set out in Schedule "F".

(h) The Underwriters shall have received legal opinions dated the Closing Date from Underwriters' U.S. Counsel, addressed to the Underwriters, in form and substance satisfactory to the Underwriters, acting reasonably, relating to the matters set out in Schedule "G".

(i) The Underwriters shall have received a certificate, or certificates, dated the Closing Date and executed by each of the Chief Executive Officer and the Chief Financial Officer of the Company, on behalf of the Company, without personal liability, to the effect that, after due inquiry:

(i) a Final MRRS Decision Document has been issued by the Ontario Securities Commission as the principal regulator of the Company under the MRRS, and no order suspending or preventing the use of the Prospectus or any amendment thereto or cease trading the Common Shares or any other securities of the Company has been issued, and no proceedings for that purpose have been instituted or threatened by any Securities Regulator;

(ii) subsequent to the respective dates as of which information is given in the Offering Documents, there has not been any "material change" (as defined in this Underwriting Agreement) of any kind, any material adverse change, or any development involving a prospective material adverse change, in the Condition of the Company;

(iii) subsequent to the respective dates as of which information is given in the Offering Documents, no transaction out of the ordinary course of business, material to the Company and its Subsidiaries on a consolidated basis, has been entered into by the Company or any of its Subsidiaries or has been approved by the management of any of them;

(iv) the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Date with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby;

(v) the minute books and records of the Company relating to all meetings of shareholders of the Company and the Board of Directors of the Company made available to the Underwriters' Canadian Counsel are true, correct and complete, in all material respects, with respect to all proceedings of said shareholders and Board of Directors since January 1, 1999; and

(vi) the Company has duly complied in all respects with all the agreements and satisfied all the conditions of this Agreement on its part to be satisfied or complied with up to the Closing Time.

(j) The Underwriters shall have received a certificate, dated the Closing Date and executed by the Secretary of the Company, on behalf of the Company, without personal liability, to the effect that, to the best of his knowledge, information and belief:

(i) the articles and by-laws of the Company attached to the certificate are full, true and correct copies and in effect on the date of such certificate;

(ii) the resolutions of the board of directors of the Company relating to the Offering attached to the certificate are full, true and correct copies thereof and have not been modified or rescinded as of the date of such certificate and are all of the resolutions relating to the subject matter of the Offering; and

(iii) such other matters as are requested by the Underwriters,

in form and substance satisfactory to the Underwriters.

(k) The Underwriters shall have received on each of the date hereof and the Closing Date comfort letters of the Company's Auditors in form and substance satisfactory to Underwriters' Counsel, similar to the comfort letters to be delivered to the Underwriters pursuant to 6(j)(v) hereof, and updated to a date not less than two days prior to date hereof and the Closing Date, respectively.

(l) On the Closing Date, the Offered Shares shall be listed and posted for trading on the TSX.

(m) The Company shall have delivered the definitive certificates representing the Offered Shares as specified in Section 4 hereof.

(n) The Underwriters shall have received at the Closing Time such other certificates, statutory declarations, agreements or materials, in form and substance satisfactory to the Underwriters and the Underwriters' Counsel, as the Underwriters and the Underwriters' Counsel may reasonably request.

In addition, the obligation of the Underwriters to purchase Optional Shares hereunder are subject to the delivery to the Underwriters on the applicable Option Closing Date of such documents as the Underwriters may reasonably request with

respect to the good standing of the Company, the due authorization and issuance of the Optional Shares to be sold on such Option Closing Date and other matters related to the issuance of such Optional Shares.

6. *Covenants of the Company.* In further consideration of the agreements of the Underwriters herein contained, the Company covenants with the Underwriters as follows:

(a) If, during the period after the date hereof and prior to the date on which all of the Offered Shares have been sold by the Underwriters, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Offering Documents in order to correct any misrepresentation or make the statements therein, in the light of the circumstances when the Offering Documents are delivered to a purchaser, not misleading or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Offering Documents to comply with Canadian Securities Laws, forthwith to prepare, file with the Securities Regulators and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Underwriters will furnish to the Company) to which Offered Shares may have been sold by the Underwriters and to any other dealers upon request, either amendments or supplements to the Offering Documents so that the statements in the Offering Documents as so amended or supplemented will not, in the light of the circumstances when the Offering Documents are delivered to a purchaser, be misleading or so that the Offering Documents, as amended or supplemented, will comply with Canadian Securities Laws.

(b) To endeavor to qualify the Offered Shares for offer and sale under the securities laws of such jurisdictions outside of Canada as the Underwriters shall reasonably request.

(c) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Underwriters' Counsel, the Company's Counsel, the Company's Auditors, Pöyry Forest Industry Ltd. and any other experts or advisors retained by the Company in connection with the offering of the Offered Shares and all other fees or expenses in connection with the preparing, printing and filing or other publication of all documents contemplated hereby, including all costs of printing the Offering Documents, and the mailing and delivering of copies thereof to the

Underwriters, in the quantities and to the locations specified by the Underwriters, (ii) all costs and expenses related to the transfer and delivery of the Offered Shares to the Underwriters, including any transfer or other taxes payable thereon, (iii) all expenses in connection with the qualification of the Offered Shares for offer and sale under applicable securities laws as provided in clause 6(b) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with any legal investment memorandum, (iv) all filing fees incurred in connection with the offering of the Offered Shares, (v) the cost of printing certificates representing the Offered Shares, (vi) the costs and charges of any transfer agent, registrar or depositary and all fees and expenses of the Canadian Depositary for Securities Limited, (vii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Offered Shares, including, without limitation, costs related to investor lunches and conference facilities (other than conference facilities at the offices of the Underwriters), and travel and lodging expenses of the representatives and officers of the Company; (viii) the qualification of the Offered Shares and the Over-Allotment Option under the Canadian Securities Laws, including listing fees on the TSX and all filing or similar fees required by the Securities Regulators; (ix) the document production charges and expenses associated with printing this Agreement; and (x) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section 6. It is understood, however, that except as provided in this Section 6 and in Section 9 entitled "Indemnity and Contribution", the Underwriters will pay all of their costs and expenses, including stock transfer taxes payable on resale of any of the Offered Shares by them and any advertising expenses connected with any offers they may make.

(d) The Offered Shares to be issued and sold by the Company hereunder shall be duly and validly issued by the Company and, when issued and sold by the Company, such Offered Shares shall have the attributes set out in the Offering Documents.

(e) The Company will, by no later than May 28, 2007, prepare and file the Preliminary Prospectus in order to qualify the Offered Shares and the Over-Allotment Option for distribution in each of the Qualifying Jurisdictions in accordance with the Securities Laws and will use reasonable commercial efforts to obtain the Preliminary MRRS

Decision Document not later than 5:00 p.m. (Toronto time) on May 28, 2007.

(f) The Company will prepare and file the Prospectus and will use reasonable commercial efforts to obtain the Final MRRS Decision Document from the Ontario Securities Commission, as principal regulator of the Company under the MRRS, evidencing that receipts for the Prospectus were obtained from each of the Securities Regulators in the Qualifying Jurisdictions in order to qualify the Offered Shares and the Over-Allotment Option for distribution in each of the Qualifying Jurisdictions in accordance with the Securities Laws, as soon as possible, and, shall obtain such Final MRRS Decision Document, in any event, not later than 5:00 pm (Toronto Time) on June 5, 2007 (or such other time and/or later date as the Company and the Underwriters may agree).

(g) Until the date on which the distribution of the Offered Shares and the Over-Allotment Option is completed, the Company will promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required under the Canadian Securities Laws to continue to qualify the distribution of the Offered Shares and the Over-Allotment Option.

(h) The Company shall deliver or cause to be delivered, to the Underwriters, without charge, in Toronto, Ontario, contemporaneously with or prior to the filing of the Preliminary Prospectus or any Supplementary Material, as the case may be:

(i) a copy of the Preliminary Prospectus in the English, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;

(ii) a copy of any Supplementary Material required to be filed by the Company under the Canadian Securities Laws, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein; and

(iii) a copy of the Preliminary International Offering Memorandum.

(i) The Company shall deliver or cause to be delivered to the Underwriters, without charge, as soon as possible and in any event not later than the first business day after the date that the Preliminary Prospectus or Supplementary Material is filed with the Securities Regulators, such number of commercial copies of the Preliminary

Prospectus or Supplementary Material in respect thereof (including the Preliminary International Offering Memorandum) as the Underwriters reasonably require.

(j) The Company shall deliver or cause to be delivered, to the Underwriters, without charge, in Toronto, Ontario, contemporaneously with or prior to the filing of the Prospectus or any Supplementary Material, as the case may be:

(i) a copy of the Prospectus in the English, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;

(ii) a copy of each consent required to be filed by the Company under the Canadian Securities Laws, signed as required by the Canadian Securities Laws, including the consent of the Company's Auditors, Company's Canadian Counsel and Pöyry Forest Industry Ltd. together with copies of any other ancillary documents required to be filed by the Company under the Canadian Securities Laws;

(iii) a copy of any Supplementary Material required to be filed by the Company under the Canadian Securities Laws, signed as required by the Canadian Securities Laws, including copies of documents incorporated by reference therein;

(iv) a copy of the Final International Offering Memorandum;

(v) a comfort letter or letters dated the date of the Prospectus and addressed by the Company's Auditors to the Underwriters and the directors and Chief Executive Officer and Chief Financial Officer of the Company, in form and substance satisfactory to the Underwriters and Underwriters' Counsel, acting reasonably, with respect to certain financial and accounting information relating to the Company contained in the Prospectus, which comfort letter shall be based on a review by the Company's Auditors having a cut-off date of not more than two Business Days prior to the date of the letter or letters, as applicable, and shall be in addition to the auditors' reports contained in the Prospectus and the auditors' comfort letter addressed to the Securities Regulators; and

(vi) a letter from the TSX advising the Company that approval of the conditional listing of the Offered Shares has been granted by the

TSX, subject to the satisfaction of certain conditions set out therein.

(k) The Company shall deliver or cause to be delivered to the Underwriters, to the locations directed by the Underwriters, without charge, as soon as possible and in any event not later than the first Business Day after the date that the Prospectus is filed with the Securities Regulators, such number of commercial copies of the Prospectus and copies of the Final International Offering Memorandum, as the Underwriters require.

(l) During the period of distribution to the public of the Offered Shares, which shall be the period from the date hereof to the date upon which the Company has received notice from the Underwriters of the completion thereof, the Company shall promptly notify the Underwriters in writing of:

(i) any material fact that has arisen or has been discovered which would have been required to have been stated in the Offering Documents, as the case may be, had the fact arisen or been discovered on, or prior to, the date of such document; and

(ii) any change in a material fact in the Offering Documents, as the case may be, or the existence of any new material fact,

which change or new material fact is, or may be of such a nature as:

(iii) to render the Offering Documents misleading or untrue;

(iv) would result in the Preliminary Prospectus, the Prospectus and the Supplementary Material not complying with any Canadian Securities Laws, the Preliminary International Offering Memorandum or the Final International Offering Memorandum not complying with applicable securities laws;

(v) would reasonably be expected to have a significant effect on the market price or value of the Offered Shares or which would restrict or prevent the trading of the Offered Shares; or

(vi) would be reasonably considered material to a prospective purchaser of the Offered Shares.

In any such case, the Company shall promptly and, in any event within applicable time limitations required by the Canadian Securities Laws, comply with all legal requirements necessary to comply with the

Canadian Securities Laws in order to allow for the continued distribution of the Offered Shares and the Over-Allotment Option in the Qualifying Jurisdictions as contemplated in Section 3 hereof.

(m) The Company shall in good faith discuss with the Underwriters any change in circumstances (actual, proposed or prospective) which is of such a nature that there is reasonable doubt whether notice need be given to the Underwriters pursuant to Subsection 6(l), it being understood that no Supplementary Material will be filed with the Securities Regulators prior to the review and approval by the Underwriters, acting reasonably.

(n) At the respective times of filing, the Preliminary Prospectus, the Prospectus and any Supplementary Material will comply with the requirements of the Canadian Securities Laws.

(o) Following the execution of this Agreement, the Company will (i) prepare and file or cause to be prepared and filed all documents and take or cause to be taken all actions required under the by-laws, rules, policies and regulations of the TSX in order to issue and sell to the Underwriters the Offered Shares for distribution to the public in the Qualifying Jurisdictions and for the Offered Shares to be listed on the TSX prior to or on the Closing Date, and (ii) make all necessary filings and use its best efforts to obtain all necessary regulatory and other consents and approvals required in connection with the transactions contemplated by this Agreement.

(p) The Company will advise the Underwriters, promptly after receiving notice thereof, of the time when any amendment or supplement to the Prospectus and any Supplementary Material has been filed and a Final MRRS Decision Document for the Prospectus has been issued by the Ontario Securities Commission, as the principal regulator of the Company under the MRRS, and will provide evidence satisfactory to the Underwriters of such document.

(q) The Company will, until the end of the distribution, advise the Underwriters, promptly after receiving notice or obtaining knowledge thereof, of: (i) the issuance of any order suspending or preventing the use of the Offering Documents; (ii) the imposition of cease trading or similar orders affecting the Offered Shares or any other securities of the Company; (iii) the institution, threatening or contemplation of any proceeding for any such purpose; or (iv) any request made by any Securities Regulator for amending or supplementing the Prospectus or any Supplementary Material or any request made by any other

securities regulatory authority for amending or supplementing the Final International Offering Memorandum. The Company will use its best efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal thereof as quickly as possible.

(r) Prior to the filing of the Offering Documents, the Company shall allow the Underwriters to participate fully in the preparation thereof, and shall allow the Underwriters to conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfill its obligations as an underwriter and in order to enable the Underwriters to responsibly execute the certificate required to be executed by the Underwriters in the Prospectus and any Supplementary Materials.

7. *Covenants of the Underwriters.* The Underwriters covenant with the Company as follows:

(a) They will not to make any representation or warranty as to the Company or the Offered Shares other than as set forth in the Offering Documents.

(b) The Offered Shares shall be offered for sale by the Underwriters to the public in the Qualifying Jurisdictions in compliance with the Canadian Securities Laws upon the terms and conditions set forth herein and in the Prospectus including applicable registration requirements. The Underwriters shall cause similar undertakings to be contained in any agreements among the members of any banking, selling or other groups formed for the distribution of the Offered Shares.

(c) If they offer to sell or sell any Offered Shares in jurisdictions other than the Qualifying Jurisdictions, such offers or sales shall be effected in accordance and compliance with the applicable laws of such jurisdictions and shall be effected in such manner so as not to require registration of the Offered Shares, or the filing of a prospectus, registration statement or any other notice or document with respect to the distribution of the Offered Shares and the Over-Allotment Option, under the laws of any jurisdiction outside the Qualifying Jurisdictions including, without limitation, the United States and the PRC. The Underwriters shall cause similar undertakings to be contained in any agreements among the members of any banking, selling or other groups formed for the distribution of the Offered Shares.

(d) They agree, and will require each member of the banking or selling group, if any, to agree, to observe the United States selling restrictions

set forth in Section 8 hereof and the Company agrees for the benefit of the Underwriters to comply with its covenants as set forth in Section 8 hereof. The Underwriters represent and warrant that they will not offer or sell any of the Offered Shares within the United States except for offers and sales made through U.S. selling agents in accordance with Rule 144A under the 1933 Act. For greater certainty, notwithstanding any other provision of this Agreement, Credit Suisse will not offer or sell any of the Offered Shares within the United States.

(e) They shall after the Closing Time (a) use its reasonable commercial efforts and will require each member of the banking or selling group, if any, to agree, to terminate, distribution of the Offered Shares as promptly as possible; and (b) give prompt written notice to the Company, with a copy to Company's Counsel, when, in the opinion of the Underwriters, they, and the members of such groups, have ceased distribution of the Offered Shares and of the total proceeds realized from such distribution in each of the respective Qualifying Jurisdictions in which such information is or may be required by the appropriate Securities Regulators.

8. *International Offers and Sales.*

(a) The Underwriters intend to offer and sell the Offered Shares within and outside the United States in the International Offering on the terms and subject to the conditions of this Section 8. In that connection, the Company hereby further represents, warrants, covenants and agrees to and with the Underwriters that:

(i) it is not necessary in connection with the offer, sale and delivery of the Offered Shares to the Underwriters in the manner contemplated by this Agreement to register the Offered Shares under the 1933 Act.

(ii) the Company is a **"foreign issuer"** within the meaning of Regulation S and reasonably believes that there is no Substantial U.S. Market Interest with respect to the Offered Shares.

(iii) the Company is not, and after giving effect to the offering and sale of the Offered Shares and the application of the proceeds thereof as described in the Offering Documents will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(iv) the Offering Documents, at the respective dates thereof, did, do and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such documents, at the date hereof, do not and at the Closing Time will not (and any amendment or supplement thereto or final form thereof, at the date thereof and at the Closing Time will not) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(v) none of the Company, its Affiliates or anyone acting on their behalf (other than the Underwriters, its Affiliates or any person acting on their behalf, as to which no representation is made) directly or indirectly, has taken or will take any action in violation of Regulation M under the 1934 Act in connection with the offer and sale of the Offered Shares.

(vi) the Company is not and will not become, as a result of the issuance and sale of the Offered Shares and the application of the proceeds thereof, a **"passive foreign investment company"** within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended, and does not anticipate becoming a passive foreign investment company in the foreseeable future.

(vii) neither the Company nor any Affiliate of the Company, directly, or through any agent, (i) has sold, offered for sale, solicited offers to buy or otherwise negotiated, or will sell, offer for sale or solicit offers to buy or otherwise negotiate, in respect of, any security (as defined in the 1933 Act) which is or will be integrated with the sale of the Offered Shares in a manner that would require the registration under the 1933 Act of the Offered Shares or (ii) offered, solicited offers to buy or sold, or will offer, solicit offers to buy or sell, the Offered Shares by any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act.

(viii) none of the Company, its Affiliates or any person acting on its behalf or their behalf has engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares and

the Company and its Affiliates and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S.

(ix) the Offered Shares satisfy the requirements set forth in Rule 144A(d)(3) under the 1934 Act.

(x) during the period of two years after the Closing Date or any Option Closing Date, if later, the Company will not, and will not permit any of its Affiliates to, resell any of the Offered Shares which constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

(xi) none of the Company, its Affiliates, and persons acting on its or their behalf (other than the Underwriters) will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the 1933 Act) which could be integrated with the sale of the Offered Shares in a manner which would require the registration of the Offered Shares under the 1933 Act.

(xii) for the benefit of any holder of Offered Shares or potential purchaser thereof, that for so long as any of the Common Shares are outstanding and are **"restricted securities"** within the meaning of Section (a)(3) of Rule 144 under the 1933 Act, it will provide to any holder of Offered Shares and any prospective purchaser thereof designated by such holder for so long as such requirement is necessary in order to permit holders of Offered Shares to effect resales under Rule 144A, upon the request of such holder or purchaser, at or prior to the time of purchase, the information required to be provided to such holder or prospective purchaser by Section (d)(4) of Rule 144A unless it either furnishes to the SEC the information referred to in Rule 12g3-2(b) under the 1934 Act or files reports and other information with the SEC under Section 13 or 15(d) of the 1934 Act.

(b) With respect to offers and sales within the United States pursuant to the International Offering, the Underwriters agree with the Company that:

(i) (A) it will solicit (and will cause its U.S. affiliate to solicit) offers for the Offered Shares in the United States only from, and will offer (and cause its U.S. affiliate to offer) the Offered Shares only

to, persons who it reasonably believes to be Qualified Institutional Buyers in accordance with Rule 144A and (B) it will not, and will cause its U.S. Affiliates not to, sell any Offered Shares in the United States except in definitive, fully registered form to purchasers;

(ii) it has not offered or will not offer to sell, has not solicited or will not solicit any offer to buy, by any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act, any of the Offered Shares; and

(iii) it is an "accredited investor" within the meaning of Regulation D under the 1933 Act.

(c) The Underwriters have not entered, and will not enter, into any contractual arrangement with respect to the distribution of the Offered Shares in the United States, except with its Affiliates, without the prior written consent of the Company, except that nothing in this Section 8 shall in any way restrict offers and sales in accordance with Rule 144A.

(d) With respect to offers and sales outside the United States and Canada, pursuant to the International Offering, the Underwriters agree with the Company that:

(i) the Underwriters understand that no action has been or will be taken in any jurisdiction (other than Canada) by the Company that would permit a public offering of the Offered Shares, or possession, or distribution of the Offering Documents or any other offering or publicity material relating to the Offered Shares in any country or jurisdiction where action for that purpose is required;

(ii) the Underwriters will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Offered Shares or has in its possession, or distributes the Offering Documents, in all cases at its own expense;

(iii) the Offered Shares have not been registered under the 1933 Act and may not be offered or sold within the United States except in accordance with Rule 144A or Regulation S under the 1933 Act or pursuant to another exemption from the registration requirements of the 1933 Act; and

(iv) the Underwriters have offered the Offered Shares and will offer and sell the Offered Shares in offshore transactions outside the United States as part of their distribution at any time only in accordance with Rule 903 of Regulation S or as otherwise permitted under the 1933 Act. Accordingly, none of the Underwriters, its Affiliates nor any persons acting on their behalf have engaged or will engage in any Directed Selling Efforts with respect to the Offered Shares and any of the Underwriters, their Affiliates and any such persons have complied and will comply with the offering restrictions requirement of Regulation S.

9. *Indemnity and Contribution.*

(a) The Company agrees to indemnify and hold harmless the Underwriters, their directors, their officers and each person, if any, who controls the Underwriters within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, and each affiliate of the Underwriters within the meaning of Rule 405 under the 1933 Act (each an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) (collectively, a "**Claim**") caused by (i) any untrue statement or alleged untrue statement made by the Company in Section 2 hereof or in any certificate delivered to the Underwriters pursuant to this Agreement; (ii) any misrepresentation or alleged misrepresentation (for purposes of Canadian Securities Laws), or any untrue statement or alleged untrue statement of a material fact contained in any of the Offering Documents (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they are made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such misrepresentation, untrue statement or omission or alleged misrepresentation, untrue statement or omission based upon information relating to the Underwriters furnished to the Company in writing by the Underwriters expressly for use therein; (iii) the Company not complying with any requirement of Canadian Securities Laws or U.S. Securities Laws; or (iv) any order made or inquiry, investigation or proceeding (formal or informal) commenced or threatened by any officer or official of any Securities Regulator based

upon the circumstances described in paragraphs 9(a)(ii) or 9(a)(iii) above which operates to prevent or restrict trading in or distribution of the Offered Shares or any other securities of the Company in any of the Qualifying Jurisdictions.

(b) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 9(a), such Indemnified Party shall promptly notify the Company in writing of the nature of the Claim and the Company, upon request of the Indemnified Party, shall retain counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others the Company may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless i) the Company and the Indemnified Party shall have mutually agreed to the retention of such counsel or ii) the named parties to any such proceeding (including any impleaded parties) include both the Company and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Company shall not, in respect of the legal expenses of any Indemnified Party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such Indemnified Parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Underwriters, in the case of parties indemnified pursuant to Section 9(a). The Company shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Company agrees to indemnify the Indemnified Party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Party shall have requested an Company to reimburse the Indemnified Party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the Company agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such Company of the aforesaid request and (ii) the Company shall not have reimbursed the Indemnified Party in accordance with such request prior to the date of

such settlement. The Company shall not, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such proceeding.

(c) In the event that the Company does not assume the defence of a Claim within thirty (30) days after receiving notice thereof, the Indemnified Party shall have the right to retain his, her or its own legal counsel and the Company shall bear the reasonable fees, costs and expenses of such counsel. Notwithstanding the foregoing, in no event shall the Company be required to pay the fees and expenses of more than one set of counsel for all of the Indemnified Parties in a jurisdiction in respect of any particular Claim or related set of Claims.

(d) The Company hereby waives its right to recover contribution from any of the Underwriters or any other Indemnified Party with respect to any liability of the Company by reason of or arising out of any misrepresentation (for the purposes of the Canadian Securities Laws or any of them) contained in the Offering Documents provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of:

(i) any misrepresentation (for the purposes of the Canadian Securities Laws or any of them) which is based upon or results from a statement or information relating solely to the Underwriters contained in such documents; or

(ii) any failure by the Underwriters or members of their banking or selling group (if any) to provide to purchasers of the Offered Shares any document which the Company is required to provide to such purchasers and which it has provided to the Underwriters to forward to such purchasers.

(e) With respect to any Indemnified Party who is not a party to this Agreement, the Underwriters shall obtain and hold the rights and benefits of this Section 9 in trust for and on behalf of such Indemnified Party.

(f) To the extent the indemnification provided for in Section 9(a) is unavailable to an Indemnified Party or insufficient in respect of any Claims referred to therein, then the Company, in lieu of indemnifying

such Indemnified Party thereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Offered Shares or (ii) if the allocation provided by clause 9(f)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 9(f)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the misrepresentation, statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Offered Shares shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Offered Shares (net of the fee payable to the Underwriters but before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, bear to the aggregate offering price of the Offered Shares. The Underwriters shall not in any event be liable to contribute, in the aggregate, any amounts in excess of the aggregate fees actually received by the Underwriters from the Company. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the misrepresentation or alleged misrepresentation, the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation, statement or omission.

(g) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 9 were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in clause 9(f). The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in clause 9(f) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9, the Underwriters shall not in any event be liable to contribute, in the aggregate, any

amounts in excess of the aggregate fees actually received by the Underwriters from the Company. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

(h) The indemnity and contribution provisions contained in this Section 9 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Underwriters, any person controlling the Underwriters or any affiliate of the Underwriters or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Offered Shares.

10. *Obligations of Underwriters*

(a) Subject to the terms hereof, the obligations of the Underwriters to purchase the Offered Shares at the Closing Time or Option Closing Time, as applicable, shall be several and not joint and several and their respective obligations and rights in this regard shall be in the following percentages:

Dundee Securities Corporation	45%
CIBC World Markets Inc.	20%
Merrill Lynch Canada, Inc.	10%
Credit Suisse Securities (Canada) Inc.	10%
UBS Securities Canada Inc.	10%
Haywood Securities Inc.	5%

(b) If one or more of the Underwriters should default in its obligations to purchase its respective percentage of the Offered Shares (the "**Defaulted Securities**") at the Closing Time or Option Closing Time, the non-defaulting Underwriters shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all but not less than all of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Underwriters shall not have completed such arrangements within such 24 -hour period, then:

(i) if the number of Defaulted Securities is less than 10% of the number of Offered Shares to be purchased hereunder, the non-defaulting Underwriters shall be obligated , each severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations bear to the underwriting obligation of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities is 10% or more of the number of Offered Shares to be purchased hereunder, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

(c) In the event of any default by an Underwriter as described in this Section 10, the non-defaulting Underwriter shall have the right to postpone the Closing Date or Option Closing Date for not more than three (3) Business Days in order that any changes in the arrangements or documents for the purchase and delivery of the Offered Shares may be made. Nothing in this Section 10 shall require the Company to sell less than all of the Firm Shares or Over-Allotment Shares, as applicable, or relieve any defaulting Underwriter from liability in respect of its default hereunder to the Company and to the non-defaulting Underwriters.

11. *Termination.*

(a) In addition to any other remedies which may be available to the Underwriters, any Underwriter shall be entitled, without liability, at such Underwriter's sole discretion, to terminate and cancel such Underwriter's obligations under this Agreement by notice to the Company given prior to the Closing Time if, at or prior to the Closing Time:

(i) Trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the Toronto Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the Nasdaq Global Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade or the London Stock Exchange;

(ii) Trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market;

(iii) A material disruption in securities settlement, payment or clearance services in the United States, Canada or London shall have occurred;

(iv) Any moratorium on commercial banking activities shall have been declared by Canadian, U.S. Federal or New York State authorities, UK authorities or the European Central Bank;

(v) There should occur or commence, or be announced or threatened, any inquiry, action, suit, investigation or other proceeding (whether formal or informal) other than any inquiry, action, suit, investigation or other proceeding based on alleged activities of the Underwriters, or any order is issued by any governmental authority, other than an order based on the alleged activities of the Underwriters, or any law or regulation is promulgated, changed or announced or there is any change in the interpretation or administration of any law or regulation, which, in the reasonable opinion of the Underwriters (or any of them), is expected to prevent or materially suspend or restrict the trading in or the distribution of the Offered Shares, or any other securities of the Company or would be expected to have a material adverse effect on the market price or value of the Offered Shares or any other securities of the Company;

(vi) There should develop, occur or come into effect or existence, any event, action, state, condition or occurrence of national or international consequence, acts of hostilities, terrorism, or escalation thereof or other calamity or crisis, any change in currency exchange rates or controls in Canada, the United Stated, the United Kingdom, Hong Kong, the PRC or elsewhere or any change or development involving a prospective change in national or international political, financial or economic conditions, or any law, action, regulation or other occurrence of any nature whatsoever which, in the reasonable opinion of the Underwriters (or any of them), materially adversely affects or involves, or is expected to materially adversely affect or involve, financial markets generally or the business, affairs or operations of the Company; or

(vii) There should occur or be discovered any material change in the Condition of the Company or any change in any material fact such as is contemplated in Section 6 hereof (other than a change related solely to the Underwriters), or the Underwriters become aware of any undisclosed material information, which, in the

reasonable opinion of the Underwriters (or any of them), could be expected to have a material adverse effect on the market price or value of the Common Shares or any other securities of the Company.

(b) All terms and conditions of this Agreement shall be construed as conditions, and any breach or failure by the Company to comply with any of such terms and conditions in all material respects shall entitle the Underwriters, or any of them, to terminate their obligations to purchase the Offered Shares by notice to that effect given to the Company at or prior to the Closing Time. The Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance; provided, however, that to be binding on the Underwriters any such waiver or extension must be in writing and signed by all of the Underwriters.

(c) The rights of termination contained in this Section 11 may be exercised by the Underwriters (or any of them) and are in addition to any other rights or remedies the Underwriters (or any of them) may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this Agreement or otherwise. A notice of termination given by an Underwriter under this Section 11 shall not be binding upon the other Underwriters. In the event that one or more, but not all of the Underwriters shall exercise the right of termination herein, the other Underwriter(s) shall have the right, but shall not be obligated, to purchase all of the Offered Shares which would otherwise have been purchased by the Underwriter(s) which has so terminated. Nothing in this Section 11 shall oblige the Company to sell to the Underwriters less than all of the Offered Shares.

12. *Effectiveness.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If this Agreement shall be terminated by the Underwriters because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by the Underwriters in connection with this Agreement or the offering contemplated hereunder.

13. *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

14. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any suit, action or proceeding against any party hereto or any of its assets arising out of or relating to this Agreement may be brought in a competent court of the Province of Ontario and each party hereto hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. Each party hereto irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter.

15. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

16. *Notices.* All communications hereunder shall be in writing and shall be telecopied or delivered, and shall, in the case of notice to the Company, be addressed and sent to:

Sino-Forest Corporation
90 Burnhamthorpe Road West
Suite 1208
Mississauga, Ontario
Canada, L5B 3C3

Attention: Mr. Allen T. Y. Chan
Telecopier No.: (852) 2877-0125

And in the case of notice to the Underwriters, be addressed and sent to:

Dundee Securities Corporation
1 Adelaide Street East
Suite 2700
Toronto, Ontario
M5C 2V9

Attention: Mr. Dave Anderson

Telecopier No.: (416) 350-3312

The parties may change their respective addresses and telecopy numbers for notice, by notice given in the manner aforesaid. Any such notification shall be deemed to be effective when telecopied or delivered, if telecopied or delivered to the recipient on a Business Day and before 3:00 p.m. (Toronto time) on such Business Day, and otherwise shall be deemed to be given at 9:00 a.m. (Toronto time) on the next following Business Day.

17. *Successors.* This Agreement shall enure to the benefit of, and shall be binding upon, the Underwriters and the Company and their respective successors and legal representatives and nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement, or any provisions herein contained, this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of such persons and for the benefit of no other person.

18. *Public Announcements.* The Company agrees that it shall not make any public announcements regarding the transactions contemplated hereunder without the prior written consent of the Underwriters, such consent not to be unreasonably withheld. The Company agrees that, following Closing, the Underwriters may, at the Underwriters expense, place "tombstone" and other advertisements relating to its role in connection with the Offering.

19. *Time of Essence.* Time shall be of the essence of this Agreement.

20. *Survival.* The respective representations, warranties, agreements, covenants, indemnities and contribution obligations of the Company and the Underwriters set forth in this Agreement shall survive the Closing Date and remain in full force and effect regardless of: (i) any investigation made by or on behalf of the Company, the Underwriters or any of their respective officers or directors; (ii) delivery of and payment for the Offered Shares; and (iii) any subsequent disposition by the Underwriters of the Offered Shares.

21. *Authority of Dundee.* Dundee is hereby authorized by the other Underwriters to act on its behalf and the Company shall be entitled to and shall act on any notice given in accordance with this Agreement or any agreement entered into by or on behalf of the Underwriters by Dundee which represents and warrants that they have irrevocable authority to bind the Underwriters, except in respect of any matters relating to termination, waiver or extension, and Sections 9, 10 and 11, which matters may be acted on by only the Underwriter affected. Dundee shall consult with the other Underwriters concerning any matter in respect of which it acts as

representative of the Underwriters. The obligations of the Underwriters under this Agreement shall be several and not joint and several.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

Very truly yours

SINO-FOREST CORPORATION

By: (Signed) ALLEN T.Y. CHAN
Name: Allen T.Y. Chan
Title: Chief Executive Officer

Accepted as of the date hereof

DUNDEE SECURITIES CORPORATION

By: (Signed) DAVID ANDERSON
Name: David Anderson
Title: Executive Vice President & Director

CIBC WORLD MARKETS INC.

By: (Signed) ALAN C. WALLACE
Name: Alan C. Wallace
Title: Vice Chairman & Managing Director

MERRILL LYNCH CANADA, INC.

By: (Signed) PAUL ALLISON
Name: Paul Allison
Title: Executive Vice President & Managing Director

CREDIT SUISSE SECURITIES (CANADA) INC.

By: (Signed) RYAN LAPOINTE
Name: Ryan Lapointe
Title: Vice President

UBS SECURITIES CANADA INC.

(Signed) MICHAEL J. KOUSAIE
Name: Michael J. Kousaie
Title: Executive Director

HAYWOOD SECURITIES INC.

By: (Signed) BLAKE CORBET
Name: Blake Corbet
Title: Managing Director, Investment Banking

This is Exhibit "B" referred to in the
Affidavit of Rebecca Wise
Sworn before me, this 23rd
day of April, 2012

A Commissioner, Etc.

ADAM MARCUS SLAVENS
Barrister and Solicitor, Notary
Public for the Province of Ontario
My Commission is unlimited as to time.

EXECUTION COPY

SINO-FOREST CORPORATION

(a Canada Business Corporations Act corporation)

5.00% Convertible Senior Notes due 2013

PURCHASE AGREEMENT

Dated: July 17, 2008

Sino-Forest Corporation

(a Canada Business Corporations Act corporation)

U.S.$300,000,000
5.00% Convertible Senior Notes due 2013

PURCHASE AGREEMENT

July 17, 2008

Merrill Lynch, Pierce, Fenner & Smith
Incorporated
4 World Financial Center
New York, New York 10080
United States

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010
United States

Ladies and Gentlemen:

Sino-Forest Corporation, a Canada Business Corporations Act corporation (the "Company"), confirms its agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and Credit Suisse Securities (USA) LLC (together, the "Initial Purchasers", which term shall also include any initial purchaser substituted as hereinafter provided in Section 11 hereof), for whom Merrill Lynch is acting as representative (in such capacity, the "Representative") with respect to (i) the issue and sale by the Company and the purchase by the Initial Purchasers, acting severally and not jointly, of the respective principal amounts of the Company's 5.00% Convertible Senior Notes due 2013 (the "Notes") set forth in Schedule A hereto, and (ii) the grant by the Company to the Initial Purchasers, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of an additional U.S.$300,000,000 principal amount of Notes to cover over-allotments, if any. The aforesaid Notes (the "Initial Notes") to be purchased by the Initial Purchasers and all or any part of the additional U.S.$45,000,000 principal amount of Notes subject to the option described in Section 2(b) hereof (the "Option Notes") are hereinafter called, collectively, the "Notes". The Notes are to be issued pursuant to an indenture to be dated as of July 23, 2008 (the "Indenture") among the Company, the subsidiary guarantors named in Schedule D-1 hereto (each a "Subsidiary Guarantor") and The Bank of New York Mellon, as trustee (the "Trustee").

The Notes are convertible, subject to certain conditions as described in the Final Offering Memorandum (as defined below), prior to maturity (unless previously redeemed or otherwise purchased) into common shares, without par value, of the Company (the "Common Shares") in accordance with the terms of the Notes and the Indenture. Notes issued in book-entry form will be issued to Cede & Co. as nominee of The Depository Trust Company ("DTC") pursuant to a letter agreement, to be dated as of Closing Time (as defined in Section 2(b)), among the Company, the Trustee and DTC.

The payment of principal of, interest on, and all other amounts due under, the Notes will be irrevocably and unconditionally guaranteed on a senior basis by the Subsidiary Guarantors, pursuant to their guarantees (the "Subsidiary Guarantees"). The Initial Notes and the Subsidiary Guarantees attached thereto are herein collectively referred to as the "Initial Securities," and the Option Notes and the Subsidiary Guarantees attached thereto are herein collectively referred to as the "Option Securities." The Initial Securities and the Option Securities are herein collectively referred to as the "Securities."

The Company and each Subsidiary Guarantor understands that the Initial Purchasers propose to make an offering of the Securities on the terms and in the manner set forth herein and agrees that the Initial Purchasers may resell, subject to the conditions set forth herein, all or a portion of the Securities to purchasers ("Subsequent Purchasers") at any time after this Agreement has been executed and delivered. The Securities are to be offered and sold through the Initial Purchasers without being registered under the Securities Act of 1933, as amended (the "1933 Act"), in reliance upon exemptions therefrom. Pursuant to the terms of the Securities and the Indenture, investors that acquire Securities may only resell or otherwise transfer such Securities if such Securities are hereafter registered under the 1933 Act or if an exemption from the registration requirements of the 1933 Act is available (including the exemption afforded by Rule 144A ("Rule 144A") or Regulation S ("Regulation S") of the rules and regulations promulgated under the 1933 Act by (the "1933 Act Regulations") the Securities and Exchange Commission (the "Commission")).

The Company and the Subsidiary Guarantors (a) have prepared and delivered to each Initial Purchaser copies of a preliminary offering memorandum dated July 16, 2008 (the "Preliminary Offering Memorandum") and (b) have prepared and will deliver to each Initial Purchaser, as promptly as possible prior to the Closing Time, copies of a final offering memorandum dated July 17, 2008 (the "Final Offering Memorandum"), each for use by such Initial Purchaser in connection with its solicitation of purchases of, or offering of, the Securities. "Offering Memorandum" means, with respect to any date or time referred to in this Agreement, the most recent offering memorandum (whether the Preliminary Offering Memorandum or the Final Offering Memorandum, as amended and supplemented at such time), including exhibits thereto, if any, and any documents incorporated therein by reference, which has been prepared and delivered by the Company to the Initial Purchasers in connection with their solicitation of purchases of, or offering of, the Securities.

SECTION 1. Representations and Warranties by the Company and the Subsidiary Guarantors.

(a) *Representations and Warranties by the Company.* The Company represents and warrants to each Initial Purchaser as of the date hereof and as of Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) as defined and referred to in Section 2(b) hereof, and agrees with each Initial Purchaser, as follows:

(i) Disclosure Package and Final Offering Memorandum. As of the Applicable Time (as defined below), neither (x) the Preliminary Offering Memorandum as of the Applicable Time as supplemented by the final pricing term sheet, in the form attached hereto as Schedule B (the "Pricing Supplement") and as otherwise supplemented or amended at such time, all considered together (collectively, the "Disclosure Package"), nor (y) any individual Supplemental Offering Materials (as defined below), when considered together with the Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. "Applicable Time" means 8:00 A.M. (New York time) on July 18, 2008 or such other time as agreed by the Company and Merrill Lynch.

"Supplemental Offering Materials" means any "written communication" (within the meaning of the 1933 Act and the 1933 Act Regulations) prepared by or on behalf of the Company, or used or referred to by the Company, that constitutes an offer to sell or a solicitation of an offer to buy the Securities other than the Preliminary Offering Memorandum or the Final Offering Memorandum or amendments or supplements thereto (including the Pricing Supplement), including, without limitation, any road show relating to the Securities that constitutes such a written communication.

As of its issue date and as of the Closing Time (and, if any Option Securities are purchased, at the Date of Delivery), the Final Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The representations and warranties in this subsection shall not apply to statements in or omissions from the Disclosure Package or the Final Offering Memorandum made in reliance upon and in conformity with written information furnished to the Company by any Initial Purchaser through Merrill Lynch expressly for use therein, it being understood and agreed that the only such information is that described as such in Section 7(a) hereof.

(ii) Independent Accountants. Each of the accountants who certified the financial statements and supporting schedules included in the Disclosure Package and the Final Offering Memorandum are independent public accountants as required under Canadian securities laws and there have not been any disagreements within the meaning of National Instrument 51-102 since January 1, 2003 with any present or former auditors of the Company.

(iii) Financial Statements. The financial statements, together with the related schedules and notes, included in the Disclosure Package and the Final Offering Memorandum, present fairly the financial position of the Company and its consolidated Subsidiaries (as defined below) at the dates indicated and the statement of operations, shareholders' equity, earnings and cash flows of the Company and its consolidated Subsidiaries for the periods specified; said financial statements have been prepared in conformity with Canadian generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The selected financial data and the summary financial information included in the Disclosure Package and the Final Offering Memorandum present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Disclosure Package and the Final Offering Memorandum. The other financial and operational information included in the Disclosure Package and the Final Offering Memorandum present fairly information included therein.

All disclosure contained in the Disclosure Package and the Final Offering Memorandum regarding "non-GAAP financial measures" (as such term is defined by the rules and regulations of the Commission) complies with Regulation G under the Securities Exchange Act of 1934, as amended (the "1934 Act").

The disclosure contained in the section headed "Summary of Certain Differences Between Canadian GAAP and U.S. GAAP" in the Disclosure Package and the Final Offering Memorandum which summarizes certain significant differences between Canadian GAAP and U.S. GAAP is a correct and accurate summary of such significant differences and reflects the material differences between Canadian GAAP and U.S. GAAP, as they would apply to the Company.

(iv) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Disclosure Package and the Final Offering Memorandum, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, operations, assets, properties, liabilities (contingent or otherwise), obligations (absolute, accrued or otherwise), capital, business affairs, or business prospects of the Company and its Subsidiaries considered as one enterprise (the "Condition of the Company"), whether or not arising in the ordinary course of business (such change, a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its Subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock. Neither the Company nor any of its Subsidiaries has sustained since the date of the latest financial statements included in the Disclosure Package and the Final Offering Memorandum any material loss or interference with its business from fire, earthquake, flood, explosion or other calamity, whether or not covered by insurance, otherwise than as set forth in the Disclosure Package and the Final Offering Memorandum.

(v) Incorporation and Good Standing of the Company. The Company has been duly continued, is validly existing as a corporation in good standing under the Canada Business Corporations Act, and has the corporate power and authority to own its property and to conduct its business as described in the Disclosure Package and the Final Offering Memorandum. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not cause a Material Adverse Effect.

(vi) List of Subsidiaries. All of the Subsidiaries of the Company are listed on Schedule D-2 hereto; all of the Company's Subsidiaries other than those listed on Schedule D-3 are either Subsidiary Guarantors or entities organized or incorporated under the laws of the PRC, there is no other company or undertaking in which any of the Company or its Subsidiaries directly or indirectly owns or controls or proposes to own or control a majority interest (whether by way of shareholding, trust arrangement or otherwise).

For purposes of this Agreement, "Subsidiary" means: (a) any corporation of which securities, having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues), are at the time directly, indirectly or beneficially owned or controlled by the Company or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries; (b) any partnership of which the Company, or one or more of its Subsidiaries, or the Company and one or more of its Subsidiaries (x) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof and (y) is a general partner, in the case of a limited partnership, or is a partner that has the authority to bind the partnership in all other cases; or (c) any other person of which at least a majority of the income, capital, beneficial or ownership interest (however designated) is at the time directly, indirectly or beneficially owned or controlled by the Company, or one or more of its Subsidiaries or the Company and one or more of its Subsidiaries.

(vii) Incorporation and Good Standing of Subsidiaries. Each Subsidiary of the Company has been duly incorporated, amalgamated, formed or continued, as the case may be, is

validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, amalgamation, formation or continuance, has the corporate power and authority to own its property and to conduct its business as described in the Disclosure Package and the Final Offering Memorandum. Each Subsidiary of the Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect; except as described in Section 1(xliv) below, all of the issued shares of capital stock or registered capital, as the case may be, of each Subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and the shares of capital stock or registered capital, as the case may be, of each such Subsidiary owned by the Company or another Subsidiary are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except as otherwise described in the Disclosure Package and the Final Offering Memorandum.

(viii) Corporate Authority. The Company has corporate right, power and authority to execute and deliver this Agreement, the Securities and the Indenture (collectively, the "Transaction Documents") and to perform its obligations hereunder and thereunder; and all action required to be taken for the due and proper authorization, execution and delivery of each of the Transaction Documents and the consummation of the transactions contemplated thereby has been duly and validly taken.

(ix) Capitalization. The total shareholders' equity of the Company is as set forth in the Disclosure Package and the Final Offering Memorandum in the column entitled "Actual" under the caption "Consolidated Capitalization" as of the respective dates set forth therein, and the actual, authorized, issued and outstanding number of Common Shares as of March 31, 2008 is as set forth in the section entitled "Description of the Shares" in the Disclosure Package and the Final Offering Memorandum, and there have been no changes to such amounts. The Common Shares conform in all material respects to the description thereof set forth in the Disclosure Package and the Final Offering Memorandum. All of the outstanding Common Shares have been duly authorized and validly issued, are fully paid and nonassessable and have been issued in compliance with applicable securities laws. Upon issuance and delivery of the Notes in accordance with this Agreement and the Indenture, the Notes will be convertible at the option of the holder thereof into Common Shares in accordance with the terms of the Notes and the Indenture; the Common Shares issuable upon conversion of the Notes have been duly authorized and reserved for issuance upon such conversion by all necessary corporate action and such shares, when issued upon such conversion in accordance with the terms of the Notes, will be validly issued, fully paid and non-assessable and will be free and clear of any security interests, claims, liens, equity or encumbrances; no holder of such shares will be subject to personal liability by reason of being such a holder; and the issuance of such shares upon such conversion will not be subject to the preemptive or other similar rights of any securityholder of the Company, and except as disclosed in the Disclosure Package and the Final Offering Memorandum, there are no limitations on the rights of the holders of the Common Shares issuable upon conversion of the Notes to hold, vote or transfer their shares. None of the outstanding Common Shares were issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any of its Subsidiaries other than those accurately described in the Disclosure Package and the Final Offering Memorandum. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the

Disclosure Package and the Final Offering Memorandum accurately and fairly describes such plans, arrangements, options and rights.

(x) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(xi) Authorization of the Indenture. The Indenture has been duly authorized by the Company and, when executed and delivered by the Company and the Trustee, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(xii) Authorization of Notes. The Notes have been duly authorized and, at Closing Time, will have been duly executed by the Company and, when authenticated, issued and delivered in the manner provided for in the Indenture and delivered against payment of the purchase price therefor as provided in this Agreement, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers) reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and entitled to the benefits of, the Indenture.

(xiii) Descriptions in Transaction Documents. The description of the Notes, the Subsidiary Guarantees, the Indenture and the rights, preferences and privileges of the capital stock of the Company, including the Common Shares issuable upon conversion of the Notes, contained in the Disclosure Package and the Final Offering Memorandum, are accurate in all material respects.

(xiv) Absence of Violations, Defaults and Conflicts. Neither the Company nor any of its Subsidiaries is, or with the giving of notice or lapse of time or both would be, (A) in violation of any provision of laws, statutes, rule or regulation or its charter, articles of continuance, by-laws, business license, business permit or other constitutional documents, or any judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets, properties or operations or (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or any of its Subsidiaries is subject (collectively, "Agreements and Instruments") except, in each case, for such violations or defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of the Transaction Documents and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Disclosure Package and the Final Offering Memorandum and the consummation of the transactions contemplated herein and in the Disclosure Package and the Final Offering Memorandum (including the issuance and sale of the Securities and the use of the proceeds from

the sale of the Securities as described in the Disclosure Package and the Final Offering Memorandum under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder or thereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, the Agreements and Instruments, nor will such action result in any violation of the provisions of the charter, articles of continuance, by-laws, business license, business permit or other constitutional documents of the Company or any of its Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its Subsidiaries.

(xv) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any of its Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, would result in a Material Adverse Effect. Except as described in the Disclosure Package and the Final Offering Memorandum, the Company and each of its Subsidiaries has complied in all material respects with all applicable employment, labor and similar laws except for such non-compliances as would not, singly or in the aggregate, have a Material Adverse Effect.

(xvi) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, or any stock exchange, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any of its Subsidiaries which might result in a Material Adverse Effect, or which might materially and adversely affect the consummation of the transactions contemplated by this Agreement or the performance by the Company or any Subsidiary Guarantor of its obligations hereunder. The aggregate of all pending legal or governmental proceedings to which the Company or any of its Subsidiaries is a party or of which any of their respective property or assets is the subject which are not described in the Disclosure Package and the Final Offering Memorandum, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(xvii) Absence of Manipulation. Neither the Company nor to its knowledge any affiliate, as such term is defined in Rule 501(b) under the 1933 Act ("Affiliate"), of the Company has taken, nor will the Company or any Affiliate of the Company take, directly or indirectly, any action which is designed to or which has constituted or which would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xviii) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by the Transaction Documents

or for the due execution, delivery or performance of the Transaction Documents by the Company, except such as have been already obtained, except for the approval of the TSX and, if Securities are sold by any Initial Purchaser to residents of Canada, the delivery of the Final Offering Memorandum and the filing of a Form 45-106F1 with the applicable Canadian securities regulatory authorities.

(xix) Possession of Intellectual Property. The Company and its Subsidiaries own or possess or can acquire on reasonable terms sufficient trademarks, trade names, patent rights, copyrights, licenses, approvals, trade secrets and other similar rights (collectively, the "Intellectual Property Rights") reasonably necessary to conduct their businesses as now conducted; neither the Company nor any of its Subsidiaries has received any notice of or is otherwise aware of infringement or conflict with asserted Intellectual Property Rights of others.

(xx) Possession of Licenses and Permits. Each of the Company and its Subsidiaries has obtained all consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all relevant national, local or other governmental authorities and all relevant courts and other tribunals ("Governmental Authorizations") which are required for the Company or any of its Subsidiaries to own, lease, license and use its properties and assets and to conduct its business in the manner described in, and contemplated by, the Disclosure Package and the Final Offering Memorandum, except for Government Authorizations the failure of which to obtain would, singly or in the aggregate, result in a Material Adverse Effect; all such Governmental Authorizations are in full force and effect; none of the Company and its Subsidiaries is in violation of, or default under, such Governmental Authorizations.

(xxi) Title to Property. Each of the Company and its Subsidiaries has good and valid title to all real property and all personal property owned by it, in each case free and clear of all liens, encumbrances and defects, except such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by it and except for the mortgages, liens, pledges or other security interests relating to the bank borrowings and other indebtedness by the Company disclosed in the Disclosure Package and the Final Offering Memorandum; and any real property and buildings held under lease by the Company and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries so as to result in a Material Adverse Effect, in each case except as described in the Disclosure Package and the Final Offering Memorandum.

With respect to any of the tree plantations owned, leased or otherwise operated by the Subsidiaries of the Company, each such Subsidiary has the plantation land use or other relevant plantation rights, as applicable, that are required or otherwise necessary under the PRC laws and regulations in order for such Subsidiary to own, lease or operate such plantation and conduct its wood fiber businesses in the manner described in, and contemplated by, the Disclosure Package and the Final Offering Memorandum except for any rights the failure of which to obtain would not result in a Material Adverse Effect; with respect to any of the plants, buildings or other structures owned by the any of the Company's Subsidiaries, such Subsidiary has valid land use right certificates, building ownership certificate or other relevant title documents, and the construction, development, occupation and use of such plant, building or structure complies in all material respects with all the applicable laws and regulations except such as would not, singly or in the aggregate, result in a Material Adverse Effect.

(xxii) Environmental Laws. Except as described in the Disclosure Package and the Final Offering Memorandum and except such matters as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its Subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the Company's Knowledge, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its Subsidiaries and (D) there are no events or circumstances that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its Subsidiaries relating to Hazardous Materials or Environmental Laws.

(xxiii) Disclosure of Legal Matters. The statements set forth in the Disclosure Package and the Final Offering Memorandum (A) under the sections headed "Description of the Shares" and "Description of Notes", insofar as they purport to constitute a summary of the terms of the Notes, the Subsidiary Guarantees and the Common Shares, as the case may be, are accurate and fair in all material respects.

(xxiv) Material Contracts. (A) All the master agreements or other contracts entered into by the Subsidiaries of the Company relating to the purchase of the rights to the trees on particular plantation land with or without a pre-emptive right to lease such plantation land, (i) all the long-term lease agreements entered into by any of the Company's Subsidiaries for tree plantations, (ii) all the share purchase or other investment agreements entered into by the Company and any of its Subsidiaries and (iii) all the master agreements, other contracts or arrangements between any of the Company's Subsidiaries and an authorized intermediary regarding the sales of standing timber, have been duly authorized, executed and delivered by the relevant Subsidiaries of the Company. The Company has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any such material contract and none of the Company or its subsidiaries has received notice of any intention to terminate any such contract or agreement or repudiate or disclaim any such transaction. (B) All descriptions of material contracts or documents in the Disclosure Package and Final Offering Memorandum, to the extent such descriptions purport to describe or summarize such contracts or documents, are true and accurate in all material respects, fairly summarize the contents of such contracts or documents and do not omit any material information which affects the import of such descriptions. To the best knowledge of the Company, there are no contracts or documents that would be required to be described in the Disclosure Package and Final Offering Memorandum under the United States Securities laws if such laws and rules were applicable with respect to the Disclosure Package and Final Offering Memorandum, or that would be required to be described under any applicable laws that have not been so described.

(xxv) Accounting Controls. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, the Company and each of its Subsidiaries maintains a system of internal controls sufficient to provide reasonable assurances that: (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit the financial statements to be fairly presented in accordance with GAAP and to maintain accountability for assets; (C) access to its assets is permitted only in accordance with management's general or specific authorization; (D) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences; (E) the Company and each of its Subsidiaries has made and kept books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of such entity; and (F) material information relating to the Company and its Subsidiaries is made known to those within the Company responsible for the preparation of the financial statements during the period in which the financial statements have been prepared and that such material information is disclosed to the public within the time periods required by applicable law, including Canadian securities laws. The Company has established procedures which provide a reasonable basis for its board of directors to make proper judgment as to the financial position and prospects of the Company and its Subsidiaries, taken as one enterprise. Since the end of the Company's most recent audited fiscal year, there has been (1) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(xxvi) Accounting Policies, Liquidity and Capital Resources. The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" in the Disclosure Package and the Final Offering Memorandum accurately and fairly describes in all material respects (i) accounting policies which the Company believes are the most important in the portrayal of the financial condition and results of operations for the Company and its consolidated Subsidiaries and which require management's most difficult, subjective or complex judgments ("critical accounting policies"); and (ii) judgments and uncertainties affecting the application of critical accounting policies. The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" in the Disclosure Package and the Final Offering Memorandum accurately and fairly describes in all material respects (x) all material trends, demands, commitments, events, uncertainties and risks, and the potential effects thereof, that the Company believes would materially affect its liquidity and are reasonably likely to occur; and (y) all off-balance sheet arrangements, if any, that have or are reasonably likely to have a current or future effect on the financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources of the Company and the Subsidiaries taken as a whole. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, there are no outstanding guarantees or other contingent obligations of the Company or any Subsidiary that could reasonably be expected to have a Material Adverse Effect.

(xxvii) Insurance. The Company and its Subsidiaries carry or are entitled to the benefits of insurance, with financially sound and reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company has no reason to believe that it or any of its Subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Change.

(xxviii) Statistical and Market-Related Data. Any statistical and market-related data included in the Disclosure Package and the Final Offering Memorandum are based on or derived from sources that the Company believes to be reliable and accurate, and, to the extent required or otherwise necessary, the Company has obtained the written consent or other consent in requisite form to the use of such data from such sources.

(xxix) Investment Company Act. The Company is not required, and after giving effect to the issuance and sale of the offered Securities and the application of the net proceeds therefrom as described in the Disclosure Package and the Final Offering Memorandum under "Use of Proceeds," will not be required, to register as an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act").

(xxx) Similar Offerings. Neither the Company nor any of its Affiliates has, directly or indirectly, solicited any offer to buy, sold or offered to sell or otherwise negotiated in respect of, or will solicit any offer to buy, sell or offer to sell or otherwise negotiate in respect of, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Securities in a manner that would require the offered Securities to be registered under the 1933 Act.

(xxxi) Rule 144A Eligibility. The Securities are eligible for resale pursuant to Rule 144A and will not be, at Closing Time, of the same class as securities listed on a national securities exchange registered under Section 6 of the 1934 Act, or quoted in a U.S. automated interdealer quotation system.

(xxxii) No General Solicitation. None of the Company, its Affiliates or any person acting on its or any of their behalf (other than the Initial Purchasers, as to whom the Company makes no representation) has engaged or will engage, in connection with the offering of the offered Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the 1933 Act.

(xxxiii) No Registration Required. Subject to compliance by the Initial Purchasers with the representations and warranties of the Initial Purchasers and the procedures set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the offered Securities to the Initial Purchasers and to each Subsequent Purchaser in the manner contemplated by this Agreement and the Offering Memorandum to register the Securities under the 1933 Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended (the "1939 Act").

(xxxiv) No Directed Selling Efforts. With respect to those offered Securities sold in reliance on Regulation S, (A) none of the Company, its Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Company makes no representation) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (B) each of the Company and its Affiliates and any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Company makes no representation) has complied and will comply with any applicable offering restrictions requirement of Regulation S.

(xxxv) Foreign Issuer. The Company is a "foreign issuer" within the meaning of Rule 902 under the Securities Act and reasonably believes there is no "substantial U.S. market interest" in the Company's "debt securities" as such terms are defined in Rule 902 under the 1933 Act or in the Common Shares or any securities of the same class as the Common Shares.

(xxxvi) No Finders. Other than pursuant to this Agreement, there are no contracts, agreements or understandings between the Company or any of its Subsidiaries and any person that would give rise to a valid claim against the Company, any of its Subsidiaries or the Initial Purchasers for a brokerage commission, finder's fee or other like payment in connection with the issuance and sale of the Securities.

(xxxvii)Anti-Corruption Practices. None of the Company, any of the Subsidiaries or, to the knowledge of the Company, any officers, directors, supervisors, managers, agents or employees of the Company or any of its Subsidiaries has, directly or indirectly, (i) made, promised or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality in Canada, the PRC, Hong Kong, the United States, the British Virgin Islands or any other jurisdiction for the purpose of influencing any act or decision of such official or of the government to obtain or retain business, or direct business to the Company or any of its Subsidiaries, or otherwise in contravention of applicable law, or (ii) made any contribution to any candidate for public office where either the payment or the purpose of such contribution, payment or gift constitutes bribery in breach of applicable laws of Canada, the PRC, Hong Kong, the United States, the British Virgin Islands or any other jurisdiction or otherwise was or is prohibited under any applicable law, rule or regulation of any locality; and the Company and its Subsidiaries and Affiliates (as hereafter defined) have conducted this business in compliance with applicable anti-corruption laws.

(xxxviii) OFAC. Neither the Company, nor any of its Subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company or its Subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(xxxix) Related Party Transactions. The statements set forth in the Disclosure Package and the Final Offering Memorandum under the captions "Related Party Transactions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Related Party Transactions" are true and accurate in all material respects and there are no other facts known or which could on reasonable enquiry have been known to the Company, the omission of which would make any such statements misleading in any material respect. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, no material indebtedness (actual or contingent) and no material contract or arrangement is outstanding between the Company or any of its Subsidiaries and any director or executive officer of the Company or any of its Subsidiaries or any person connected with such director or executive officer (including his/her spouse or children, or any company or undertaking in which he/she holds a controlling interest). There are no material relationships or transactions between the Company or any of its Subsidiaries on the one hand and its affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which are not disclosed in the Disclosure Package and the Final Offering Memorandum.

(xl) Reporting Issuer Status and Listing of Shares. The Company is a reporting issuer within the meaning of applicable Canadian securities laws in each of the provinces of Canada, and is not in default of any requirement of such securities laws, and has not been noted in default of any requirement of such securities laws by any applicable Canadian securities regulatory

authority, except in each case for such defaults as would have a Material Adverse Effect. The outstanding Common Shares are listed on the Toronto Stock Exchange (the "TSX") and the Company is in compliance with all requirements of the TSX. The Company has taken no action designed to, or likely to have the effect of, (a) delisting the Common Shares from the TSX nor is the TSX contemplating terminating such listing, or (b) ceasing to be a reporting issuer in any province, nor has the Company received any notification from any applicable Canadian securities regulatory authority seeking to revoke the reporting issuer status of the Company.

(xli) Solvency. The Company and each Subsidiary Guarantor is, and immediately after the Closing Time and immediately upon consummation of the transactions contemplated herein and in the Offering Memorandum will be, Solvent. As used herein, the term "Solvent" means, with respect to an entity, on a particular date, that on such date (a) the book value of the assets of such entity is greater than or equal to the total amount of liabilities (including contingent liabilities) of such entity, (b) the value of the assets of the entity is greater than the amount that will be required to pay the probable liabilities of such entity on its debt as they become absolute and mature, (c) the entity is able to realize upon its assets and pay its debts and other liabilities (including contingent obligations) as they mature, and (d) the entity does not have unreasonably small capital. Except such as would not result in a Material Adverse Effect, no winding up or liquidation proceedings have been commenced against the Company or any of its Subsidiaries and no proceedings have been started or, to the knowledge of the Company, threatened for the purpose of, and no judgment has been rendered, declaring the Company or any of its Subsidiaries bankrupt or in any insolvency proceeding, or for any arrangement or composition for the benefit of creditors, or for the appointment of a receiver, trustee, administrator or similar officer of any of the Company and its Subsidiaries, or any of their respective properties, revenues or assets.

(xlii) Registered Capital of PRC Subsidiaries. Each of the Company's Subsidiaries in the People's Republic of China (the "PRC") has been duly established as a wholly foreign owned enterprises (each, a "WFOE" and, collectively the "WFOEs") or a PRC limited company invested by WFOE (each, a "PRC Limited Company Subsidiary" and, collectively the "PRC Limited Company Subsidiaries"; together with the WFOEs, the "PRC Subsidiaries") in compliance with applicable PRC laws and regulations; the registered capital of each of the PRC Subsidiaries has been subscribed in full with one exception as referred to below, and all government approvals relating to the subscription thereof have been issued and are in full force and effect; the Company will pay or cause to be paid in full the unpaid registered capital of Sino-Panel (Yunnan) Trading Co., Ltd. in due course in accordance with PRC laws and regualtions.

(xliii) Ownership Structure of PRC Subsidiaries. The ownership structure of the Company's Subsidiaries in the PRC as described in the Disclosure Package and the Final Offering Memorandum is in compliance with any applicable laws and regulations in the PRC.

(xliv) Articles of Association of PRC Subsidiaries. The articles of association of each of the PRC Subsidiaries comply with the requirements of applicable laws of the PRC, and are in full force and effect.

(xlv) CJV Conversion. The events and transactions (the "CJV Conversion") set forth in the Disclosure Package and the Final Offering Memorandum under the caption "Business—Our Wood Fiber Operations—Planted Tree Plantations" relating to the conversion of the corporate form of certain PRC Subsidiaries of the Company from cooperative joint venture into wholly foreign-owned enterprise have been duly effected in accordance with applicable laws and regulations, and the description of the CJV Conversion set forth therein is an accurate and fair summary of such transactions in all material respects.

(xlvi) Dividends by PRC Subsidiaries. Each of the WFOEs has full power and authority to effect dividend payments and remittances thereof outside the PRC in United States dollars, except for the withholding tax required under the New Income Tax Law of the PRC and other exceptions, in each case, as disclosed in the Disclosure Package and the Final Offering Memorandum, free of deduction or withholding on account of income tax and without the need to obtain any consent, approval, authorization, order, registration or qualification of or with any court or governmental or regulatory agency or body of or in the PRC.

(xlvii) Shareholder Loans to PRC Subsidiaries. Each of the WFOEs has full power and authority to borrow shareholder loans from its foreign shareholder as contemplated and described in the Disclosure Package and the Final Offering Memorandum. Except for those disclosed in the Offering Memorandum, no other licenses, consents, approvals, authorizations, permits, certificates or orders of or from, or fillings, declarations or qualifications with or to, any governmental body, court, agency or official in the PRC are required for any WFOE to borrow shareholder loans. Each of the WFOEs will be able to repay such shareholder loans in, and remit to outside the PRC, United States dollars, except for the withholding tax required under the New Income Tax Law of the PRC and other exceptions, in each case, as disclosed in the Disclosure Package and the Final Offering Memorandum, free of deduction or withholding on account of income taxes and without the need to obtain any consent, approval, authorization, order, registration or qualification of or with any court or governmental or regulatory agency or body of or in the PRC.

(xlviii) Foreign Exchange Registration. Each of the WFOEs has obtained all necessary foreign exchange registration certificates from the State Administration of Foreign Exchange or its local counterparts and has passed foreign exchange annual inspections, except for those the absence of which would not result in a Material Adverse Effect. The Company, through the WFOEs, has obtained all necessary foreign exchange registration certificates from the State Administration of Foreign Exchange or its local counterparts for its investments in the PRC. No other governmental registration, authorization or filing with any governmental authority, is required in the PRC in respect of the ownership by the Company of its direct or indirect equity interest in any PRC Subsidiary or in respect of the Reorganization, except for those that have already been obtained or those the absence of which would not result in a Material Adverse Effect.

(xlix) Prohibition on Dividends. No Subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's properties or assets to the Company or any other subsidiary upon the requisite approval procedures for such transferring, except for Sino-Panel (Yunnan) Trading Co., Ltd., whose registered capital has been partially paid up and the dividend payments and remittances for which shall be made in proportion to the paid-up contribution of its registered capital, and except as otherwise described in the Disclosure Package and the Final Offering Memorandum.

(l) Absence of Off-Balance Sheet Transactions. Other than as disclosed in the financial statements referred to in Section 1(a)(iii) and in the Disclosure Package and the Final Offering Memorandum, there are no off-balance sheet transactions, arrangements, obligations (including contingent obligations) or other relationships of the Company or any of its Subsidiaries with unconsolidated entities or other persons that may have a material current or future effect on the financial condition, change in financial condition, results of operations, liquidity, capital

expenditures, capital resources, or significant components of revenues or expenses of the Company and any of its Subsidiaries, taken as a whole.

(li) Absence of Contingent Liabilities. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, none of the Company or any of its Subsidiaries has any contingent liabilities, in excess of the liabilities that are either reflected or reserved against in the financial statements referred to in Section 1(a)(iii), which would result in a Material Adverse Effect.

(lii) Immunity. None of the Company, the Company's Subsidiaries or any of the Company's or its Subsidiaries' properties, assets or revenues are entitled to any right of immunity in any jurisdiction on the grounds of sovereignty from any legal action, suit or proceedings, from set-off or counterclaim, from the jurisdiction of any court, from services of process, from attachment prior to or in aid of execution of judgment, or from other legal process or proceedings for the giving of any relief or for the enforcement of any judgment. The irrevocable and unconditional waiver and agreement of the Company in Section 17 of this Agreement by which the Company agrees not to plead or claim any such immunity in any legal action, suit or proceeding based on this Agreement is not in violation of the laws of the PRC.

(liii) Tax Returns. Other than as disclosed in the Disclosure Package and the Final Offering Memorandum, the Company and each of its Subsidiaries has, on a timely basis, filed all necessary tax returns and notices and has paid or made provision for all applicable taxes of whatever nature for all tax years to the date hereof to the extent such taxes have become due or have been alleged to be due except for such amounts that are being contested in good faith by the Company or its Subsidiaries or for such failures to pay or provide as would not, singly or in the aggregate, have a Material Adverse Effect; other than as disclosed in the Disclosure Package and the Final Offering Memorandum, the Company is not aware of any material tax deficiencies or material interest or penalties accrued or accruing or alleged to be accrued or accruing, thereon with respect to itself or any of its Subsidiaries which have not otherwise been provided for by the Company.

(liv) No Tax or Duty. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, no tax or duty (including any stamp or other issuance or transfer tax or duty and any tax or duty on capital gains or income (excluding any tax on capital gains or income imposed by the United States, any State thereof, or the District of Columbia) , whether chargeable on a withholding basis or otherwise) is payable by or on behalf of any Initial Purchaser under the laws of Canada, Hong Kong, the PRC, the British Virgin Islands or the United States, or of any political subdivision, department or agency thereof, in connection with (A) the issuance of the Securities, (B) the sale and delivery by the Company of the Securities to such Initial Purchaser in the manner contemplated herein, (C) the resale and delivery of the Securities by such Initial Purchaser in the manner contemplated in the Disclosure Package and the Final Offering Memorandum or (D) the consummation of any other transaction contemplated in this Agreement or the Indenture; provided that (i) such Initial Purchaser is a non-resident of Canada who does not use or hold, and is not deemed to use or hold, the Securities or the Purchase Agreement in connection with the carrying on of a business in Canada in any taxation year; (ii) in the case that an Initial Purchaser carries on an insurance business in Canada and elsewhere, this Agreement and the Securities are not "designated insurance property" in respect of such Initial Purchaser; and (iii) such Initial Purchase does not carry on a trade or business in Hong Kong and does not purchase or hold the Securities as part of such trade or business carried on in Hong Kong.

(lv) No Withholding Tax. All interest, principal, premium, if any, and other payments due under or made on the Securities may under the current laws and regulations of Canada, Hong Kong, the British Virgin Islands and the PRC be paid to the holders of the Securities, and all interest, principal, premium or other payment due under or made on the Securities will not be subject to withholding or other similar taxes under the laws and regulations of Canada, Hong Kong, the British Virgin Islands or the PRC and are otherwise free and clear of any other tax, withholding or deduction in Canada, Hong Kong, the British Virgin Islands and the PRC without necessity of obtaining any consents, approvals, authorizations, orders, registrations, clearances or qualifications of or with any governmental agency or body having jurisdiction over the Company or any of its Subsidiaries or any of their respective properties in the Canada, Hong Kong, the British Virgin Islands or the PRC.

(lvi) Validity under the Laws of Canada. It is not necessary under the laws of Canada or any political subdivision thereof or authority or agency therein in order to enable a Subsequent Purchaser of Notes or an owner of any interest therein to enforce its rights under the Notes or to enable the Initial Purchasers to enforce its rights under any of this Agreement, the Indenture or the Notes that it should, as a result solely of its holding of Notes be licensed, qualified, or otherwise entitled to carry on business in Canada or any political subdivision thereof or authority or agency therein; each of this Agreement, the Indenture and the Notes is in proper legal form under the laws of Canada and any political subdivision thereof or authority or agency therein for the enforcement thereof against the Company therein; and it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of any of this Agreement, the Indenture or the Notes in Canada or any political subdivision thereof or agency therein that any of them be filed or recorded with any court, authority or agency in any court, authority or agency of Canada or any political subdivision thereof.

(lvii) Effect of Choice of Law Provision. Under the laws of the Province of Ontario, the courts of such province will recognize and give effect to the choice of law provisions set forth in Section 17 hereof and enforce judgments of any New York Court (as defined in Section 17 obtained against the Company or any Subsidiary Guarantor to enforce this Agreement, provided that (a) the parties' choice of New York Law is bona fide and legal and there is no reason for avoiding the choice of law on the grounds of public policy under the laws of the Province of Ontario; and (b) in any such proceeding, and notwithstanding the parties' choice of law, the Ontario Court: (i) will not take judicial notice of the provisions of New York Law but will only apply such provisions if they are pleaded and proven to its satisfaction by expert testimony; (ii) will apply the laws of the Province of Ontario and the federal laws of Canada applicable therein (collectively, "Ontario Law") that under Ontario Law would be characterized as procedural and will not apply any New York Law that under Ontario Law would be characterized as procedural; (iii) will apply provisions of Ontario Law that have overriding effect; (iv) will not apply any New York Law if such application would be characterized under Ontario Law as a direct or indirect enforcement of a foreign revenue, expropriatory, penal or other public law or if its application would be contrary to public policy under Ontario Law; and (v) will not enforce the performance of any obligation that is illegal under the laws of any jurisdiction in which the obligation is to be performed hereof); under the laws of the PRC, the choice of law provisions set forth in Section 16 hereof will be recognized by the courts of the PRC and any judgment obtained in any New York Court (as defined in Section 17 hereof) arising out of or in relation to the obligations of the Company under this Agreement will be recognized in PRC courts subject to the applicable provisions of the Civil Procedure Law of the PRC relating to the enforceability of foreign judgments.

(lviii) Effect of Submission to Jurisdiction Provision. Each of the Company and the Subsidiary Guarantors has the power to submit, and pursuant to Section 17 of this Agreement and the terms of the Indenture, has legally, validly, effectively and irrevocably submitted, to the jurisdiction of any New York State or United States federal court sitting in the Borough of Manhattan, The City of New York, and has the power to designate, appoint and empower, and pursuant to Section 17 of this Agreement and the terms of the Indenture, has legally, validly and effectively designated, appointed and empowered an agent for service of process in any suit or proceeding based on or arising under this Agreement, the Indenture or the Securities, as the case may be, in any New York Court (as defined in Section 17 hereof).

(b) *Representations and Warranties by the Company and the Subsidiary Guarantors.* Each Subsidiary Guarantor and the Company jointly and severally represents and warrants to each Initial Purchaser as of the date hereof and as of Closing Time referred to in Section 2(c) hereof, and as of each Date of Delivery (if any) referred to in Section 2(b) hereof, and agrees with each Initial Purchaser, with respect to such Subsidiary Guarantor and its Subsidiary Guarantee, as follows:

(i) Incorporation and Good Standing of Subsidiary Guarantor. The Subsidiary Guarantor has been duly incorporated, amalgamated, formed or continued, as the case may be, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, amalgamation, formation or continuance, and has the corporate power and authority to own its property and to conduct its business as described in the Disclosure Package and the Final Offering Memorandum. The Subsidiary Guarantor is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not cause a Material Adverse Effect.

(ii) Corporate Authority. The Subsidiary Guarantor has corporate right, power and authority to execute and deliver this Agreement, the Subsidiary Guarantee and the Indenture and to perform its obligations hereunder and thereunder; and all action required to be taken by the Subsidiary Guarantor for the due and proper authorization, execution and delivery of each of this Agreement, the Subsidiary Guarantee and the Indenture and the consummation of the transactions contemplated hereby and thereby has been duly and validly taken.

(iii) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Subsidiary Guarantor.

(iv) Absence of Violations, Defaults and Conflicts. The Subsidiary Guarantor is not, or with the giving of notice or lapse of the time or both would not be, (A) in violation of any provision of law, statute, rule or regulation or its charter, articles of incorporation, by-laws, business license, business permit or other constitutional documents or any judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Subsidiary Guarantor or any of its Subsidiaries or any of their assets, properties or operations or (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Subsidiary Guarantor or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Subsidiary Guarantor or any of its Subsidiaries is subject (collectively, "Subsidiary Guarantor Agreements and Instruments") except, in each case, for such violations or defaults that would not result in a Material Adverse Effect; and the execution and delivery of each of this Agreement and the Indenture by the Subsidiary Guarantor, the giving of the Subsidiary Guarantee, the performance by the Subsidiary Guarantor of its obligations under

this Agreement, the Indenture, the Subsidiary Guarantee and any other agreement or instrument entered into or issued or to be entered into or issued by the Subsidiary Guarantor in connection with the transactions contemplated hereby or thereby or in the Disclosure Package and the Final Offering Memorandum, the consummation of the transactions contemplated herein and in the Disclosure Package and the Final Offering Memorandum and compliance by the Subsidiary Guarantor with its obligations hereunder or thereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined under Section 1(xiv)) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Subsidiary Guarantor or any of its Subsidiaries pursuant to, the Subsidiary Guarantor Agreements and Instruments, nor will such action result in any violation of the provisions of the charter, articles of incorporation, by-laws, business license, business permit or other constitutional documents of the Subsidiary Guarantor or any of its Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Subsidiary Guarantor or any of its Subsidiaries or any of their assets, properties or operations.

(v) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Subsidiary Guarantor of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by the Transaction Documents or for the due execution, delivery or performance of this Agreement, the Subsidiary Guarantee or the Indenture by the Subsidiary Guarantor, except such as have been already obtained.

(vi) Authorization of the Subsidiary Guarantee. The Subsidiary Guarantee has been duly authorized by the Subsidiary Guarantor, and when executed and delivered by the Subsidiary Guarantor, will constitute a valid and binding agreement of the Subsidiary Guarantor enforceable against the Subsidiary Guarantor in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(vii) Authorization of the Indenture. The Indenture has been duly authorized by the Subsidiary Guarantor and, when executed and delivered by the Subsidiary Guarantor and other parties thereto, will constitute a valid and binding agreement of the Subsidiary Guarantor, enforceable against the Subsidiary Guarantor in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(viii) Investment Company Act. The Subsidiary Guarantor is not, and after giving effect to the Offering and Sale of the Securities and the application of the proceeds thereof as described in the Disclosure Package and the Final Offering Memorandum will not be, required to register as an "investment company" under 1940 Act.

(ix) Similar Offerings. Neither the Subsidiary Guarantor nor any of its Affiliates has, directly or indirectly, solicited any offer to buy, sold or offered to sell or otherwise negotiated in

respect of, or will solicit any offer to buy, sell or offer to sell or otherwise negotiate in respect of, in United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Securities in a manner that would require the offered Securities to be registered under the 1933 Act.

(x) No General Solicitation. None of the Subsidiary Guarantor, its Affiliates or any person acting on its or any of their behalf (other than the Initial Purchasers, as to whom the Subsidiary Guarantor and the Company make no representation) has engaged or will engage, in connection with the offering of the offered Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the 1933 Act.

(xi) No Directed Selling Efforts. With respect to those offered Securities sold in reliance on Regulation S, (A) none of the Subsidiary Guarantor, its Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Subsidiary Guarantor and the Company make no representation) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (B) each of the Subsidiary Guarantor and its Affiliates and any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Subsidiary Guarantor and the Company make no representation) has complied and will comply with any applicable offering restrictions requirement of Regulation S.

(xii) Absence of Manipulation. Neither the Subsidiary Guarantor nor any of its Affiliates has taken, nor will the Subsidiary Guarantor or any of its Affiliates take, directly or indirectly, any action which is designed to or which has constituted or which would be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(xiii) Foreign Issuer. The Subsidiary Guarantor is a "foreign issuer" within the meaning of Rule 902 under the 1993 Act and reasonably believes there is no "substantial U.S. market interest" in the Subsidiary Guarantor's "debt securities" as such terms are defined in Rule 902 under the 1993 Act.

(c) *Officer's Certificates.* Any certificate signed by any officer of (i) the Company or any of it Subsidiaries, or (ii) any Subsidiary Guarantor delivered to the Representative or counsel for the Initial Purchasers shall be deemed a representation and warranty by the Company and/or such Subsidiary Guarantor, as the case may be, to each Initial Purchaser as to the matters covered thereby.

SECTION 2. Sale and Delivery to the Initial Purchasers; Closing.

(a) *Initial Securities.* On the basis of the representations, warranties and agreements herein contained and subject to the terms and conditions herein set forth, the Company and the Subsidiary Guarantors agree to sell to each Initial Purchaser, severally and not jointly, and each Initial Purchaser, severally and not jointly, agrees to purchase from the Company and the Subsidiary Guarantors, at the price set forth in Schedule A, the aggregate principal amount of Initial Securities set forth in Schedule B opposite the name of such Initial Purchaser, plus any additional principal amount of Securities which such Initial Purchaser may become obligated to purchase pursuant to the provisions of Section 11 hereof.

(b) *Option Securities.* In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company and the Subsidiary Guarantors hereby grant an option to the Initial Purchasers to purchase, severally and not jointly, up to an additional U.S.$45,000,000 principal amount of Securities at the same price set forth in Schedule B for the Initial Securities, plus accrued interest, if any, from the Closing Time to the Date of Delivery (as

defined below). The option hereby granted will expire 30 days after the date hereof and may be exercised in whole or in part from time to time only for the purpose of covering over-allotments which may be made in connection with the offering and distribution of the Initial Securities upon notice by Merrill Lynch to the Company setting forth the principal amount of Option Securities as to which the several Initial Purchasers, are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by Merrill Lynch, but shall not be later than seven full Business Days (as defined below) after the exercise of said option, nor in any event prior to the Closing Time, as hereinafter defined. If the option is exercised as to all or any portion of the Option Securities, each of the Initial Purchasers, acting severally and not jointly, will purchase that portion of the total principal amount of Option Securities then being purchased which the principal amount of Initial Securities set forth in Schedule A opposite the name of such Initial Purchaser bears to the total principal amount of Initial Securities, subject in each case to such adjustments as Merrill Lynch in its discretion shall make to eliminate any sales or purchasers of fractional Securities. For purposes of this Section 2, "Business Day" means any day except a Saturday, a Sunday or a day on which commercial banks in The City New York or Hong Kong are authorized by law to close or otherwise not open for business.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the Hong Kong office of Davis Polk & Wardwell or at such other place as shall be agreed upon by the Representative and the Company, at 9:00 A.M. (New York time) on the fourth Business Day after the date hereof (unless postponed in accordance with the provisions of Section 11), or such other time not later than ten Business Days after such date as shall be agreed upon in writing by the Representative and the Company (such time and date of payment and delivery being herein called "Closing Time").

In addition, in the event that any or all of the Option Securities are purchased by the Initial Purchasers, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representative and the Company, on each Date of Delivery as specified in the notice from the Representative to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to the Representative for the respective accounts of the Initial Purchasers of certificates for the Securities to be purchased by them. It is understood that each Initial Purchaser has authorized the Representative, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Securities which it has agreed to purchase. Merrill Lynch, individually and not as representative of the Initial Purchasers, may (but shall not be obligated to) make payment of the purchase price for the Securities to be purchased by any Initial Purchaser whose funds have not been received by Closing Time, but such payment shall not relieve such Initial Purchaser from its obligations hereunder.

(d) *Denominations; Registration.* Certificates for the Initial Notes and the Option Notes, if any, shall be in global form and registered in the name of Cede & Co., as nominee of DTC and shall be in such denominations (U.S.$1,000 or integral multiples of U.S.$1,000 in excess thereof) as the Representative may request in writing at least one full business day before the Closing Time or the relevant Date of Delivery, as the case may be. The global certificates representing the Notes shall be made available for examination and packaging by the Initial Purchasers in The City of New York not later than 10:00 A.M. on the last business day prior to Closing Time or the relevant Date of Delivery, as the case may be. Delivery of (i) one or more global certificates evidencing Notes sold in offshore transactions in reliance on Regulation S of the 1933 Act to the Trustee, as custodian for DTC, on behalf of Clearstream Banking S.A. Luxembourg ("Clearstream"), and Euroclear Bank S.A./N.V., as operator of

the Euroclear System ("Euroclear"), and (ii) one or more global certificates representing Notes sold in reliance on Rule 144A under the 1933 Act to the Trustee, as custodian for DTC, shall be made at the Closing Time or the relevant Date of Delivery, as the case may be, for the respective accounts of the Initial Purchasers.

SECTION 3. Covenants of the Company and the Subsidiary Guarantors. The Company and each of the Subsidiary Guarantors covenants with the Initial Purchasers as follows:

(a) *Offering Memorandum.* The Company and the Subsidiary Guarantors, as promptly as possible, will furnish to each Initial Purchaser, without charge, such number of copies of the Offering Memorandum and any amendments and supplements thereto and documents incorporated by reference therein as such Initial Purchaser may reasonably request.

(b) *Notice and Effect of Material Events.* The Company and the Subsidiary Guarantors will immediately notify each Initial Purchaser, and confirm such notice in writing, of (x) any filing made by the Company and the Subsidiary Guarantors of information relating to the offering of the Securities with any securities exchange or any other regulatory body in the United States or any other jurisdiction, and (y) prior to the completion of the placement of the offered Securities by the Initial Purchasers, any material changes in or affecting the condition, financial or otherwise, or the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise which (i) make any statement in the Disclosure Package, any Offering Memorandum or any Supplemental Offering Material false or misleading or (ii) are not disclosed in the Disclosure Package or the Offering Memorandum. In such event or if during such time any event shall occur as a result of which it is necessary, in the reasonable opinion of any of the Company, its counsel, the Initial Purchasers or counsel for the Initial Purchasers, to amend or supplement the Offering Memorandum in order that the Offering Memorandum not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances then existing, the Company will forthwith amend or supplement the Offering Memorandum by preparing and furnishing to each Initial Purchaser an amendment or amendments of, or a supplement or supplements to, the Offering Memorandum (in form and substance satisfactory in the reasonable opinion of counsel for the Initial Purchasers) so that, as so amended or supplemented, the Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time it is delivered to a Subsequent Purchaser, not misleading.

(c) *Amendment and Supplements to the Offering Memorandum; Preparation of Pricing Supplement; Supplemental Offering Materials.* The Company and the Subsidiary Guarantors will advise each Initial Purchaser promptly of any proposal to amend or supplement the Offering Memorandum and will not effect such amendment or supplement without the consent of the Initial Purchasers. Neither the consent of the Initial Purchasers, nor the Initial Purchasers' delivery of any such amendment or supplement, shall constitute a waiver of any of the conditions set forth in Section 5 hereof. The Company will prepare the Pricing Supplement, in form and substance satisfactory to the Representative, and shall furnish as soon as practicable but not later than the Applicable Time to each Initial Purchaser, without charge, as many copies of the Pricing Supplement as such Initial Purchaser may reasonably request. The Company and each of the Subsidiary Guarantors represents and agrees that, unless it obtains the prior consent of the Representative, it has not made and will not make any offer relating to the Securities by means of any Supplemental Offering Materials.

(d) *Qualification of Securities for Offer and Sale.* The Company and the Subsidiary Guarantors will use their best efforts, in cooperation with the Initial Purchasers, to enable that the Notes (and the Common Shares issuable upon conversion of the Notes) may be offered and sold on an exempt

basis under the applicable securities laws of such states and other jurisdictions as the Initial Purchasers may designate and to maintain such status in effect as long as required for the sale of the Notes; provided, however, that the Company and the Subsidiary Guarantors shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities business in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(e) *Use of Proceeds.* The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Offering Memorandum under "Use of Proceeds."

(f) *Stamp and Transfer Tax Indemnity.* The Company and the Subsidiary Guarantors will indemnify and hold each Initial Purchaser harmless against (a) any documentary, stamp or similar transfer or issue tax, duties or fees and any transaction levies, commissions or brokerage charges, including any interest and penalties, on the issue, sale and delivery to the Initial Purchasers of the Securities in accordance with the terms of this Agreement, the sale and delivery by the Initial Purchasers of the Securities to Subsequent Purchasers, and the execution and delivery of this Agreement and the Indenture and (b) any value-added tax payable in connection with the commissions and other amounts payable or allowable by the Company, in each case, that are or may be required to be paid under the laws of Canada, Hong Kong, the PRC, the British Virgin Islands, the United States or any other jurisdiction, or any political subdivision or taxing authority thereof or therein; provided that (i) the relevant Initial Purchaser is a non-resident of Canada who does not use or hold, and is not deemed to sue or hold, the Securities or the Purchase Agreement in connection with the carrying on of a business in Canada in any taxation year; (ii) in the case that an Initial Purchaser carries on an insurance business in Canada and elsewhere, this Agreement and the Securities are not "designated insurance property" in respect of such Initial Purchaser; and (iii) such Initial Purchaser does not carry on a trade or business in Hong Kong and does not purchase or hold the Securities as part of such trade or business carried on in Hong Kong. The Company and the Subsidiary Guarantors agree that each Initial Purchaser may elect to deduct from the payments to be made by it to the Company under this Agreement, any amounts required to be paid by the Company and the Subsidiary Guarantors under this clause.

(g) *Restriction on Sale of Securities.* During a period of 90 days from the date of the Final Offering Memorandum (the "Lock-up Period"), the Company shall not, and shall cause any of its Subsidiaries not to, without the prior written consent of Merrill Lynch, directly or indirectly, (i) issue (in the case of the Company), sell, offer or agree to sell, grant any option for the sale of, or otherwise transfer or dispose of, any other debt securities of the Company, or securities of the Company that are convertible into, or exchangeable for, the Notes or such other debt securities, (ii) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise transfer or dispose of any Common Shares or securities convertible into or exchangeable or exercisable for or repayable with Common Shares or (iii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, the economic consequences of ownership of the Common Shares, or any securities convertible into or exchangeable or exercisable for or repayable with Common Shares, whether any such swap or transaction described in clause (ii) or (iii) above is to be settled by delivery of Common Shares or such other securities, in cash or otherwise; provided, however, that the Company may offer, issue and sell Common Shares or securities convertible into or exchangeable or exercisable for Common Shares, or debt securities (A) pursuant to this Agreement as set forth in the Disclosure Package and the Final Offering Memorandum, (B) pursuant to any employee, officer or director stock or benefit plan, or (C) upon the conversion or exercise of the Notes or securities outstanding on the date hereof.

(h) *PORTAL Designation* The Company will use its best efforts to permit the Notes to be designated PORTAL securities in accordance with the rules and regulations adopted by the Financial Industry Regulatory Authority, Inc. ("FINRA") relating to trading in the PORTAL Market.

(i) *Listing on Securities Exchange.* The Company will use its best efforts to cause all Common Shares issuable upon conversion of the Notes to be listed for trading on the TSX.

(j) *Reservation of Shares of Common Shares.* The Company shall reserve and keep available at all times, free of preemptive rights, Common Shares for the purpose of enabling the Company to satisfy any obligations to issue Common Shares upon conversion of the Notes.

(k) *Clearance and Settlement Systems.* The Company will use its best efforts to permit the Securities to be eligible for clearance and settlement through the facilities of DTC, Euroclear Bank or Clearstream.

(l) *Public Announcement.* Prior to the Closing Time, or a Date of Delivery, if any, the Company will not issue any press release or other communication directly or indirectly and hold no press conferences with respect to the Company or any of its Subsidiaries, the financial condition, results of operations, business properties, assets or liabilities of the Company or any of its Subsidiaries of the offering of the Securities, without the prior consultation of the Representative.

SECTION 4. Payment of Expenses.

(a) *Expenses.* The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing, delivery to the Initial Purchasers and any filing of any preliminary offering memorandum, the Disclosure Package and the Final Offering Memorandum (including financial statements and any schedules or exhibits and any document incorporated therein by reference) and of each amendment or supplement thereto or of any Supplemental Offering Material, (ii) the preparation, printing and delivery to the Initial Purchasers of this Agreement, any Agreement among Initial Purchasers, the Indenture and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the preparation, issuance and delivery of the certificates for the Securities to the Initial Purchasers and the certificates for the Common Shares issuable upon conversion thereof, including any transfer taxes, any stamp or other duties payable upon the sale, issuance and delivery of the Securities to the Initial Purchasers, the issuance and delivery of the Common Shares issuable upon conversion thereof and any charges of DTC or other applicable clearing system in connection therewith, (iv) the fees and disbursements of the Company's and any Subsidiary Guarantor's counsel, accountants and other advisors, (v) only in the event that the offering of the Securities as contemplated by this Agreement is terminated or otherwise not consummated, the out-of-pocket expenses incurred by the Initial Purchasers in connection with this offering, which shall include travel costs, document production and other customary expenses for this type of transaction, including the fees and disbursements of the Initial Purchasers' legal counsel, (vi) the qualification of the Notes and the Common Shares issuable upon conversion thereof under securities laws in accordance with the provisions of Section 3(d) hereof, including filing fees and the reasonable fees and disbursements of counsel for the Initial Purchasers in connection therewith and in connection with the preparation of the Blue Sky Survey, any supplement thereto, (vii) the fees and expenses of the Trustee and any paying agent, transfer agent, registrar or depositary and any security agent, including the fees and disbursements of counsel for the Trustee, in connection with the issuance of the Securities and other transactions contemplated under the Indenture and the Securities, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Securities including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel and

lodging expenses of the representatives and officers of the Company and any such consultants, and the cost of aircraft and other transportation chartered in connection with the road show, (ix) any fees and expenses payable in connection with the initial and continued designation of the Securities as PORTAL securities under the PORTAL Market Rules pursuant to FINRA Rule 5322, (x) all the fees, expenses and other costs incurred in connection with the application for the listing and quotation on the TSX of the Common Shares issuable upon conversion of the Securities, (xi) the fees and expenses incurred in connection with the appointment of any agent for service of process under this Agreement, the Indenture and other agreements contemplated herein or therein, (xii) all costs and expenses related to the preparation, filing and distribution of any announcements related to the offering of the Securities, (xiii) any fees payable in connection with the rating of the Securities, and (xiv) all other costs and expenses incident to the performance of the obligations of the Company and the Subsidiary Guarantors.

(b) *Reimbursement.* Without prejudice to subsection (c) below, the Company undertakes, forthwith after a request by an Initial Purchaser, to reimburse such Initial Purchaser the amount of any costs, charges, commissions, fees and expenses (including amounts in respect of VAT (or other similar tax) properly chargeable thereon) payable by the Company under the other subsections of this Section 4 which such Initial Purchaser may have properly paid or reasonably incurred.

(c) *Deduction from Proceeds.* Each Initial Purchaser may elect to deduct an amount equal to (A) the commissions payable by the Company; and (B) any such costs, charges, fees, and expenses (including amounts in respect of VAT (or other similar tax) chargeable thereon), which the Company has agreed to pay, indemnify or hold such Initial Purchaser harmless against, or which failed to be reimbursed by the Company, under or pursuant to this Agreement, from any payments to be made by such Initial Purchaser to the Company under Section 2 hereof.

(d) *Reimbursement Obligation Survives.* Reimbursement by the Company under subsections (a) and (b) above shall be made subject to the terms of these subsections, in any event irrespective of whether or not the offering of the offered Securities is completed.

(e) *Payments Free of Taxes.* All sums payable to the Initial Purchasers by the Company or the Subsidiary Guarantors under this Agreement shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed by Canada, the British Virgin Islands, the United States, the PRC and Hong Kong, or by any department, agency or other political subdivision or taxing authority thereof, and all interest, penalties or similar liabilities with respect thereto. If any such taxes are required by law to be deducted or withheld in connection with such payments, the Company or the Subsidiary Guarantors, as the case may be, will increase the amount to be paid so that the full amount due is received.

(f) *Termination of Agreement.* If this Agreement is terminated by the Representative in accordance with the provisions of Section 5 or Section 10(a)(i) hereof, the Company and the Subsidiary Guarantors shall reimburse the Initial Purchasers for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Initial Purchasers. The Company and the Subsidiary Guarantors shall not be responsible for reimbursing any defaulting Initial Purchaser as described in Section 11 hereof.

SECTION 5. Conditions of Initial Purchasers' Obligations. The obligations of the Initial Purchasers hereunder are subject to the accuracy of the representations and warranties of the Company and the Subsidiary Guarantors contained in Section 1 hereof as of the date hereof and as of the Closing Time, except for such representations and warranties that speak to a specific time, in which case the representation and warranty shall be accurate as of such specified time, or in certificates of any officer of

the Company or any of its Subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company and each of the Subsidiary Guarantors of its covenants and other obligations hereunder, and to the following further conditions:

(a) *Opinions of Counsel for Company and Subsidiary Guarantors.* At Closing Time, the Representative shall have received (A) the favorable opinions, dated as of Closing Time, of (1) Aird & Berlis LLP, counsel for the Company as to Canadian law, to the effect set forth in Exhibit A-1 hereto, (2) Linklaters, counsel for the Company and certain Subsidiary Guarantors as to United States, Hong Kong and English law, to the effect set forth in Exhibit A-2 hereto, and (3) Appleby, counsel for the Company and certain Subsidiary Guarantors as to the laws of the British Virgin Islands, to the effect set forth in Exhibit A-3 hereof, in each case, in form and substance satisfactory to the Representative; and (B) a signed copy of the opinion, dated as of Closing Time, of Jingtian & Gongcheng, counsel for the Company as to PRC law, in form and substance satisfactory to the Representative and to the effect set forth in Exhibit A-4 hereto, and such opinion shall be addressed to the Company for its sole reliance and expressly consent to the Company's delivering a copy of such opinion to the Representative and the Initial Purchasers' U.S. counsel at Closing Time. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon the accuracy and truthfulness of the representations of the Company or the Subsidiary Guarantors in Section 1 hereof or certificates of officers of the Company and its Subsidiaries and certificates of public officials.

(b) *Opinion of Counsel for Initial Purchasers.* At Closing Time, the Representative shall have received the favorable opinions, dated as of Closing Time, of (1) Stikeman Elliot LLP, counsel for the Initial Purchasers as to Canadian law, with respect to the matters set forth in Exhibit A-5 hereto, (2) Davis Polk & Wardwell, counsel for the Initial Purchasers as to United States law, to the effect set forth in Exhibit A-6 hereto and (3) Commerce & Finance Law Offices, counsel for the Initial Purchasers as to PRC law, to the effect set forth in Exhibit A-7 hereto. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its Subsidiaries, upon the accuracy and truthfulness of the representations of the Company or the Subsidiary Guarantors in Section 1 hereof or officers' certificates delivered by or on behalf of the Company or the Subsidiary Guarantors and certificates of public officials.

(c) *Officers' Certificate.* At Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Disclosure Package and the Final Offering Memorandum (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representative shall have received (A) from the Company a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties made by the Company and each of the Subsidiary Guarantor in Section 1 hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, and (iii) the Company and each of the Subsidiary Guarantor has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time in all material respects; (B) from the Company a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company, dated as of Closing Time, to the effect set forth in Exhibit B, and (C) from each Subsidiary Guarantor a certificate signed by an executive officer of such Subsidiary Guarantor, dated as of Closing Time, to the effect that (i) the representations and warranties made by such Subsidiary Guarantor in Section 1 hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, and (ii) such Subsidiary Guarantor has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time in all material respects.

(d) *Accountants' Comfort Letter.* At the time of the execution of this Agreement, the Representative shall have received from each of (i) Ernst & Young LLP and (ii) BDO McCabe Lo Limited a letter dated such date, in form and substance satisfactory to the Representative, together with signed and reproduced copies of such letter for each of the other Initial Purchasers, containing statements and information of the type ordinarily included in accountants' "comfort letters" to the Initial Purchasers with respect to the financial statements and certain financial information contained in the Offering Memorandum.

(e) *Bring-down Comfort Letter.* At Closing Time, the Representative shall have received from Ernst & Young LLP a letter, dated as of Closing Time, to the effect that Ernst & Young LLP reaffirms the statements made in the letter furnished pursuant to subsection (d) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(f) *PORTAL.* At the Closing Time, the Notes shall have been designated for trading on PORTAL.

(g) *Conditional Approval of Listing on TSX.* At Closing Time, the TSX shall have received notice of the purchase and sale of the Notes, and shall have conditionally approved the Common Shares issuable upon conversion of the Securities for listing on the TSX, subject only to the customary post-closing deliveries to the TSX.

(h) *Maintenance of Rating.* At the Closing Time, the Securities shall be rated at least "Ba2" by Moody's Investors Service, and the Company shall have delivered to the Representative a letter dated the Closing Time, from each such rating agency, or other evidence satisfactory to the Representative, confirming that the Securities have such ratings. Since the date of this Agreement, there shall not have occurred a downgrading in the rating assigned to any of the Company's debt securities by any "nationally recognized statistical rating agency", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act, and no such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities.

(i) *Indenture.* At or prior to the Closing Time, each of the Company, the Subsidiary Guarantors and the Trustee shall have executed and delivered the Indenture.

(j) *DTC.* The Securities shall have been declared eligible for clearance and settlement through DTC.

(k) *Appointment of Service of Process Agent.* Law Debenture Corporate Services Inc. shall have accepted, on or prior to Closing Time, the appointment by the Company and the Subsidiary Guarantors as provided in Section 17 of this Agreement and pursuant to the terms of the Indenture.

(l) *Subsidiary Guarantor Shareholder Approval.* Each Subsidiary Guarantor shall have provided to the Representative, approvals from the shareholders of the Subsidiary Guarantor approving the issuance by such Subsidiary Guarantor of its Subsidiary Guarantee.

(m) *Transfer of Cash.* At or prior to the Closing Time, the Company shall have caused the transfer of cash and cash equivalents in a total amount of approximately US$100 million from Sino-Capital Global Inc. to Sino-Forest Resources Inc. so that the Non-consolidated Cash of Initial Non-Guarantor Subsidiaries at the Closing Time accounts for no more than 10% of the Consolidated Cash of the Company based on the most recently available non-consolidated financial statements of such Initial Non-Guarantor Subsidiaries and consolidated financial statements of the Company. Unless otherwise

defined in this Agreement, capitalized terms used in this clause shall have the same meanings as given to them in the Final Offering Memorandum under the caption "Description of the Notes—The Subsidiary Guarantees."

(n) *Conditions to Purchase of Option Securities.* In the event that the Initial Purchasers exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company and the Subsidiary Guarantors contained herein and the statements in any certificates furnished by the Company or any Subsidiary of the Company hereunder shall be true and correct as of each Date of Delivery, except for such representations and warranties that speak to a specific time, in which case the representation and warranty shall be accurate as of such specified time, and, at the relevant Date of Delivery, the Representative shall have received:

(i) Officers' Certificate. (A)(x) From the Company, a certificate, dated such Date of Delivery, of the Chief Executive Officer and the Chief Financial Officer of the Company and (y) from each Subsidiary Guarantor a certificate, dated such Date of Delivery, of an executive officer of such Subsidiary Guarantor, each confirming that their respective certificates delivered at Closing Time pursuant to Section 5(c)(A) or (C) hereof, as the case may be, remain true and correct as of such Date of Delivery; and (B) from the Company, a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company in form and substance satisfactory to the Representative dated the date of such Date of Delivery, substantially in the same form and substance as the certificate delivered to the Representative pursuant to Section 5(c)(B) hereof, except that the "specified date" in the letter furnished pursuant to this clause shall be a date not more than three business days prior to such Date of Delivery,

(ii) Opinion of Counsel for Company and Subsidiary Guarantors. The favorable opinions of (1) Aird & Berlis LLP, counsel for the Company as to Canadian law, (2) Linklaters, counsel for the Company and certain Subsidiary Guarantors as to United States, Hong Kong and English law and (3) Appleby, counsel for the Company and certain Subsidiary Guarantors as to the laws of the British Virgin Islands, in form and substance satisfactory to the Representative, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as their respective opinions required by Section 5(a) hereof; and (B) a copy of the opinion of Jingtian & Gongcheng, counsel for the Company as to PRC law, in form and substance satisfactory to the Representative, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as its opinion required by, and satisfying the requirement under, Section 5(a) hereof.

(iii) Opinion of Counsel for the Initial Purchasers. The favorable opinions of (1) Stikeman Elliot LLP, counsel for the Initial Purchasers as to Canadian law, with respect to the matters set forth in Exhibit A-5 hereto, (2) Davis Polk & Wardwell, counsel for the Initial Purchasers as to United States law, to the effect set forth in Exhibit A-6 hereto and (3) Commerce & Finance Law Offices, counsel for the Initial Purchasers as to PRC law, to the effect set forth in Exhibit A-7 hereto dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery.

(iv) Bring-down Comfort Letter. A letter from Ernst & Young LLP, in form and substance satisfactory to the Representative and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representative pursuant to Section 5(e) hereof, except that the "specified date" in the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(o) *Additional Documents.* At Closing Time and at each Date of Delivery, counsel for the Initial Purchasers shall have been furnished with such documents and opinions as they may require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company and each of the Subsidiary Guarantors in connection with the issuance and sale of the Securities as herein contemplated shall be satisfactory in form and substance to the Representative and counsel for the Initial Purchasers.

(p) *Termination of Agreement.* If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, this Agreement, or in the case of any condition to the purchase of Option Securities, on a Date of Delivery which is after the Closing Time, the obligation of the Initial Purchasers to purchase the relevant Option Securities, may be terminated by the Representative by notice to the Company and the Subsidiary Guarantors at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 7, 8, 9, 12, 16, 17, 18, 20, 21 and 22 shall survive any such termination and remain in full force and effect.

SECTION 6. Subsequent Offers and Resales of the Securities.

(a) *Offer and Sale Procedures.* Each of the Initial Purchasers, the Company and the Subsidiary Guarantors hereby establish and agree to observe the following procedures in connection with the offer and sale of the Securities:

(i) Offers and Sales. Offers and sales of the Securities shall be made only to such persons and in such manner as is contemplated by the Offering Memorandum. Each Initial Purchaser severally agrees that it will not offer, sell or deliver any of the Securities in any jurisdiction outside the United States except under circumstances that will result in compliance with the applicable laws thereof and that it will take at its own expense whatever action is required to permit its purchase and the resale of the Securities in such jurisdiction.

(ii) No General Solicitation. No general solicitation or general advertising (within the meaning of Rule 502(c) under the 1933 Act) will be used in the United States in connection with the offering or sale of the Securities.

(iii) Purchases by Non-Bank Fiduciaries. In the case of a non-bank Subsequent Purchaser of a Security acting as a fiduciary for one or more third parties, each third party shall, in the judgment of the applicable Initial Purchaser, be a qualified institutional buyer, as defined in Rule 144A under the 1933 Act ("QIB") or a person outside the United States.

(iv) Subsequent Purchaser Notification. Each Initial Purchaser will take reasonable steps to inform, and cause each of its U.S. Affiliates to take reasonable steps to inform, persons acquiring Securities from such Initial Purchaser or its Affiliate, as the case may be, in the United States that the Securities (A) have not been and will not be registered under the 1933 Act, (B) are being sold to them without registration under the 1933 Act in reliance on Rule 144A or in accordance with another exemption from registration under the 1933 Act, as the case may be, and (C) may not be offered, sold or otherwise transferred except (1) to the Company or one of its Subsidiaries, (2) outside the United States in accordance with Regulation S and in accordance with the laws of the applicable jurisdiction, or (3) inside the United States in accordance with (x) Rule 144A to a person whom the seller reasonably believes is a QIB that is purchasing such Securities for its own account or for the account of a QIB to whom notice is given that the offer,

sale or transfer is being made in reliance on Rule 144A or (y) pursuant to another available exemption from registration under the 1933 Act.

(v) Minimum Principal Amount. No sale of the Notes to any one Subsequent Purchaser will be for less than U.S.$1,000 principal amount and no Note will be issued in a smaller principal amount. If the Subsequent Purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$1,000 principal amount of the Notes.

(vi) Transfer Restriction. The transfer restrictions and the other provisions set forth in the Offering Memorandum under the caption "Transfer Restrictions," including the legend required thereby, shall apply to the Securities.

(b) *Covenants of the Company and the Subsidiary Guarantors.* The Company and each Subsidiary Guarantor jointly and severally covenants with each Initial Purchaser as follows:

(i) Integration. The Company and each Subsidiary Guarantor agrees that it will not and will cause its Affiliates not to, directly or indirectly, solicit any offer to buy, sell or make any offer or sale of, or otherwise negotiate in respect of, securities of the Company of any class if, as a result of the doctrine of "integration" referred to in Rule 502 under the 1933 Act, such offer or sale would render invalid (for the purpose of (i) the sale of the offered Securities by the Company to the Initial Purchasers, (ii) the resale of the offered Securities by the Initial Purchasers to Subsequent Purchasers or (iii) the resale of the offered Securities by such Subsequent Purchasers to others) the exemption from the registration requirements of the 1933 Act provided by Section 4(2) thereof or by Rule 144A or by Regulation S thereunder or otherwise.

(ii) Rule 144A Information. During any period in which the Company is not subject to Section 13 or 15(d) of the 1934 Act or exempt from reporting pursuant to Rule 12g3-2(b) under the 1934 Act, the Company will furnish, upon request, to each holder of the Notes or Common Shares to be issued upon conversion of the Notes, or any perspective purchaser designated by any such holder, information satisfying the requirements of Rule 144A(d)(4)(i) under the 1933 Act so long as any such Notes or Common Shares are "restricted securities" within the meaning of Rule 144A(d)(4)(i).

(iii) Restriction on Repurchases. Until the expiration of one year after the Closing Time or any Date of Delivery, if later, the Company will not, and will cause its Affiliates not to, resell any offered Securities which are "restricted securities" (as such term is defined under Rule 144(a)(3) under the 1933 Act), whether as beneficial owner or otherwise (except as agent acting as a securities broker on behalf of and for the account of customers in the ordinary course of business in unsolicited broker's transactions).

(c) *Qualified Institutional Buyer.* Each Initial Purchaser hereby represents and warrants to, and agrees with, the Company and the Subsidiary Guarantors, that it is a QIB and an "accredited investor" within the meaning of Section 501(a) under the 1933 Act.

(d) *Resale Pursuant to Rule 903 of Regulation S or Rule 144A.* Each Initial Purchaser understands that the offered Securities have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act. Each Initial Purchaser severally represents and agrees that it has not offered or sold, and will not offer or sell, any offered Securities constituting part of its allotment within the United States except in accordance with Rule 903 of

Regulation S under the 1933 Act, Rule 144A under the 1933 Act or another applicable exemption from the registration requirements of the 1933 Act. Accordingly, neither it nor its affiliates or any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the offered Securities. Terms used in this paragraph have the meanings given to them by Regulation S.

(e) *European Economic Area.* In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser severally represents and agrees that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), it has not made and will not make an offer of Securities which are the subject of the offering contemplated by the Offering Memorandum to the public in that Relevant Member State other than:

(i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(iii) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the manager for any such offer; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall require the Company or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

(f) *United Kingdom.* Each Initial Purchaser severally represents and agrees that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Company or any Subsidiary Guarantor and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

(g) *Hong Kong.* Each Initial Purchaser severally represents and agrees that it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"), by means of any document, any Securities other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the

"Securities Ordinance") and any rules made under the Securities Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of such ordinance; and (B) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities which is directed at, or the contents of which are likely to be accessed or read by the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities Ordinance and any rules made under that ordinance.

(h) *Singapore.* Each Initial Purchaser acknowledges that the Offering Memorandum or any other materials distributing by it has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS") under the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") and that the Securities will be offered in Singapore pursuant to exemptions under Section 274 and 275 of the SFA. Accordingly, each Initial Purchaser severally represents and agrees that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell the Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA; (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person who is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor under the SFA; or

(ii) a trust (where the trustee is not an accredited investor under the SFA) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor under the SFA,

the shares, debentures or units of shares and debentures of that corporation, or the beneficiaries' rights and interest in that trust, as the case may be, shall not be transferable for six months after that corporation or that trust has so acquired the Securities unless:

(1) the transfer is to an institutional investor under Section 274 of the SFA, or to a relevant person or to any person under Section 275(1) and Section 275(1A) of the SFA respectively, and in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

(i) *Japan.* The Securities have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law") and each Initial Purchaser severally

represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

(j) *Canada.* Each Initial Purchaser severally represents and agrees that it will not transfer, sell, or otherwise dispose of Notes, or Common Shares issuable on conversion of the Notes (or any legal or beneficial interest therein), in, or to a resident of, Canada, or through a Canadian stock exchange or over-the-counter trading market operating in Canada, until the date this is four months and one day following the Closing Time, unless such transfer, sale, or other disposition is made to a person that is an accredited investor within the meaning of National Instrument 45-106 of the Canadian Securities Administrators or unless the principal amount of Securities or Common Shares transferred, sold or otherwise disposed of is in a principal amount that is not less than C$150,000.

(k) *PRC.* Each Initial Purchaser severally represents and agrees that it has not made and will not make any offer or sale of the Securities within the PRC by means of the Offering Memorandum or any other document.

SECTION 7. Indemnification.

(a) *Indemnification of Initial Purchasers.* The Company and each Subsidiary Guarantor, jointly and severally, agrees to indemnify and hold harmless each Initial Purchaser, its affiliates, as such term is defined in Rule 501(b) under the 1933 Act (each, an "Affiliate"), its selling agents and each person, if any, who controls any Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any preliminary offering memorandum, the Disclosure Package, the Final Offering Memorandum (or any amendment or supplement thereto) or any Supplemental Offering Materials, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 7(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company and the Subsidiary Guarantors by any Initial Purchaser through Merrill Lynch expressly for use in any preliminary offering memorandum, the Disclosure Package, the Final Offering Memorandum (or any amendment or supplement thereto) or in any Supplemental Offering Materials, it being understood and agreed that the only such information consists of the following information: (i) the first paragraph on page iii in the Offering Memorandum; (ii) the name of the Initial Purchasers appearing in the first paragraph under the heading "Plan of Distribution" in the Offering Memorandum; and (iii) two paragraphs under the subheading "Plan of Distribution—Price Stabilization and Short Positions" in the Offering Memorandum.

(b) *Indemnification of Company.* Each Initial Purchaser severally agrees to indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in any preliminary offering memorandum, the Disclosure Package, the Final Offering Memorandum or any Supplemental Offering Materials in reliance upon and in conformity with written information furnished to the Company by any Initial Purchaser through Merrill Lynch expressly for use therein, it being understood and agreed that only such information consists of the information described as such in subsection (a) above.

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 7(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch and, in the case of parties indemnified pursuant to Section 7(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section or Section 8 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 7(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such

indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 8. Contribution. If the indemnification provided for in Section 7 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Subsidiary Guarantors on the one hand and of the Initial Purchasers on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the Subsidiary Guarantors and the total underwriting discount received by the Initial Purchasers, bear to the aggregate initial offering price of the Securities.

The relative fault of the Company and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company and the Subsidiary Guarantors or by the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Subsidiary Guarantors and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata (even if the Initial Purchasers were treated as one entity for such purpose) allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities purchased and sold by it hereunder exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section, each person, if any, who controls an Initial Purchaser within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Initial Purchaser's Affiliates and selling agents shall have the same rights to contribution as such Initial Purchaser, and each person, if any, who controls the Company and any of the Subsidiary Guarantors within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company and such Subsidiary Guarantor. The Initial Purchasers' respective obligations to contribute pursuant to this Section are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 9. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or its Subsidiaries or any Subsidiary Guarantor submitted pursuant hereto shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Initial Purchaser or its Affiliates or selling agents, any person controlling any Initial Purchaser, its officers or directors or any person controlling the Company or any Subsidiary Guarantor and (ii) delivery of and payment for the Securities.

SECTION 10. Termination of Agreement.

(a) *Termination; General.* The Representative may terminate this Agreement, by notice to the Company and the Subsidiary Guarantors, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the date as of which information is given in the Preliminary Offering Memorandum, the Disclosure Package or the Final Offering Memorandum (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), any material adverse change in the condition, financial or otherwise, or in the earnings or business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representative, impracticable or inadvisable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission, any Canadian provincial securities regulatory authority, the TSX, the Investment Industry Regulatory Organization of Canada, the Singapore Monetary Authority, the Singapore Exchange Securities Trading Limited or the NASDAQ System, or if trading generally on the TSX, the London Stock Exchange, the Singapore Exchange Securities Trading Limited, the Hong Kong Stock Exchange, the American Stock Exchange or the New York Stock Exchange or in the NASDAQ System has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the FINRA or any other governmental authority, or (iv) a material disruption has occurred in commercial banking or securities settlement or clearance services in Canada, the United States, Japan, the United Kingdom, Hong Kong, PRC, Singapore or with respect to Clearstream Bank, société anonyme and Euroclear Bank S.A./N.V., as operator of the Euroclear System, or (v) if a banking moratorium has been declared by any Canadian, United States Federal or New York State, Japan, United Kingdom, European Central Bank, Hong Kong, PRC or Singapore authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 7, 8, 9, 12, 16, 17, 18, 20, 21 and 22 shall survive such termination and remain in full force and effect.

SECTION 11. Default by One or More of the Initial Purchasers. If one or more of the Initial Purchasers shall fail at Closing Time to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representative shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Initial Purchasers, or any other initial purchasers, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representative shall not have completed such arrangements within such 24-hour period, then:

(a) if the number of Defaulted Securities does not exceed 10% of the aggregate principal amount of the Securities to be purchased hereunder, each of the non-defaulting Initial Purchasers shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Initial Purchasers, or

(b) if the number of Defaulted Securities exceeds 10% of the aggregate principal amount of the Securities to be purchased hereunder, this Agreement shall terminate without liability on the part of any non-defaulting Initial Purchaser.

No action taken pursuant to this Section shall relieve any defaulting Initial Purchaser from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement, either the Representative or the Company shall have the right to postpone Closing Time for a period not exceeding seven days in order to effect any required changes in the Offering Memorandum or in any other documents or arrangements. As used herein, the term "Initial Purchaser" includes any person substituted for an Initial Purchaser under this Section.

SECTION 12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Initial Purchasers shall be directed to Merrill Lynch, Pierce, Fenner & Smith Incorporated at 4 World Financial Center, New York, New York 10080, United States, Facsimile: (212) 449-3027, Attention: Global Origination Counsel, with a simultaneous copy to: Merrill Lynch (Asia Pacific) Limited at 15/F Citibank Tower, 3 Garden Road, Hong Kong, Facsimile: (852) 2161-7393; and notices to the Company or any Subsidiary Guarantor shall be directed to it at 3815-29, 38th Floor, Sun Hung Kai Center, 30 Harbour Road, Wanchai, Hong Kong, Facsimile: (852) 2877-0062, Attention: Emilia Sin, Legal Affairs Manager.

SECTION 13. No Advisory or Fiduciary Relationship. The Company and each Subsidiary Guarantor named herein acknowledges and agrees that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company and the Subsidiary Guarantors, on the one hand, and the several Initial Purchasers, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction each Initial Purchaser is and has been acting solely as a principal and is not the agent or fiduciary of the Company or any Subsidiary Guarantor, or its shareholders, creditors, employees or any other party, (c) no Initial Purchaser has assumed and will assume an advisory or fiduciary responsibility in favor of the Company or any Subsidiary Guarantor with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Initial Purchaser has advised or is currently advising the Company or any Subsidiary Guarantor on other matters) and no Initial Purchaser has any obligation to the Company or any Subsidiary Guarantor with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Initial Purchasers and their respective Affiliates may be

engaged in a broad range of transactions that involve interests that differ from those of each of the Company and the Subsidiary Guarantors, and (e) the Initial Purchasers have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company and the Subsidiary Guarantors have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

SECTION 14. Integration. This Agreement supersedes all prior agreements and understandings (whether written or oral) among the Company, the Subsidiary Guarantors and the Initial Purchasers, or any of them, with respect to the subject matter hereof.

SECTION 15. Parties. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers and the Company, the Subsidiary Guarantors and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Initial Purchasers, the Company, the Subsidiary Guarantors and their respective successors and the controlling persons and officers and directors referred to in Sections 7 and 8 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Initial Purchasers, the Company, the Subsidiary Guarantors and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Initial Purchaser shall be deemed to be a successor by reason merely of such purchase.

SECTION 16. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 17. Submission to Jurisdiction; Appointment of Agent for Service; Waiver of Immunity. (a) Each of the Company and the Subsidiary Guarantors irrevocably submits to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in the Borough of Manhattan, The City of New York (a "New York Court") over any suit, action or proceeding arising out of or relating to this Agreement, the Disclosure Package, the Final Offering Memorandum or the offering of the Securities. Each of the Company and the Subsidiary Guarantors irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum.

(b) Each of the Company and the Subsidiary Guarantors hereby irrevocably appoints Law Debenture Corporate Services Inc., with offices at 400 Madison Avenue, 4th Floor, New York, NY 10017, United States, as its agent for service of process in any suit, action or proceeding described in the preceding paragraph and agrees that service of process in any such suit, action or proceeding may be made upon it at the office of such agent. Each of the Company and the Subsidiary Guarantors waives, to the fullest extent permitted by law, any other requirements of or objections to personal jurisdiction with respect thereto. Each of the Company and the Subsidiary Guarantors represents and warrants that such agent has agreed to act as the Company's or such Subsidiary Guarantor's agent for service of process, as the case may be, and each of the Company and the Subsidiary Guarantors agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect.

(c) To the extent that the Company, the Company's Subsidiaries or any of the Company's or its Subsidiaries' respective properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal

action, suit or proceeding, from the giving of any relief in any such legal action, suit or proceeding, from set-off or counterclaim, from the competent jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution of judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any competent jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement and the transactions contemplated hereby, the Company and each of the Subsidiary Guarantors hereby irrevocably and unconditionally waives, and agrees not to plead or claim, and procures to so waive and not to please or claim, to the fullest extent permitted by law, any such immunity and consent to such relief and enforcement.

SECTION 18. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than United States dollars, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures an Initial Purchaser could purchase United States dollars with such other currency in The City of New York on the business day immediately preceding that on which final judgment is given. The obligation of the Company or any Subsidiary Guarantor with respect to any sum due from it to any Initial Purchaser or any person controlling such Initial Purchaser shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day following receipt by such Initial Purchaser or controlling person of any sum in such other currency, and only to the extent that such Initial Purchaser or controlling person may in accordance with normal banking procedures purchase United States dollars with such other currency. If the United States dollars so purchased are less than the sum originally due to such Initial Purchaser or controlling person hereunder, each of the Company and the Subsidiary Guarantors agrees, jointly and severally, as a separate obligation and notwithstanding any such judgment, to indemnify such Initial Purchaser or controlling person against such loss. If the United States dollars so purchased are greater than the sum originally due to any Initial Purchaser or controlling person hereunder, such Initial Purchaser or controlling person agrees to pay to the Company or the relevant Subsidiary Guarantor, as applicable, an amount equal to the excess of the dollars so purchased over the sum originally due to such Initial Purchaser or controlling person hereunder.

SECTION 19. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT, EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 21. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 22. Severability. In case any provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

[INTENTIONALLY LEFT BLANK BELOW]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Initial Purchasers, the Company and the Subsidiary Guarantors in accordance with its terms.

Sino-Forest Corporation

By: _____
Name:
Title:

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Initial Purchasers, the Company and the Subsidiary Guarantors in accordance with its terms.

Sino-Panel Holdings Limited

By: _____
Name:
Title:

Sino-Panel (Asia) Inc.

By: _____
Name:
Title:

Sino-Panel (Gaoyao) Ltd.

By: _____
Name:
Title:

SFR (China) Inc.

By: _____
Name:
Title:

Sino-Wood Partners, Limited

By: _____
Name:
Title:

Sino-Forest Resources Inc.

By: _____
Name:
Title:

Suri-Wood Inc.

By: _____
Name:
Title:

Sino-Plantation Limited

By: _____
Name:
Title:

Sino-Wood (Guangxi) Limited

By: _____
Name:
Title:

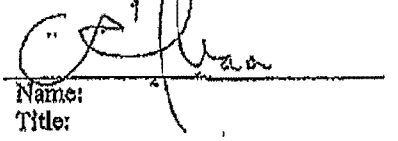
Sino-Wood (Jiangxi) Limited

By: _____
Name:
Title:

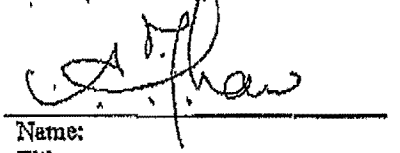
Sino-Global Holdings Inc.

By: _____
Name:
Title:

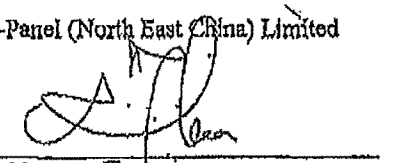
Sinowin Investments Limited

By: 
Name:
Title:

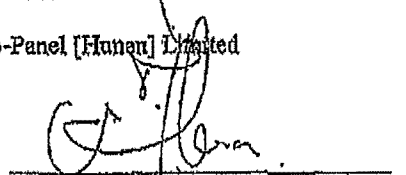
Sino-Wood (Guangdong) Limited

By: 
Name:
Title:

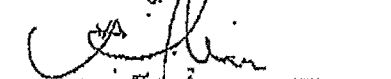
Sino-Panel (North East China) Limited

By: 
Name:
Title:

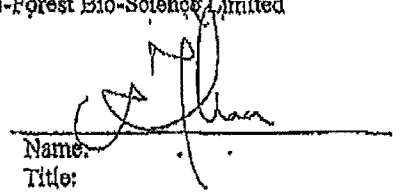
Sino-Panel [Hunan] Limited

By: 
Name:
Title:

Sino-Panel [Xiangxi] Limited

By: 
Name:
Title:

Sino-Forest Bio-Science Limited

By: 
Name:
Title:

Sino-Panel (Guangzhou) Limited

By: _____
Name:
Title:

Sino-Panel [Suzhou] Limited

By: _____
Name:
Title:

Sino-Panel (Yunnan) Limited

By: _____
Name:
Title:

Sino-Panel (Guangxi) Limited

By: _____
Name:
Title:

Sino-Panel (Guizhou) Limited

By: _____
Name:
Title:

Sino-Panel (Qinzhou) Limited

By: _____
Name:
Title:

Sino-Panel (Shaoyang) Limited

By: _____
Name:
Title:

Sino-Panel (Yongzhou) Limited

By: _____
Name:
Title:

Sino-Panel (Fujian) Limited

By: _____
Name:
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
For itself and as Representative of
the other Initial Purchaser named
in Schedule A hereto

By: _____
Name: Soofian Zuberi
Authorized Signatory