This is Exhibit "G" 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 Version

SINO-FOREST CORPORATION

(a Canada Business Corporations Act corporation)

6¼% Guaranteed Senior Notes due 2017

PURCHASE AGREEMENT

Dated: October 14, 2010

Sino-Forest Corporation

(a Canada Business Corporations Act corporation)

US$600,000,000
6¼% Guaranteed Senior Notes due 2017

PURCHASE AGREEMENT

October 14, 2010

Banc of America Securities LLC
One Bryant Park, New York, NY 10036
United States

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

As Representatives of the Initial Purchasers
named in Schedule A hereto

Ladies and Gentlemen:

Sino-Forest Corporation, a Canada Business Corporations Act corporation (the "**Company**"), confirms its agreement with Banc of America Securities LLC ("**BAML**") and Credit Suisse Securities (USA) LLC ("**Credit Suisse**") and the initial purchasers named in Schedule A hereto (together, the "**Initial Purchasers**", which term shall also include any initial purchaser substituted as hereinafter provided in Section 11 hereof), for whom BAML and Credit Suisse are acting as representatives (in such capacity, the "**Representatives**"), with respect to 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 6¼% Guaranteed Senior Notes due 2017 (the "**Notes**") set forth in Schedule A hereto. The Notes are to be issued pursuant to an indenture (the "**Indenture**") to be dated as of the Closing Date (as defined in Section 2(b)) among the Company, the subsidiary guarantors named in Schedule D-1 hereto (each a "**Subsidiary Guarantor**") and Law Debenture Trust Co. of New York, as trustee (the "**Trustee**").

Notes issued in book-entry form will be issued to Cede & Co. as nominee of The Depository Trust Company ("**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 Notes and the Subsidiary Guarantees attached thereto are herein collectively referred to as the "**Securities.**" The Securities will be secured by a valid and enforceable perfected first priority security interest over all the shares held by each Subsidiary Guarantor Pledgor (as hereinafter defined) (collectively, the "**Collateral**"). The Company and the pledgors listed in Schedule D-4 hereto (the "**Subsidiary Guarantor Pledgors**") and Law Debenture Trust Co. of New York as security trustee (the "**Security Trustee**") will enter into the share pledges listed in Schedule E (Part I) hereto (collectively, the "**Share Pledges**"), to be dated as of the Closing Date. The

Collateral will be shared *pari passu* in right and priority of payment with certain other creditors in respect of the obligations of the Company and the Subsidiary Guarantor Pledgors in accordance with the amended and restated intercreditor agreement described in Schedule E (Part II) hereto (the "**Intercreditor Agreement**"), by and among the Company, the Subsidiary Guarantor Pledgors, the Trustee, the Security Trustee and certain other parties, to be dated as of the Closing Date. The Share Pledges and the Intercreditor Agreement are herein referred to as the "**Security Documents**".

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 (the "**1933 Act Regulations**") by the Securities and Exchange Commission (the "**Commission**")).

The Notes are expected to be listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Company and the Subsidiary Guarantors (a) have prepared and delivered to each Initial Purchaser copies of a preliminary offering memorandum, including any documents incorporated therein by reference, dated October 11, 2010 (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, including any documents incorporated therein by reference, dated the date hereof (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 the Closing Time 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 (A) the Preliminary Offering Memorandum as supplemented by the final pricing term sheet, in the form attached hereto as Schedule C (the "**Pricing Supplement**") and as otherwise supplemented or amended at such time, all considered together (collectively, the "**Disclosure Package**"), nor (B) 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 5:30 P.M. (New York City time) on the date hereof or such other time as agreed by the Company and the Representatives.

"**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, 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 the Representatives 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. The accountants who certified the financial statements and supporting schedules included in the Disclosure Package and the Final Offering Memorandum are independent public accountants within the meaning of the 1933 Act and as required under Canadian securities laws and there have not been any disagreements within the meaning of National Instrument 51-102 – Continuous Disclosure Obligations since January 1, 2004 with any present or former auditors of the Company.

(iii) Financial Statements. The financial statements, together with the related schedules and notes, included or incorporated by reference 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, prospects, liabilities (contingent or otherwise), obligations (absolute, accrued or otherwise), capital or business affairs 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 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 is a corporation duly organized, validly existing and in good standing under the laws of Canada, with corporate power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as described in the Disclosure Package and the Final Offering Memorandum; and the Company is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or the ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or to be in good standing, considering all such cases in the aggregate, would not cause a Material Adverse Effect.

(vi) List of Subsidiaries. All of the Subsidiaries of the Company, except those specifically excluded below, are listed in Schedule D-2 attached hereto; all of the Company's Subsidiaries other than those listed on Schedule D-3 are Subsidiary Guarantors, 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: (1) directly, indirectly or beneficially owns or controls more than 50% of the income, capital, beneficial or ownership interest (however designated) thereof; and (2) 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; provided that the term Subsidiary shall in any event include the WFOEs (as defined below) and the Sino-foreign equity joint venture company and each of the additional entities identified in Schedule D-2 but excludes Sino-Panel Corporation (Canada), Sinowood Holdings Limited, Sinowood Finance Limited, Khan Forestry Inc. and Max Gain Development Limited, which have no or minimal assets or liabilities, are not engaged in any operation and are currently considered inactive.

Additionally, for purposes of this Agreement, the "**Mandra Group**" means Mandra Forestry Holdings Limited and its Subsidiaries, and the "**Omnicorp Group**" means Omnicorp Limited and its Subsidiaries.

(vii) Incorporation and Good Standing of Subsidiaries. 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 Disclosure Package and the Final Offering Memorandum 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.

(viii) Corporate Authority. The Company has the corporate right, power and authority to execute and deliver this Agreement, the Notes, the Security Documents to which it is a party 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 Company has an authorized capitalization as set forth under the headings "Consolidated Capitalization" in the Disclosure Package and the Final Offering Memorandum. All the issued and outstanding shares of capital stock of the Company and each of its Subsidiaries (except that with respect to both of the Mandra Group and the Omnicorp Group, to the best knowledge of the Company) have been duly authorized and validly issued and are fully paid and nonassessable. All outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or indirectly free and clear of any security interest, claim, lien or encumbrance other than as set forth in the Disclosure Package and the Final Offering Memorandum; none of the outstanding shares of capital stock of any Subsidiary of the Company (except that with respect to both of the Mandra Group and the Omnicorp Group, to the best knowledge of the Company) was issued in violation of the preemptive or other similar rights of any security holder of each respective entity other than as set forth in the Disclosure Package and the Final Offering Memorandum.

(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 the Intercreditor Agreement. The Intercreditor Agreement has been duly authorized by the Company and, when executed and delivered by the Company and the other parties thereto, 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).

(xiii) Authorization of Notes. The Notes have been duly authorized and, at the 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.

(xiv) Authorization of the Share Pledges. Each of the Share Pledges to which the Company is a party has been duly authorized by the Company and, when duly executed and delivered by the Company and each of the other parties in accordance with its terms, 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 applicable bankruptcy, fraudulent conveyance, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability. After the execution and delivery thereof, the Share Pledges to which the Company is a party will create in favor of the Security Trustee, for the benefit of the holders of the Securities and the other creditors secured thereunder, a valid and enforceable perfected first priority security interest in the relevant Collateral (subject to the completion of the recordings, notations and filings in New York, Hong Kong, Ontario, the British Virgin Islands, the Cayman Islands and Barbados, as set forth on Schedule F hereto), to be shared on a *pari passu* basis with certain other secured creditors under the Intercreditor Agreement.

(xv) Creation, Enforceability and Perfection of Security Interests. The Company under each Share Pledge to which it is a party beneficially owns the relevant Collateral covered by such Share Pledge, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim. All filings and other actions necessary or desirable to perfect and protect the security interest in such Collateral to be created (or purported to be created) under such Share Pledges have been or will be, at or prior to the Closing Date, duly made or taken and are or will be, at or prior to the Closing Date, in full force and effect (other than the completion of the recordings, notations and filings in New York, Hong Kong, Ontario, the British Virgin Islands, the Cayman Islands and Barbados, as set forth on Schedule F hereto).

(xvi) Descriptions of Transaction Documents. The description of the Notes, the Subsidiary Guarantees, the Indenture and the Security Documents contained in the Disclosure Package and the Final Offering Memorandum are accurate in all material respects.

(xvii) Absence of Violations, Defaults and Conflicts. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, 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.

(xviii) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the best knowledge 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.

(xix) Absence of Proceedings. There is no action, suit or proceeding before or by the Commission or any other federal, state, local or foreign governmental or regulatory authorities or any court, including without limitation, the Ontario Securities Commission (each an "**Other Agency**" and collectively, the "**Other Agencies**"), which has been served upon the Company or any of its Subsidiaries that is now pending or, to the best 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.

(xx) 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.

(xxi) 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 in-principle of the SGX-ST for the listing of the Notes on the SGX-ST for a listing of up to US$600,000,000 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.

(xxii) 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.

(xxiii) 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 not, 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 except, in each case, for such violations that would not result in a Material Adverse Effect.

(xxiv) Title to Property. 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 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, in each case except as described in or contemplated 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 obtained or is in the process of applying for the plantation rights certificates, its equivalents or other relevant approvals for its legal titles to the plantation land use or other relevant plantation or concession rights, as applicable, that are required or otherwise necessary under the People's Republic of China (the "**PRC**") or Suriname 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 any of the Company's Subsidiaries, such Subsidiary has valid land use right certificates, building ownership certificates 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.

(xxv) PRC Plantation Business. The relevant PRC Subsidiaries (as defined herein) have duly obtained or are in the process of applying for the relevant plantation rights certificates, its equivalents or other relevant approvals for their legal titles to the plantation land use rights and the planted tree plantations. The relevant PRC Subsidiaries' planted plantations under management were approximately 77,900 hectares as of June 30, 2010.

Each of the Company and its Subsidiaries has the right to conduct business in the PRC in the manner as presently conducted and as described in the Disclosure Package and the Final Offering Memorandum, and has obtained or are in the process of applying for the relevant plantation rights certificates, its equivalents or other relevant approvals for their legal titles to the right to own the purchased tree plantations (as set forth in the Disclosure Package and the Final Offering Memorandum) and has or will have the right to log, transport, and sell the purchased tree plantations in accordance with the PRC laws and regulations.

(xxvi) Environmental Laws. The Company and its Subsidiaries (A) 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**"), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, and (C) 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.

(xxvii) Hazardous Substances. 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 material cost, damage or other liability, including the diminution in value of any property, or may have a Material Adverse Effect.

(xxviii) Environmental Liabilities. 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.

(xxix) 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 Notes", insofar as they purport to constitute a summary of the terms of the Notes and the Subsidiary Guarantees are accurate and fair in all material respects; and (B) under the captions "Risk Factors", "Certain Financial Information", "Business", "PRC Forestry Industry Overview", "Government Regulation", "Description of Other Indebtedness", "Related Party Transactions", "Taxation", and "Plan of Distribution", insofar as they purport to describe the provisions of the laws and documents referred to therein, constitute a fair and accurate summary of such laws and documents.

(xxx) Material Contracts. Each of (A) the documents listed under "Material Contracts" in the Company's annual information form dated March 31, 2010, (B) 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 preemptive right to lease such plantation land, (C) the long-term lease agreements entered into by any of the Company's Subsidiaries for tree plantations as disclosed in the Disclosure Package and the Final Offering Memorandum, (D) the share purchase or other investment agreements entered into by the Company and any of its Subsidiaries, and (E) any other contracts or arrangements between any of either the Company or the Company's Subsidiaries and an authorized intermediary regarding the sales of standing timber, has been duly authorized, executed and delivered by the Company or the relevant Subsidiaries of the Company, as the case may be, 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. 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. All descriptions of material contracts or documents in the Disclosure Package and the 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.

(xxxi) Accounting Controls. 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 Canadian 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 differences; (E) the Company and each of its Subsidiaries have made and kept books, records and accounts, which in reasonable details, accurately and fairly reflect in all material respects the transactions and dispositions of assets of such entity; (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 (x) no material weakness in the Company's internal control over financial reporting (whether or not remediated), except as set forth in the Disclosure Package and the Final Offering Memorandum, and (y) 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; and 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. The Company has not publicly disclosed or reported to the audit committee or the board, and within the next 90 days the Company does not reasonably expect to publicly disclose or report to the audit committee or the board, a significant deficiency, material weakness, change in internal controls or fraud involving management or other employees who have a significant role in internal controls (each, an "**Internal Control Event**"), any violation of, or failure to comply with, relevant the securities laws, or any matter which, if determined adversely, would have a Material Adverse Effect.

Except as set forth in the Disclosure Package and the Final Offering Memorandum, the audit committee is not reviewing or investigating, and the Company's independent auditors have not recommended that the audit committee review or investigate, (a) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies; (b) any matter which could result in a restatement of the Company's financial statements for any annual or interim period during the current or prior three fiscal years; or (c) any Internal Control Event.

(xxxii) Accounting Policies, Liquidity and Capital Resources. The section entitled "Certain Financial Information—Critical Accounting Estimates" in the Disclosure Package and the Final Offering Memorandum accurately and fairly describes in all material respects (A) 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 (B) judgments and uncertainties affecting the application of critical accounting policies. The section entitled "Certain Financial Information —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.

(xxxiii) Insurance. The Company and its Subsidiaries carry or are entitled to the benefits of insurance, with to the best knowledge of the Company, 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 Effect.

(xxxiv) 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.

(xxxv) 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**").

(xxxvi) 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.

(xxxvii)Rule 144A Eligibility. The Securities are eligible for resale pursuant to Rule 144A and will not be, at the 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.

(xxxviii) 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.

(xxxix) 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**").

(xl) 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.

(xli) Foreign Issuer. The Company is a "foreign issuer" within the meaning of Rule 902 under the 1993 Act.

(xlii) 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.

(xliii) No Stop Order. No stop order, restraining order or denial of an application for approval has been issued and no investigation, proceeding or litigation has been commenced or, to the best knowledge of the Company, contemplated before the Commission or any Other Agency with respect to the offer, issuance, sale, delivery or resale of the Securities, the consummation of the other transactions contemplated by this Agreement, the Transaction Documents or the Disclosure Package and the Final Offering Memorandum.

(xliv) Anti-Corruption Practices. The Company and its Subsidiaries have not, and to the best knowledge 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, (A) making an offer, payment or promise to pay or (B) 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.

(xlv) Anti-Money Laundering. Each of the Company, its Subsidiaries, its affiliates and, to the best knowledge of the Company, any of their respective officers, directors, supervisors, managers, agents, or employees has not violated, its participation in the offering will not violate, and it has instituted and maintains policies and procedures designed to ensure continued compliance each of the following laws: (A) anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code section 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (B) laws and regulations imposing U.S. economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the United Nations Participation Act, and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended, or any orders or licenses issued thereunder.

(xlvi) OFAC. Neither the Company or any of its Subsidiaries nor, to the best knowledge 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 sanctions administered by (A) the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**") (including but not limited to the designation as a "specially designated national or blocked person" thereunder) in the U.S., (B) Her Majesty's Treasury in the United Kingdom or (C) any other relevant authority in the European Union; 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 sanctions administered by (1) OFAC (including but not limited to the designation as a "specially designated national or blocked person" thereunder) in the U.S., (2) Her Majesty's Treasury in the United Kingdom or (3) any other relevant authority in the European Union.

(xlvii) Related Party Transactions. The statements set forth in the Disclosure Package and the Final Offering Memorandum under the captions "Related Party Transactions" and "Certain Financial Information — 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.

(xlviii) 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 of the Company (the "**Common Shares**") are listed on the Toronto Stock Exchange ("**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.

(xlix) 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 best 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.

(l) Establishment of PRC Subsidiaries. Each of the Company's Subsidiaries in the PRC has been duly established as a wholly foreign owned enterprises (each, a "**WFOE**" and, collectively the "**WFOEs**") or a Sino-foreign equity joint venture company (together with the WFOEs, the "**FIEs**") or a PRC limited company invested by a WFOE (together with the FIEs, the "**PRC Subsidiaries**") in compliance with applicable PRC laws and regulations.

(li) Registered Capital of PRC Subsidiaries. Except for Sino-Panel (Fujian) Co., Ltd., Heilongjiang Jialin Trading Co., Ltd., Sino-Panel (Guangzhou) Nursery Co., Limited., Sino-Global (Guangzhou) Forestry Management Consulting Inc., and Sino-Panel (Hunan) Development Co., Ltd. whose registered capital shall be subscribed in instalments in accordance with their respective government approvals and Huanggang Mandra Forestry Limited whose registered capital will be reduced to even the partially paid-in registered capital after going through the relevant governmental approval and registration procedures, the registered capital of each of the PRC Subsidiaries has been subscribed in full 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 (Fujian) Co., Ltd., Heilongjiang Jialin Trading Co., Ltd., Sino-Panel (Guangzhou) Nursery Co., Limited., Sino-Global (Guangzhou) Forestry Management Consulting Inc., and Sino-Panel (Hunan) Development Co., Ltd. in due course in accordance with PRC laws and regulations.

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

(liii) 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.

(liv) Dividends by PRC Subsidiaries. Subject to compliance with the requisite procedures under the PRC laws and regulations, each FIE 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.

(lv) Shareholder Loans to PRC Subsidiaries. Except for Sino-Panel (Fujian) Co., Ltd., Heilongjiang Jialin Trading Co., Ltd., Sino-Panel (Guangzhou) Nursery Co., Limited., Sino-Global (Guangzhou) Forestry Management Consulting Inc., and Sino-Panel (Hunan) Development Co., Ltd. whose registered capital shall be subscribed in instalments in accordance with their respective government approvals and Huanggang Mandra Forestry Limited whose registered capital will be reduced to even the partially paid-in registered capital after going through the relevant governmental approval and registration procedures, each of the WFOEs has full power and authority to borrow loans from its foreign shareholder ("**shareholder loans**") as contemplated and described in the Disclosure Package and the Final Offering Memorandum. Except for those disclosed in the Disclosure Package and the Final Offering Memorandum, no other licenses, consents, approvals, authorizations, permits, certificates or orders of or from, or filings, declarations or qualifications with or to, any governmental body, court, agency or official in the PRC are required for any FIE to borrow shareholder loans. Each of the FIEs 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 PRC Enterprise Income Tax Law, enacted on March 16, 2007 and effective on January 1, 2008 and its Implementation Rules issued on December 6, 2007 and effective on January 1, 2008, 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.

(lvi) Foreign Exchange Registration. Each of the FIEs has obtained all necessary foreign exchange registration certificates from the relevant local branches of the State Administration of Foreign Exchange and has passed foreign exchange annual inspections, except for those the absence of which would not result in a Material Adverse Effect. 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, except for those that have already been obtained or those the absence of which would not result in a Material Adverse Effect.

(lvii) Prohibition on Dividends. No wholly-owned 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 wholly-owned Subsidiary upon the requisite approval procedures for such transferring, except for Sino-Panel (Fujian) Co., Ltd., Heilongjiang Jialin Trading Co., Ltd., Sino-Panel (Guangzhou) Nursery Co., Limited., Sino-Global (Guangzhou) Forestry Management Consulting Inc., and Sino-Panel (Hunan) Development Co., Ltd., whose registered capital has been partially paid up or has not been paid up and Huanggang Mandra Forestry Limited whose registered capital will be reduced to even the partially paid-in registered capital after going through the relevant governmental approval and registration procedures, 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.

(lviii) Absence of Off-Balance Sheet Transactions. Except as disclosed in the financial statements referred to in the above Section 1(a)(iii) and in the Disclosure Package and the Final Offering Memorandum, 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.

(lix) 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 the above Section 1(a)(iii), which would result in a Material Adverse Effect.

(lx) 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.

(lxi) Tax Returns. Except 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 adequate 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 in accordance with generally accepted accounting principles of the jurisdiction in which the relevant entity is incorporated or organized; except 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.

(lxii) 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, Barbados, the Cayman 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 (1) 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; (2) in the case that the 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 (3) 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.

(lxiii) 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, Barbados, the Cayman 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, Barbados the Cayman 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, Barbados, the Cayman 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 Canada, Hong Kong, the British Virgin Islands, Barbados, the Cayman Islands or the PRC.

(lxiv) Validity under the Laws of Company Jurisdictions. It is not necessary under the laws of Canada, New York, Hong Kong, the British Virgin Islands, the Cayman Islands, Barbados (collectively, the "**Company Jurisdictions**") 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 any Initial Purchaser to enforce its rights under any of this Agreement, the Indenture, the Security Documents 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 the Company Jurisdictions or any political subdivision thereof or authority or agency therein; each of this Agreement, the Indenture, the Security Documents and the Notes is in proper legal form under the laws of the Company Jurisdictions 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, the Security Documents or the Notes in the Company Jurisdictions 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 the Company Jurisdictions or any political subdivision thereof.

(lxv) Effect of Choice of Law Provision. Under the laws of the Province of Ontario, the courts of such province (an "**Ontario Court**") will recognize and give effect to the choice of law provisions set forth in Section 16 and 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: (1) 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; (2) 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; (3) will apply provisions of Ontario Law that have overriding effect; (4) 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 (5) 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 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.

(lxvi) 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.

(lxvii) SGX-ST. Application to the SGX-ST for the listing of the Notes on the SGX-ST has been made.

(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 the Closing Time referred to in Section 2(b) hereof and agrees with each Initial Purchaser, with respect to such Subsidiary Guarantor (or Subsidiary Guarantor Pledgor, as the case may be) 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, 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 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 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, the Security Documents to which it is a party 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, the

Security Documents to which it is a party 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, delivery and performance of the Transaction Documents to which it is a party 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(a)(xvii)) 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 and, when executed and delivered, will be a valid and binding obligation of the Subsidiary Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and equitable principles of general applicability.

(vii) Authorization of the Indenture. The Indenture has been duly authorized and, when executed and delivered by the Subsidiary Guarantor, shall be a valid and binding agreement of the Subsidiary Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and equitable principles of general applicability.

(viii) Authorization of the Intercreditor Agreement. The Intercreditor Agreement has been duly authorized by the Subsidiary Guarantor Pledgor and, when executed and delivered by the Subsidiary Guarantor Pledgor and the other parties thereto, will constitute a valid and binding agreement of the Subsidiary Guarantor Pledgor, enforceable against the Subsidiary Guarantor Pledgor 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).

(ix) Authorization of the Share Pledges. Each of the Share Pledges to which the Subsidiary Guarantor Pledgor is a party has been duly authorized by the Subsidiary Guarantor Pledgor and, when duly executed and delivered by the Subsidiary Guarantor Pledgor and each of the other parties in accordance with its terms, will constitute a valid and binding agreement of the Subsidiary Guarantor Pledgor, enforceable against the Subsidiary Guarantor Pledgor in accordance with its terms, except as the enforcement thereof may be limited by applicable bankruptcy, fraudulent conveyance, insolvency or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability. After the execution and delivery thereof, the Share Pledges to which such Subsidiary Guarantor Pledgor is a party will create in favor of the Security Trustee, for the benefit of the holders of the Securities and the other creditors secured thereunder, a valid and enforceable perfected first priority security interest in the relevant Collateral (subject to the completion of the recordings, notations and filings in New York, Hong Kong, the British Virgin Islands, the Cayman Islands and/or Barbados, as the case may be, as set forth on Schedule F hereto), to be shared on a *pari passu* basis with certain other secured creditors under the Intercreditor Agreement.

(x) Creation, Enforceability and Perfection of Security Interests. The Subsidiary Guarantor Pledgor under each Share Pledge to which it is a party beneficially owns the relevant Collateral covered by such Share Pledge, free and clear of any security interest, mortgage, pledge, lien, encumbrance or claim. All filings and other actions necessary or desirable to perfect and protect the security interest in such Collateral to be created (or purported to be created) under such Share Pledges have been or will be, at or prior to the Closing Date, duly made or taken and are or will be, at or prior to the Closing Date, in full force and effect (other than the completion of the recordings, notations and filings in New York, Hong Kong, the British Virgin Islands, the Cayman Islands and/or Barbados, as the case may be, as set forth on Schedule F hereto).

(xi) Validity under the Laws of Company Jurisdictions. It is not necessary under the laws of the Company Jurisdictions or any political subdivision thereof or authority or agency therein in order to enable a Subsequent Purchaser of Securities or an owner of any interest therein to enforce its rights under the Securities or to enable any Initial Purchaser to enforce its rights under any of this Agreement, the Indenture, the Security Documents or the Securities that it should, as a result solely of its holding of Securities be licensed, qualified, or otherwise entitled to carry on business in the Company Jurisdictions or any political subdivision thereof or authority or agency therein; each of this Agreement, the Indenture, the Security Documents and the Securities is in proper legal form under the laws of the Company Jurisdictions 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, the Security Documents or the Securities in the Company Jurisdictions 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 the Company Jurisdictions or any political subdivision thereof.

(xii) Investment Company Act. The Subsidiary Guarantor is not, and after giving effect to the offer 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" as such term is defined in the 1940 Act.

(xiii) 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.

(xiv) 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.

(xv) 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.

(xvi) 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.

(xvii) Foreign Issuer. The Subsidiary Guarantor is a "foreign issuer" within the meaning of 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 Representatives 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) *Securities.* On the basis of the representations, warranties and agreements herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Initial Purchaser, and each Initial Purchaser, severally and not jointly, agrees to purchase from the Company, at the price set forth in Schedule B, the aggregate principal amount of Notes set forth in Schedule A opposite the name of such Initial Purchaser, plus any additional principal amount of Notes which such Initial Purchaser may become obligated to purchase pursuant to the provisions of Section 11 hereof.

(b) *Payment.* Payment of the purchase price for, and delivery of certificates for, the Notes shall be made at the Hong Kong office of Davis Polk & Wardwell LLP or at such other place as shall be agreed upon by the Representatives and the Company, at 9:00 A.M. (New York City time) on the fifth Business Day after the date hereof (unless postponed in accordance with the provisions of Section 11) (the "**Closing Date**"), or such other time not later than ten Business Days after such date as shall be agreed upon in writing by the Representatives and the Company (such time and date of payment and delivery being herein called "**Closing Time**"). "**Business Day**" means any day except a Saturday, a Sunday or a day on which commercial banks in The City of New York or Hong Kong are authorized by law to close or otherwise not open for business.

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 BAML for the respective accounts of the Initial Purchasers of certificates for the Notes to be purchased by them. It is understood that each Initial Purchaser has authorized BAML, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Notes which it has agreed to purchase. BAML, individually and not as representative of the Initial Purchasers, may (but shall not be obligated to) make payment of the purchase price for the Notes to be purchased by any Initial Purchaser whose funds have not been received by the Closing Time, but such payment shall not relieve such Initial Purchaser from its obligations hereunder.

(c) *Denominations; Registration.* Certificates for the Notes shall be in global form and registered in the name of Cede & Co., as nominee of DTC and shall be in such denominations (US$2,000 or integral multiples of US$1,000 in excess thereof) as the Representatives may request in writing at least one full business day before the Closing Time. 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 the Closing Time. 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, 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 (i) 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 (ii) 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 (A) make any statement in the Disclosure Package, any Offering Memorandum or any Supplemental Offering Material false or misleading or (B) 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 Representatives, 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 Representatives, 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 Securities 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 (i) 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 (ii) 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 Cayman Islands, Barbados, the United States or any other jurisdiction, or any political subdivision or taxing authority thereof or therein; provided that (A) 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; (B) 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 (C) 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 120 days from the date of the issuance of the Notes, the Company will not, without the prior written consent of the Representatives, directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise 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.

(h) *Listing on Securities Exchange.* The Company shall make such filings, registrations or qualifications and take all other necessary action and will use its best efforts to obtain such consents, approvals and authorizations, if any, and satisfy all conditions that the SGX-ST (or its successors) may impose on the listing of the Notes on the SGX-ST. The Company shall use its reasonable best efforts to maintain the listing of the Notes on the SGX-ST.

(i) *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.

(j) *Public Announcement.* Prior to the Closing Time, 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 Representatives.

(k) *High Conservation Value Forests.* The Company will not, and will not permit any Subsidiary to, (i) use the proceeds of the Notes for any commercial activities (A) in any high conservation value forests within the meaning of the Forest Stewardship Council's definition of such term (a "**High Conservation Value Forest**") or on any land that was cleared of High Conservation Value Forests within 5 years prior unless such operations are certified by a Forest Stewardship Council-accredited certification body or have made substantial and demonstrable progress towards Forest Stewardship Council-accredited certification or (B) at sites that are otherwise protected by applicable law against such activities, or (ii) engage in illegal logging, uncontrolled and/or illegal use of fire, or violations of local laws.

Section 4. Payment of Expenses.

(a) *Expenses.* Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, 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 Notes to the Initial Purchasers, including any transfer taxes, any stamp or other duties payable upon the sale, issuance and delivery of the Securities to the Initial Purchasers 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, Pöyry Forest Industry Ltd. and other advisors, (v) all reasonable 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 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) all the fees, expenses and other costs incurred in connection with the application for the listing of the Notes on the SGX-ST, (x) 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, (xi) all costs and expenses related to the preparation, filing and distribution of any announcements related to the offering of the Notes, (xii) any fees payable in connection with the rating of the Securities, and (xiii) 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 (i) the commissions payable by the Company; and (ii) 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 Cayman Islands, Barbados, 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 Representatives 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 the Closing Time, the Representatives shall have received (i) the favorable opinions, dated as of the Closing Time, of (A) Aird & Berlis LLP, counsel for the Company as to Canadian law, to the effect set forth in Exhibit A-1 hereto, (B) 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, (C) Appleby, counsel for the Company and certain Subsidiary Guarantors as to the laws of the British Virgin Islands and Cayman Islands, to the effect set forth in Exhibit A-3 hereof, in each case, in form and substance satisfactory to the Representatives and (D) Chancery Chambers, counsel for the Company and certain Subsidiary Guarantors as to the laws of Barbados, to the effect as set forth in Exhibit A-4 hereof; and (ii) a signed copy of the opinion, dated as of the Closing Time, of Jingtian & Gongcheng, counsel for the Company as to PRC law, in form and substance satisfactory to the Representatives and to the effect set forth in Exhibit A-5 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 Representatives at the 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 the Closing Time, the Representatives shall have received the favorable opinions, dated as of the Closing Time, of (i) Davis Polk & Wardwell LLP, counsel for the Initial Purchasers as to United States law, to the effect set forth in Exhibit A-6

hereto, (ii) Commerce & Finance Law Offices, counsel for the Initial Purchasers as to PRC law, to the effect set forth in Exhibit A-7 hereto and (iii) Stikeman Elliot LLP, counsel for the Initial Purchasers as to Canadian tax law. 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 the 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 Representatives shall have received (i) from the Company a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company, dated as of the Closing Time, to the effect that (A) there has been no such material adverse change, (B) 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 the Closing Time, and (C) 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 the Closing Time in all material respects; (ii) from the Company a certificate of the Chief Executive Officer and the Chief Financial Officer of the Company, dated as of the Closing Time, to the effect set forth in Exhibit B, and (iii) from each Subsidiary Guarantor a certificate signed by an executive officer (or director where no officer is appointed) of such Subsidiary Guarantor, dated as of the Closing Time, to the effect that (A) 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 the Closing Time, and (B) such Subsidiary Guarantor has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time in all material respects.

(d) *Accountants' Comfort Letter.* At the time of the execution of this Agreement, the Representatives shall have received from Ernst & Young LLP a letter dated such date, in form and substance satisfactory to the Representatives, 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 the Closing Time, the Representatives shall have received from Ernst & Young LLP a letter, dated as of the 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 five business days prior to the Closing Time.

(f) *SGX-ST.* The Company shall have obtained on or prior to the Closing Date approval in-principle from the SGX-ST for the Notes to be listed for a listing of up to US$600,000,000, and you are satisfied that such listing will be granted shortly after the Closing Date.

(g) *Maintenance of Rating.* At the Closing Time, the Notes shall be rated at least "BB (stable)" by Standard & Poors Ratings Services, at least "Ba2 (stable)" by Moody's Investors Services, Inc. and at least "BB+ (stable)" by Fitch Ratings Ltd., and the Company shall have delivered to the Representatives a letter dated the Closing Time, from each such rating agency, or other evidence satisfactory to the Representatives, 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.

(h) *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.

(i) *Security Documents.* At or prior to the Closing Time, each of the Company, the Subsidiary Guarantor Pledgors and the other parties to the Security Documents shall have executed and delivered each of the Security Documents to which they are a party.

(j) *DTC.* The Notes 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 the 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 Representatives, approvals from the shareholders of the Subsidiary Guarantor approving the issuance by such Subsidiary Guarantor of its Subsidiary Guarantee.

(m) *Additional Documents.* At the Closing Time, 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 Representatives and counsel for the Initial Purchasers.

(n) *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 may be terminated by the Initial Purchasers by notice to the Company and the Subsidiary Guarantors at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Section 1, Section 7, Section 8, Section 9, Section 12, Section 16, Section 17, Section 18, Section 20, Section 21 and Section 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 establishes and agrees 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) Subsequent Purchaser Notification. Each Initial Purchaser severally 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.

(iv) Minimum Principal Amount. No sale of the Notes to any one Subsequent Purchaser will be for less than US$2,000 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 US$2,000 principal amount of the Notes.

(v) 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 (A) the sale of the offered Securities by the Company to the Initial Purchasers, (B) the resale of the offered Securities by the Initial Purchasers to Subsequent Purchasers or (C) 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 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 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, 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 severally 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.

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 the Representatives), 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 the Representatives expressly for use in the 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: (A) the second full paragraph on page iii in the Offering Memorandum; (B) the name of the Initial Purchasers appearing in the first paragraph under the heading "Plan of Distribution" in the Offering Memorandum; and (C) the 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 the Representatives 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 the Representatives 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 7 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, (a) 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 (b) if the allocation provided by clause (a) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a) 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 (a) 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 (b) delivery of and payment for the Securities.

Section 10. Termination of Agreement.

(a) *Termination; General.* The Representatives may terminate this Agreement, by notice to the Company and the Subsidiary Guarantors, at any time at or prior to the 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 Representatives, 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 SGX-ST or the NASDAQ System, or if trading generally on the TSX, the London Stock Exchange, the SGX-ST, 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 Financial Industry Regulatory Authority 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 Section 1, Section 7, Section 8, Section 9, Section 12, Section 16, Section 17, Section 18, Section 20, Section 21 and Section 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 the Closing Time to purchase the Securities which it or they are obligated to purchase under this Agreement (the "**Defaulted Securities**"), the Representatives 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 Representatives 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 Representatives or the Company shall have the right to postpone the 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 each of BAML at One Bryant Park, New York, NY, 10036, United States and Credit Suisse at Eleven Madison Avenue, New York, New York 10010, United States, Facsimile: (212) 325-4296, Attention: LCD-IBD, with a simultaneous copy to: Davis Polk & Wardwell LLP at 18/F Hong Kong Club Building, 3A Chater Road, Hong Kong, Facsimile: (852) 2533-3388, Attention: William Barron; and notices to the Company or any Subsidiary Guarantor shall be directed to it at Sino-Forest Corporation, 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, Canada, L5B 3C3, Facsimile: (852) 2877-0125, Attention: Allen T. Y. Chan.

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 Section 7 and Section 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, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO 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.

Very truly yours,

SINO-FOREST CORPORATION

By: _____
Name:
Title:

For and on behalf of each of the Subsidiary Guarantors listed in Schedule D-1 hereto

By: _____
Name:
Title: Director / Authorized Signatory

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

BANC OF AMERICA SECURITIES LLC

By: _____
Name: William H. Pegler, Jr.
Title: Director

CREDIT SUISSE SECURITIES (USA) LLC

By: _____
Name:
Title:

For themselves and as Representatives of the Initial Purchasers named in Schedule A hereto

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

BANC OF AMERICA SECURITIES LLC

By: _____
Name:
Title:

CREDIT SUISSE SECURITIES (USA) LLC

By: _____
Name: Michill Novikov
Title: Director

For themselves and as Representatives of the Initial Purchasers named in Schedule A hereto

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

Applicant

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

RESPONDING MOTION RECORD

(Motion Regarding the Status of Shareholder Claims and Related Indemnity Claims under the CCAA returnable June 26, 2012)

June 21, 2012

LENCZNER SLAGHT ROYCE SMITH GRIFFIN LLP
Barristers
Suite 2600
130 Adelaide Street West
Toronto ON M5H3P5

Peter H. Griffin (19527Q)
Tel: (416) 865-2921
Fax: (416) 865-3558
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Tel: (416) 865-3094
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Shara N. Roy (49950H)
Tel: (416) 865-2942
Fax: (416) 865-3973
Email: sroy@litigate.com

Lawyers for the Respondent, Ernst & Young LLP

TO: **THE ATTACHED SERVICE LIST**

INDEX

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

Applicant

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

AFFIDAVIT

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

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

2. Attached as **Exhibit "A"** is the Proof of Claim of Ernst & Young LLP against the Applicant, Sino-Forest Corporation, as filed with the Court-Appointed Monitor, FTI Consulting, on June 20, 2012.

3. Attached as **Exhibit "B"** is the Proof of Claim of Ernst & Young LLP against the Directors and Officers of the Applicant, Sino-Forest Corporation, as filed with the Court-Appointed Monitor, FTI Consulting, on June 20, 2012.

4. I make this affidavit in respect of a motion brought by Sino-Forest Corporation regarding the status of shareholder claims and related indemnity claims under the *Companies Creditors' Arrangement Act* and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on June 21, 2012

Commissioner for Taking Affidavits
(or as may be)

CHRISTINA SHIELS

June 21, 2007 audit engagement letter for the year ended December 31, 2007

ERNST & YOUNG

Ernst & Young LLP
Chartered Accountants
Ernst & Young Tower
222 Bay Street, P.O. Box 251
Toronto, Ontario M5K 1J7

Phone: (416) 864-1234
Fax: (416) 864-1174

- Copy to Linda Zhu
- Original to corp.

June 21, 2007

Mr. James (Jamie) M. E. Hyde
Chairman of the Audit Committee
c/o Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

Dear Mr. Hyde:

1. This engagement letter, including any additional terms that are attached, (collectively, the "Agreement") confirms the terms upon which Ernst & Young LLP ("we" or "EY") has been engaged to perform a statutory audit and report on the consolidated financial statements of Sino-Forest Corporation ("Sino-Forest" or the "Company") for the year ended December 31, 2007. The services described in this paragraph may hereafter be referred to as either "Audit Service" or "Audit Services."

Audit Responsibilities and Limitations

2. The objective of our audit is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with Canadian generally accepted accounting principles.

3. We will conduct our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance that the consolidated financial statements taken as a whole are free of material misstatement, whether caused by error or fraud or illegal acts whose consequences have a material effect on the consolidated financial statements. There are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of the data underlying the financial statements, the inherent limitations of internal controls, and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate the possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards. Also, an audit is not designed to detect error or fraud that is immaterial to the consolidated financial statements.

4. In accordance with professional standards established by the Canadian Institute of Chartered Accountants ("CICA"), we will communicate certain matters related to the conduct and

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results of the audit to the Company's Audit Committee. Such matters include, when applicable, disagreements with management, whether or not resolved; serious difficulties encountered in performing the audit; our level of responsibility under professional standards in Canada for the financial statements, for internal control, and for other information in documents containing the audited financial statements; unrecorded audit differences that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole; changes in the Company's significant accounting policies and methods for accounting for significant unusual transactions or for controversial or emerging areas; our judgments about the quality of the Company's accounting principles; our basis for conclusions regarding sensitive accounting estimates; management's consultations, if any, with other accountants; and major issues discussed with management prior to our retention.

5. We will obtain pre-approval from the Audit Committee for any services we are to provide to the Company pursuant to the Audit Committee's pre-approval process, policies and procedures. In addition, in accordance with CICA Handbook Section 5751, *Communications with Those Having Oversight of the Financial Reporting Process*, we will communicate in writing to the Audit Committee any relationships between Ernst & Young LLP, its partners and professional employees and Sino-Forest (including related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to Sino-Forest.

6. As part of our audit, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal controls over financial reporting. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal controls over financial reporting or to identify all significant weaknesses.

7. If we determine that there is evidence that misstatements, resulting from error, other than trivial errors, or that fraud or illegal or possibly illegal acts may exist or have occurred (other than illegal acts that are considered inconsequential), we will bring such matters to the attention of an appropriate level of management. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed and whether the communication is also made to the Audit Committee. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements, we will report this matter directly to the Audit Committee. We will also determine that the Audit Committee is adequately informed of misstatements, resulting from error, other than trivial errors and illegal or possibly illegal acts that come to our attention unless they are clearly inconsequential. In addition, we will inform the Audit Committee and appropriate members of management of significant audit adjustments and significant weaknesses in the design or implementation of internal controls to prevent or detect fraud or error noted during our audit procedures, as well as related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement and disclosure.

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8. We also may communicate to the appropriate levels of management other opportunities we observe for economies in or improved controls over the Company's operations. The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities.

Reviews of Unaudited Interim Financial Information

9. We will perform a review of the Company's unaudited interim financial information in accordance with CICA Handbook Section 7050, *Auditor Review of Interim Financial Statements*, for the third quarter of the Company's fiscal year and we will report orally to the Audit Committee in this regard.

10. A review of interim financial information consists principally of performing analytical procedures and making inquiries of management responsible for financial and accounting matters. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we will not express an opinion on the interim financial information.

11. A review includes obtaining sufficient knowledge of the entity's business and its internal control as it relates to the preparation of both annual and interim financial information to: identify the types of potential material misstatements in the interim financial information and consider the likelihood of their occurrence; and select the inquiries and analytical procedures that will provide us with a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with Canadian generally accepted accounting principles.

12. A review is not designed to provide assurance on internal control or to identify significant weaknesses. However, we will communicate with the Audit Committee regarding any significant weaknesses noted during our review procedures.

13. If, during our review procedures, we determine there is evidence that fraud or illegal or possibly illegal acts exist or may have occurred (other than illegal acts that are clearly inconsequential), we will bring such matters to the attention of an appropriate level of management. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the interim financial information, we will report this matter directly to the Audit Committee. We will determine that the Audit Committee is adequately informed of illegal acts that come to our attention unless they are clearly inconsequential. We also will inform the Audit Committee and appropriate members of management of significant unrecorded differences noted during our review procedures.

Management's Responsibilities and Representations

14. The preparation and fair presentation of the consolidated financial statements and unaudited interim financial information in accordance with Canadian generally accepted accounting principles are the responsibility of the management of the Company. Management is also

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responsible for establishing and maintaining effective internal controls, for properly recording transactions in the accounting records, for safeguarding assets, and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

15. The design and implementation of internal controls to prevent and detect fraud and error are the responsibility of the Company's management, as is an assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. Management of the Company is responsible for apprising us of all known instances of fraud or suspected fraud, illegal or possibly illegal acts and allegations involving financial improprieties received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers," employees, former employees, analysts, regulators or others), and for providing us full access to information and facts relating to these instances and allegations, and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY, or other allegations of illegal acts or fraud that could have a non-trivial effect on the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company's claims of solicitor/ client privilege, litigation privilege, or otherwise), the Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of our Audit Services and may alter the form of report we may issue on the Company's financial statements; prevent us from consenting to the inclusion of previously issued auditor's reports in future Company filings; or otherwise affect our ability to continue as the Company's auditors. The Company and we will disclose any such withholding of information to the Audit Committee.

16. Management of the Company is responsible for providing us with and making available complete financial records and related data and copies of all minutes of meetings of shareholders, directors and committees of directors; information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements; and information regarding all related parties and related party transactions. Failure to provide this information on a timely basis may cause us to delay our report, modify our procedures or even terminate the engagement.

17. Management of the Company is responsible for adjusting the consolidated financial statements and unaudited interim financial information to correct material misstatements and for affirming to us in its representation letter that the effects of any unrecorded differences accumulated by us during the applicable Audit Service and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated financial statements and unaudited interim financial information taken as a whole.

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18. As required by Canadian generally accepted auditing standards, we will make specific inquiries of management about the representations contained in the consolidated financial statements and unaudited interim financial information. Management is responsible for affirming to us in its representation letter and providing us information regarding the recognition, measurement and disclosure of specific items, including but not limited to the following:

- its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements or used to support amounts in the consolidated financial statements;
- any plans or intentions that may affect the carrying value or classification of assets and liabilities;
- information relating to the measurement and disclosure of transactions with related parties;
- an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with CICA HB Section 1508, *Measurement Uncertainty*;
- information relating to claims and possible claims, whether or not they have been discussed with the Company's legal counsel;
- information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Company is contingently liable;
- information on whether the Company has satisfactory title to assets, whether liens or encumbrances on assets exist, or whether assets are pledged as collateral;
- information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements; and
- information concerning subsequent events.

19. At the conclusion of the applicable Audit Service, we obtain representation letters from certain members of management to confirm significant representations on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; matters that are not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate to the engagement; and those that are relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. The responses to the inquiries of management, the written representations from management and the results of our procedures comprise the evidential matter we will rely upon in completing the applicable Audit Service.

20. Management of the Company is responsible for advising us of any documents or other information provided during the course of the audit over which it intends to assert a claim of privilege and should mark any such documentation accordingly as further described in the

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attached additional Terms and Conditions (refer to the provision captioned "Auditor Oversight").

21. To assist EY in maintaining its independence from the Company, management of the Company is responsible for the Company's process for surveying officers and directors, and for requesting that substantial stockholders, officers, and directors disclose matters to the Company for communication to EY regarding the nature of any direct or material indirect business relationships that the substantial stockholder, officer, or director, or any member of their immediate family (i.e., a person's spouse, spouse equivalent, and dependents), has with EY or any of its affiliates, or an ownership interest of five percent or more in, or situations where they serve as an officer or director of any company (public or private) that has a direct or material indirect business relationship with EY or any of its affiliates.

Fees and Billings

22. We estimate that the fee for our audit of the 2007 consolidated financial statements will range from US$550,000 to US$650,000 plus out of pocket expenses and the review of the unaudited interim financial information will range from US$55,000 to US$60,000 plus out of pocket expenses per quarter. However, our actual fee may exceed the top of this range. We will submit our invoices in accordance with the agreed upon billing schedule, and payment of them will be made upon receipt.

23. Our estimated fees and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations Company personnel have made to us, and are dependent upon the Company's personnel providing a reasonable level of assistance during the Audit Services. Should our assumptions with respect to these matters be incorrect or should the results of our procedures, the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. In addition, fees for any consent to the use of the audit report outside of Section 1(b) of the Addendum or any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fees referred to above and may be the subject of other written agreements.

24. Canadian securities legislation requires that any reporting issuer filing an auditor's report dated on or after March 30, 2004 must have that report signed by an auditing firm that has registered with the Canadian Public Accountability Board ("CPAB"). Audit firms registered with CPAB are required to fund CPAB's costs. Fees are levied based on the most recent audit fees as defined by CPAB, charged by the Canadian firm and reported in our registration information. We will bill all reporting issuer clients a portion of the CPAB levy on a recovery basis. Your proportionate share will be based upon the most recent audit fees reported to CPAB and billed for your engagement, multiplied by the annual levy rate set by CPAB. CPAB sets the rate annually and the fee for the most recent year that has been determined was 1.6% of audit fees. This amount will be charged at the effective CPAB rate annually and will be billed when the annual invoice is received from CPAB.

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Use and Disclosure of the Audit Report

25. The use and disclosure of EY's audit report shall be governed by the terms of the Addendum attached to this letter, which form an integral part of this Agreement.

Other Matters

26. The Company shall provide to us copies of the printer's proofs of its annual report prior to publication for our review. Management of the Company bears the primary responsibility to ensure the annual report contains no misrepresentations. Management is also responsible for identifying subsequent events and providing appropriate disclosure in, and/or adjustment of, the audited financial statements as a result of such events as required by generally accepted accounting principles. We will review the report for consistency between the annual financial statements and other information contained in the report, and to determine if the financial statements and our report thereon have been accurately reproduced. If we identify any errors or inconsistencies which may impact on the financial statements, we will advise management and the Audit Committee as appropriate.

27. By your signature below, you confirm that the Company, through its Board of Directors, has authorized the Audit Committee to enter into this Agreement with us on the Company's behalf and that you have been expressly authorized by the Audit Committee to execute this Agreement on behalf of, and to bind, the Company.

28. The attached additional Terms and Conditions form an integral part of this engagement letter and govern our respective rights and obligations arising therefrom.

EY appreciates the opportunity to be of assistance to the Company. If this Agreement accurately reflects the terms on which the Company has agreed to engage EY, please sign below on behalf of the Company and return it to Fred Clifford.

Yours very truly,

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Acknowledged and agreed:
Sino-Forest Corporation

By: _____
James (Jamie) M.E. Hyde
Chairman of the Audit Committee

Date: Sept 7/07

Sept 7/07

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Addendum
Use and Disclosure of the Audit Report

(1) **Annual Financial Statements**

(a) E&Y acknowledges that the Company is a reporting issuer under Canadian securities legislation and/or is subject to securities legislation in other jurisdictions and has an obligation to:

(i) file its annual financial statements and E&Y's accompanying audit report (referred to as the "audit report") with the securities regulators having jurisdiction over the Company; and

(ii) mail those documents to its security holders, either as part of the Company's annual report to shareholders (referred to as the "annual report") or separately.

Filing those documents and/or including them in the annual report will result in such documents being "released" as that term is defined in section 138.1 of the *Securities Act* (Ontario).

(b) E&Y hereby consents (within the meaning contemplated by section 138.3(1)(c)(iii) of the *Securities Act* (Ontario)) to the annual filing of the audit report and to the inclusion of the audit report in the annual report if all of the conditions set out below are met. The effective date of such consent is deemed to be the date of the audit report. The conditions are as follows:

(i) the filing of the audit report or the mailing of the annual report, as the case may be, occurs within 5 business days of the date of the audit report;

(ii) neither the chief executive officer nor the chief financial officer of the Company is aware of anything which would result in the financial statements containing a misrepresentation (as such term is defined in section 1(1) of the *Securities Act* (Ontario));

(iii) since the date of the audit report no "material change" (as that term is defined in section 1(1) of the *Securities Act* (Ontario)) or other event has occurred, or information become available, that would require disclosure in or adjustment to the financial statements to make those statements current and in accordance with Canadian generally accepted accounting principles as of the date that they are being released; and

(iv) the consent provided in this engagement letter has not been withdrawn in writing before the audit report is filed and/or the annual report is mailed.

(c) E&Y expressly does not consent to the use of the audit report, or the opinions expressed in the audit report, in any "document" or "public oral statement" (as those terms are defined in section 138.1 of the *Securities Act* (Ontario)), in any other circumstance. In particular, E&Y does not consent to:

(i) the filing of the audit report after the outside date referred to in paragraph (b)(i);

(ii) the inclusion of the audit report in the annual report if the annual report is mailed after the outside date referred to in paragraph (b)(i);

(iii) the inclusion of the audit report in:

(1) a prospectus, a takeover bid circular, an issuer bid circular, a directors' circular, a rights offering circular, or other document related to a distribution, purchase or sale of securities of the Company or another reporting issuer;

(2) a business acquisition report or similar document filed by another reporting issuer; or

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(3) any "document" (as that term is defined in section 138.1 of the *Securities Act* (Ontario)) other than as specified in 1(b); or

(iv) the Company or any other person summarizing or quoting from the audit report in any "document" or "public oral statement" (as those terms are defined in section 138.1 of the *Securities Act* (Ontario)).

(d) If the Company wishes to (i) file the audit report with a securities commission after the outside date referred to in paragraph (b)(i) but within the time specified by the applicable securities legislation; or (ii) include the audit report in the annual report if the annual report is mailed after the outside date referred to in paragraph (b)(i) then;

(1) a further written consent from E&Y is required; and

(2) E&Y will undertake such additional procedures as are required in accordance with professional standards to enable it to determine whether it can furnish its further written consent.

If, after completion of the applicable procedures, E&Y is in a position to provide its further written consent to such use, it will do so in accordance with Assurance Guideline No. 44, *The Auditor's Written Consent to the Use of the Audit Report in a Continuous Disclosure Document*, published by the Canadian Institute of Chartered Accountants.

(e) If the Company wishes to include, summarize, quote from or otherwise use the audit report in any "document" or "public oral statement" (as those terms are defined in section 138.1 of the *Securities Act* (Ontario)), in any manner other than that permitted under paragraph (b) or (d), the following procedures will apply:

(i) the Company will, in writing, request E&Y 's further written consent to that use;

(ii) if E&Y agrees that the request is an appropriate use of the audit report, the Company and E&Y will enter into an engagement letter setting out the terms of such engagement, including the scope of the procedures to be undertaken by E&Y and its fee for performing these services; and

(iii) E&Y will undertake such additional procedures as are required in accordance with professional standards to enable it to determine whether it can furnish its further written consent.

If, after completion of the applicable procedures, E&Y is in a position to provide its further written consent to such use, it will do so in accordance with Assurance Guideline No. 44, *The Auditor's Written Consent to the Use of the Audit Report in a Continuous Disclosure Document*, published by the Canadian Institute of Chartered Accountants.

(2) Interim Financial Statements

We expressly do not consent to the use of any communication, report, statement or opinion prepared by E&Y on the interim financial statements and such communication may not be included in, summarized in, quoted from or otherwise used in any "document" or "public oral statement" (as such terms are defined in section 138.1 of the *Securities Act* (Ontario)).

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Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").

2. **Unexpected Events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.

3. **Client Data & Information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data to other EY Entities for the purpose of rendering the Services. EY may also disclose Client Data to other EY Entities for the purposes of fulfilling its professional obligations to manage conflicts of interest and to maintain auditor independence as well as to implement standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may store Client Data, which may include personal information, outside of Canada.

4. **Confidentiality** - Subject to the other terms of this Agreement, both client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.

5. **EY Waiver Re: Tax Advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:

   (a) any oral or written statement or advice related to taxes provided by EY with regard to a person or entity that:

      (i) has any filing obligation with the US Internal Revenue Service, or

      (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that own in the aggregate more than 50% of the total vote or value of such non-US corporation);

   (b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or

   (c) where SEC audit independence restrictions apply to the relationship between client and any EY Entity, any oral or written statement or advice to client as to any potential tax consequences that may result from a transaction or the tax treatment of an item,

   (together, (a), (b) and (c) referred to as "Tax Advice"),

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EY expressly authorizes client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of client and is not to be relied upon by any other person or entity, client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EY's prior written consent.

6. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from client.

7. **Auditor Oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of client, EY will advise client of the request or order.

   When a regulatory authority requests access to EY's working papers and other work-product relating to client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which client has expressly informed EY that client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for client's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege).

   EY will also be required to provide information relating to the fees that EY collects from client for the provision of audit services, other accounting services and non-audit services.

8. **Internet Communications** - Unless otherwise agreed with client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.

9. **Right to Terminate Services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event client fails to pay any amount required to be paid under this Agreement.

10. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for

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items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.

11. **Billing & Taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by client without deduction from the fees, expenses and charges hereunder.

12. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.

13. **EY Reports** - EY retains all copyright and other intellectual property rights in everything developed, designed or created by EY either before or during the course of an engagement including systems, methodologies, software, know-how and working papers. EY also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to client in any form (written or otherwise) during the course of an engagement ("Reports"), although client shall have the full right to use any Reports within its own organization. Any Reports are provided solely for the purpose of this engagement. Subject to "*EY Waiver Re: Tax Advice*" above, no Report (and no portion, summary or abstract thereof) may be disclosed to any third party without EY's prior written consent. Without limitation, except as otherwise specifically agreed in the engagement letter into which these terms and conditions are incorporated client agrees that it will not, and will not permit others to, refer to EY or reproduce, quote or refer to any Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for client were not planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.

14. **Limitation of Liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), strict liability, failure of essential purpose or otherwise,

    (a) EY's liability shall be several and not joint and several, solidary or *in solidum* and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;

    (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and

    (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) $1,000,000. This paragraph shall not limit EY's liability for death, bodily injury or physical damage to tangible property caused by the negligent acts or omissions of EY, and shall not limit EY's liability for loss or damage caused by the fraud or wilful misconduct of EY.

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For the purposes of this section (*"Limitation of Liability"*), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

15. **Global Resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided shall have no recourse, and shall bring no claim, against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

16. **No Application** - The preceding two sections (*Limitation of Liability, Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).

17. **Solicitation & Hiring of EY Personnel** - EY's independence could be compromised if client were to hire certain EY personnel. Without the prior written consent of EY, client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to client at any time since the date of filing of client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by client's first such financial statements), or in the 12 months preceding that date.

18. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.

19. **Legal Proceedings** - In the event EY is requested by client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for client, and provided that EY is not a party to the legal proceedings, client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.

20. **LLP Status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.

Sept 11/07

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21. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data & Information, Confidentiality, EY Waiver Re: Tax Advice, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel,* and *Legal Proceedings*. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.

August 7, 2008 audit engagement letter for the year ended December 31, 2008

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Ernst & Young LLP
Chartered Accountants
Pacific Centre
700 West Georgia Street
P.O. Box 10101
Vancouver, British Columbia V7Y 1C7
Tel: 604 891 8200
Fax: 604 643 5422
ey.com/ca

August 7, 2008

Sino-Forest Corporation
90 Burnhamthorpe Rd W., Suite 1208
Mississauga, ON, L5B 3C3

Attention: Mr. David Horsley, CFO

Dear Mr. Horsley:

1. This engagement letter, including any additional terms that are attached, (collectively, the "Agreement") confirms the terms upon which Ernst & Young LLP ("we" or "EY") has been engaged to audit and report on the consolidated financial statements of Sino-Forest Corporation ("Sino-Forest" or the "Company") for the year ending December 31, 2008. The services described in this paragraph may hereafter be referred to as either "Audit Service" or "Audit Services."

Consolidated Financial Statement Audit Responsibilities and Limitations

2. The objective of the audit is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in conformity with Canadian generally accepted accounting principles. Should conditions not now anticipated preclude us from completing the audit and issuing a report, we will advise the Audit Committee and management promptly and take such action as we deem appropriate.

3. We will conduct the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance that the consolidated financial statements taken as a whole are free of material misstatement, whether caused by error or fraud or illegal acts whose consequences have a material effect on the consolidated financial statements. As the Company is aware, there are inherent limitations in the audit process, including, for example, the use of judgment and selective testing of data, and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature. Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain

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undetected, it does not eliminate the possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards. Accordingly, there is some risk that a material misstatement of the financial statements would remain undetected. Also, an audit is not designed to detect error or fraud that is immaterial to the consolidated financial statements.

4. In accordance with professional standards established by the Canadian Institute of Chartered Accountants ("CICA"), we will communicate certain matters related to the conduct and results of the audit to the Company's Audit Committee. Such matters include, when applicable, disagreements with management, whether or not resolved; serious difficulties encountered in performing the audit; our level of responsibility under professional standards in Canada for the financial statements, for internal control, and for other information in documents containing the audited financial statements; unrecorded audit differences that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole; changes in the Company's significant accounting policies and methods for accounting for significant unusual transactions or for controversial or emerging areas; our judgments about the quality of the Company's accounting principles; our basis for conclusions regarding sensitive accounting estimates; management's consultations, if any, with other accountants; and major issues discussed with management prior to our retention.

5. We will obtain pre-approval from the Audit Committee for any services we are to provide to the Company pursuant to the Audit Committee's pre-approval process, policies and procedures. In addition, in accordance with CICA Handbook Section 5751, *Communications with Those Having Oversight of the Financial Reporting Process*, we will communicate in writing to the Audit Committee any relationships between EY, its partners and professional employees and Sino-Forest (including related entities) that, in our professional judgment, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to Sino-Forest.

6. As part of our audit, we will consider, solely for the purpose of planning our audit and determining the nature, timing, and extent of our audit procedures, the Company's internal control over financial reporting. Our consideration of internal control for the audit of the financial statements will not be sufficient to enable us to express an opinion on the effectiveness of internal control over financial reporting or to identify all significant weaknesses.

7. If we determine that there is evidence that misstatements, resulting from error, other than trivial errors, or that fraud or illegal or possibly illegal acts may exist or have occurred (other than illegal acts that are considered inconsequential), we will bring such matters to the

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attention of an appropriate level of management. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed and whether the communication is also made to the Audit Committee. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the consolidated financial statements, we will report this matter directly to the Audit Committee. We will also determine that the Audit Committee is adequately informed of misstatements, resulting from error, other than trivial errors and illegal or possibly illegal acts that come to our attention unless they are clearly inconsequential. In addition, we will inform the Audit Committee and appropriate members of management of significant audit adjustments, as well as related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement and disclosure.

8. We will communicate in writing to management and the Audit Committee all significant weaknesses in the design or implementation of internal controls to prevent or detect fraud or error noted during our audit of the Company's consolidated financial statements. In addition, if we become aware that the Audit Committee's oversight of the Company's external financial reporting and internal control over financial reporting is ineffective, we will communicate our conclusion in writing to the Board of Directors.

9. We also may communicate to the appropriate levels of management other opportunities we observe for economies in or improved controls over the Company's operations. The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities.

Reviews of Unaudited Interim Financial Information

10. We will perform a review of the Company's unaudited interim financial information in accordance with CICA Handbook Section 7050, *Auditor Review of Interim Financial Statements*, for the first, second and third quarters of the Company's fiscal year and we will report orally to the Audit Committee in this regard.

11. A review of interim financial information consists principally of performing analytical procedures and making inquiries of management responsible for financial and accounting matters. A review is substantially less in scope than an audit conducted in accordance with Canadian generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we will not express an opinion on the interim financial information.

12. A review includes obtaining sufficient knowledge of the entity's business and its internal control as it relates to the preparation of both annual and interim financial information to: identify the types of potential material misstatements in the interim financial information and consider the likelihood of their occurrence; and select the inquiries and analytical procedures that will provide us with a basis for communicating whether we are aware of any material modifications that should be made to the interim financial information for it to conform with Canadian generally accepted accounting principles.

13. A review is not designed to provide assurance on internal control or to identify significant weaknesses. However, we will communicate with the Audit Committee regarding any significant weaknesses noted during our review procedures.

14. If, during our review procedures, we determine there is evidence that fraud or illegal or possibly illegal acts exist or may have occurred (other than illegal acts that are clearly inconsequential), we will bring such matters to the attention of an appropriate level of management. If we become aware of fraud involving senior management or fraud (whether caused by senior management or other employees) that causes a material misstatement of the interim financial information, we will report this matter directly to the Audit Committee. We will determine that the Audit Committee is adequately informed of illegal acts that come to our attention unless they are clearly inconsequential. We also will inform the Audit Committee and appropriate members of management of significant unrecorded differences noted during our review procedures.

Management's Responsibilities and Representations

15. The preparation and fair presentation of the consolidated financial statements and unaudited interim financial information in accordance with Canadian generally accepted accounting principles are the responsibility of the management of the Company. Management is responsible for establishing and maintaining effective internal controls, for properly recording transactions in the accounting records, for safeguarding assets, and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

16. Management of the Company is responsible for providing us with and making available complete financial records and related data and copies of all minutes of meetings of shareholders, directors and committees of directors; information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements; and information regarding all related parties and related party transactions. Failure to provide this information on a timely basis may cause us to delay our report, modify our procedures or even terminate the engagement.

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17. Management of the Company is responsible for adjusting the consolidated financial statements and unaudited interim financial information to correct material misstatements and for affirming to us in its representation letter that the effects of any unrecorded differences accumulated by us during the applicable Audit Service and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated financial statements and unaudited interim financial information taken as a whole.

18. The design and implementation of internal controls to prevent and detect fraud and error are the responsibility of the Company's management, as is an assessment of the risk that the consolidated financial statements may be materially misstated as a result of fraud. Management of the Company is responsible for apprising us of all known instances of fraud or suspected fraud, illegal or possibly illegal acts and allegations involving financial improprieties received by management or the Audit Committee (regardless of the source or form and including, without limitation, allegations by "whistle-blowers," employees, former employees, analysts, regulators or others), and for providing us full access to information and facts relating to these instances and allegations, and any internal investigations of them, on a timely basis. Allegations of financial improprieties include allegations of manipulation of financial results by management or employees, misappropriation of assets by management or employees, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, intentionally misleading EY, or other allegations of illegal acts or fraud that could have a non-trivial effect on the financial statements or otherwise affect the financial reporting of the Company. If the Company limits the information otherwise available to us under this paragraph (based on the Company's claims of solicitor/client privilege, litigation privilege, or otherwise), the Company will immediately inform us of the fact that certain information is being withheld from us. Any such withholding of information could be considered a restriction on the scope of our Audit Services and may prevent us from opining on the Company's financial statements; prevent us from consenting to the inclusion of previously issued auditor's reports in future Company filings; or otherwise affect our ability to continue as the Company's auditors. We will disclose any such withholding of information to the Audit Committee.

19. As required by Canadian generally accepted auditing standards, we will make specific inquiries of management about the representations contained in the consolidated financial statements and unaudited interim financial information. Management is responsible for affirming to us in its representation letter and providing us information regarding the recognition, measurement and disclosure of specific items, including but not limited to the following:

    - its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the consolidated financial statements or used to support amounts in the consolidated financial statements;

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- any plans or intentions that may affect the carrying value or classification of assets and liabilities;
- information relating to the measurement and disclosure of transactions with related parties;
- an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with CICA HB Section 1508, *Measurement Uncertainty*;
- information relating to claims and possible claims, whether or not they have been discussed with the Company's legal counsel;
- information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Company is contingently liable;
- information on whether the Company has satisfactory title to assets, whether liens or encumbrances on assets exist, or whether assets are pledged as collateral;
- information relating to compliance with aspects of contractual agreements that may affect the consolidated financial statements; and
- information concerning subsequent events.

20. At the conclusion of the applicable Audit Service, we obtain representation letters from certain members of management to confirm significant representations on matters that are directly related to items that are material, either individually or in the aggregate, to the consolidated financial statements; matters that are not directly related to items that are material to the consolidated financial statements but are significant, either individually or in the aggregate to the engagement; and those that are relevant to your judgments or estimates that are material, either individually or in the aggregate, to the consolidated financial statements. The responses to the inquiries of management, the written representations from management and the results of our procedures comprise the evidential matter we will rely upon in completing the applicable Audit Service.

21. Management of the Company is responsible for advising us of any documents or other information provided during the course of the audit over which it intends to assert a claim of privilege and should mark any such documentation accordingly as further described in the attached additional Terms and Conditions (refer to the provision captioned "*Auditor Oversight*").

22. Management shall make appropriate inquiries of the Company's officers, directors, and substantial stockholders to determine whether any business relationships exist between any such officer, director, or substantial stockholder (or any entity for or of which such an officer, director, or substantial stockholder acts in a similar capacity) and EY or any other member firm of the global Ernst & Young organization, other than one pursuant to which such a member firm performs professional services. For this purpose, a "substantial

stockholder" is a person or entity (excluding mutual funds) that owns a beneficial interest of five percent or more of the Company.

23. Management shall discuss any independence matters with EY that, in its judgment, could bear upon EY's independence.

Fees and Billings

24. We estimate that the fee for our audit of the 2008 consolidated financial statements will range from $700,000 to $900,000 plus out of pocket expenses and the review of the unaudited interim financial information will range from $60,000 to $75,000 plus out of pocket expenses per quarter. However, our actual fee may exceed the top of this range based on changes to the business (e.g., nature of the business or change in business entities) or additional scope work. We will submit our invoices in accordance with the agreed upon billing schedule, and payment of them will be made upon receipt.

25. Our estimated fees and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations Company personnel have made to us, and are dependent upon the Company's personnel providing a reasonable level of assistance during the Audit Services. Should our assumptions with respect to these matters be incorrect or should the results of our procedures, the condition of the records, degree of cooperation, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates. Circumstances that may significantly affect the targeted completion dates and our fee estimate include, but are not limited, to the following:

Audit Facilitation

(a) Changes to the timing of the engagement at the Company's request;
(b) Audit schedules are not (i) provided by the Company on the date requested, (ii) completed in a format acceptable to EY, (iii) mathematically correct, or (iv) in agreement with Company records (e.g., general ledger accounts);
(c) Significant delays in responding to our requests;
(d) Deterioration in the quality of the Company's accounting records during the current year in comparison to the prior year;
(e) A completed trial balance, referenced to the supporting analyses and schedules and financial statements, is not provided timely by the Company;
(f) Draft financial statements with appropriate supporting documentation are not prepared accurately and timely by the Company;
(g) The engagement team, while performing work on the Company's premises, is not provided with high-speed access to the Internet for purposes of conducting the engagement.

Significant Issues or Changes

(a) Significant weaknesses are identified in the Company's internal control over financial reporting that result in the expansion of our audit procedures;
(b) A significant level of proposed audit adjustments;
(c) A significant number of financial statement drafts are submitted for our review or a significant level of deficiencies in the draft financial statements;
(d) Significant new issues or changes, such as new accounting issues, changes in accounting policies, events or transactions not contemplated in our budgets; changes in the Company's financial reporting or IT systems, or changes in the Company's personnel, their responsibilities or their availability.
(e) Changes in audit scope caused by events that are beyond our control.

26. In addition, fees for any consent to the use of the audit report outside of Section 1(b) of the Addendum or any special audit-related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fees referred to above and may be the subject of other written agreements supplemental to those in this Agreement.

27. Canadian securities legislation requires that any reporting issuer filing an auditor's report dated on or after March 30, 2004 must have that report signed by an auditing firm that has registered with the Canadian Public Accountability Board ("CPAB"). Audit firms registered with CPAB are required to fund CPAB's costs. Fees are levied based on the most recent audit fees as defined by CPAB, charged by the Canadian firm and reported in our registration information. We will bill all reporting issuer clients a portion of the CPAB levy on a recovery basis. Your proportionate share will be based upon the most recent audit fees reported to CPAB and billed for your engagement, multiplied by the annual levy rate set by CPAB. CPAB sets the rate annually and the fee for the most recent year that has been determined was 1.6% of audit fees; however, the fee is subject to adjustment by CPAB. This amount will be charged at the effective CPAB rate annually and will be billed when the annual invoice is received from CPAB.

Use and Disclosure of the Audit Report

28. The use and disclosure of EY's audit report shall be governed by the terms of the Addendum attached to this letter, which form an integral part of this Agreement.

Other Matters

29. The Company shall provide to us copies of the printer's proofs of its annual report prior to publication for our review. Management of the Company bears the primary responsibility to ensure the annual report contains no misrepresentations. Management is also responsible for

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identifying subsequent events and providing appropriate disclosure in, and/or adjustment of, the audited financial statements as a result of such events as required by generally accepted accounting principles. We will review the report for consistency between the annual financial statements and other information contained in the report, and to determine if the financial statements and our report thereon have been accurately reproduced. If we identify any errors or inconsistencies which may impact on the financial statements, we will advise management and the Audit Committee as appropriate.

30. By your signature below, you confirm that the Company, through its Board of Directors, has authorized the Audit Committee to enter into this Agreement with us on the Company's behalf and that you have been expressly authorized by the Audit Committee to execute this Agreement on behalf of, and to bind, the Company.

31. The attached additional Terms and Conditions form an integral part of this engagement letter and govern our respective rights and obligations arising therefrom.

EY appreciates the opportunity to be of assistance to the Company. To confirm the terms upon which the Company has agreed to engage EY, please have this letter signed below where indicated and return it to Ms. Linda Zhu, 700 West Georgia Street, P.O. Box 10101, Vancouver, BC V7Y 1C7, Canada.

Yours very truly,

Ernst & Young LLP

Chartered Accountants

Agreed:
Sino-Forest Corporation

by _____
Name: Mr. David Horsley
Title: CFO

Acknowledged on behalf of the Company's Audit Committee:

by _____
Name: Mr. Jamie Hyde
Title: Chairman of the Audit Committee

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Addendum
Use and Disclosure of the Audit Report

(1) **Annual Financial Statements**

(a) EY acknowledges that the Company is a reporting issuer under Canadian securities legislation and/or is subject to securities legislation in other jurisdictions and has an obligation to:

(i) file its annual financial statements and EY's accompanying audit report (referred to as the "audit report") with the securities regulators having jurisdiction over the Company; and

(ii) distribute those documents to its security holders, either as part of the Company's annual report to shareholders (referred to as the "annual report") or separately.

Filing those documents and/or including them in the annual report will result in such documents being "released" as that term is defined under applicable securities laws.

(b) EY hereby consents (within the meaning contemplated by applicable securities laws) to the annual filing of the audit report and to the inclusion of the audit report in the annual report if all of the conditions set out below are met. The effective date of such consent is deemed to be the date of the audit report. The conditions are as follows:

(i) the filing of the audit report or the distribution of the annual report, as the case may be, occurs within 5 business days of the date of the audit report;

(ii) neither the chief executive officer nor the chief financial officer of the Company is aware of anything which would result in the financial statements containing a misrepresentation (as such term is defined under applicable securities laws);

(iii) since the date of the audit report, no "material change" (as that term is defined under applicable securities laws) or other event has occurred, or information has become available, that would require disclosure in or adjustment to the financial statements to make those statements current and in accordance with Canadian generally accepted accounting principles as of the date that they are being released; and

(iv) the consent provided in this engagement letter has not been withdrawn in writing before the audit report is filed and/or the annual report is distributed.

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(c) EY expressly does not consent to the use of the audit report, or the opinions expressed in the audit report, in any "document" or "public oral statement" (as those terms are defined under applicable securities laws), in any other circumstance. In particular, EY does not consent to:

(i) the filing of the audit report after the outside date referred to in paragraph (b)(i);

(ii) the inclusion of the audit report in the annual report if the annual report is distributed after the outside date referred to in paragraph (b)(i);

(iii) the inclusion of the audit report in:

(1) a prospectus, a takeover bid circular, an issuer bid circular, a directors' circular, a rights offering circular, or other document related to a distribution, purchase or sale of securities of the Company or another reporting issuer;

(2) a business acquisition report or similar document filed by another reporting issuer; or

(3) any "document" (as that term is defined under applicable securities laws) other than as specified in 1(b); or

(iv) the Company or any other person summarizing or quoting from the audit report in any "document" or "public oral statement" (as those terms are defined under applicable securities laws).

(d) If the Company wishes to (i) file the audit report with a securities commission after the outside date referred to in paragraph (b)(i) but within the time specified by the applicable securities legislation; or (ii) include the audit report in the annual report if the annual report is distributed after the outside date referred to in paragraph (b)(i) then;

(1) a further written consent from EY is required; and

(2) EY will undertake such additional procedures as are required in accordance with professional standards to enable it to determine whether it can furnish its further written consent.

If, after completion of the applicable procedures, EY is in a position to provide its further written consent to such use, it will do so in accordance with Assurance Guideline No. 44,

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The Auditor's Written Consent to the Use of the Audit Report in a Continuous Disclosure Document, published by the Canadian Institute of Chartered Accountants.

(e) If the Company wishes to include, summarize, quote from or otherwise use the audit report in any "document" or "public oral statement" (as those terms are defined under applicable securities laws), in any manner other than that permitted under paragraph (b) or (d), the following procedures will apply:

(i) the Company will, in writing, request EY 's further written consent to that use;

(ii) if EY agrees that the request is an appropriate use of the audit report, the Company and EY will enter into an engagement letter setting out the terms of such engagement, including the scope of the procedures to be undertaken by EY and its fee for performing these services; and

(iii) EY will undertake such additional procedures as are required in accordance with professional standards to enable it to determine whether it can furnish its further written consent.

If, after completion of the applicable procedures, EY is in a position to provide its further written consent to such use, it will do so in accordance with Assurance Guideline No. 44, *The Auditor's Written Consent to the Use of the Audit Report in a Continuous Disclosure Document*, published by the Canadian Institute of Chartered Accountants.

(2) **Interim Financial Statements**

We expressly do not consent to the use of any communication, report, statement or opinion prepared by EY on the interim financial statements and such communication may not be included in, summarized in, quoted from or otherwise used in any "document" or "public oral statement" (as such terms are defined under applicable securities laws).

Terms and Conditions

Except as otherwise specifically provided in the engagement letter or contract to which these terms and conditions are attached (collectively, the "Agreement") the following additional terms and conditions shall apply. As used herein "EY" refers to the Canadian firm of Ernst & Young LLP. "EY Entities" means EY, all members of the global Ernst & Young network, Ernst & Young Global Limited, and any of their respective affiliates (and "EY Entity" means any one of them).

1. **Services** - EY shall exercise due professional care and competence in the performance of the services provided pursuant to this Agreement (the "Services").

2. **Unexpected Events** - If changes to the scope or timing of any Services are required because of a change in applicable law or professional standards or events beyond a party's reasonable control, but not involving its fault or negligence (any of which, a "Change"), the parties agree to adjust the fees for, and/or timing of, the Services appropriately and, if necessary, client will obtain Audit Committee approval of such adjustments. Each party shall be excused from default or delay in the performance of its obligations (other than payment obligations) under this Agreement to the extent caused by a Change.

3. **Client Data & Information** - Client will provide, or cause to be provided, to EY in a timely manner complete and accurate data and information ("Client Data") and access to resources as may be reasonably required by EY to perform the Services. EY may disclose Client Data, including personal information, to other EY Entities for the purposes of (i) rendering the Services, (ii) fulfilling EY Entities' professional obligations to manage conflicts of interest and to maintain auditor independence and (iii) implementing standardized performance recording and documentation systems within the global Ernst & Young network. EY Entities or their service providers may process and store Client Data, which may include personal information, outside of Canada.

4. **Confidentiality** - Subject to the other terms of this Agreement, both client and EY agree that they will take reasonable steps to maintain the confidentiality of any proprietary or confidential information of the other.

5. **EY Waiver Re: Tax Advice** - Notwithstanding any confidentiality obligations or other restrictions on disclosure contained in this Agreement, with regard to:

   (a) any oral or written statement or advice related to taxes provided by EY with regard to a person or entity that:
   (i) has any filing obligation with the US Internal Revenue Service, or
   (ii) qualifies as a US Controlled Foreign Corporation (i.e., a non-US corporation that has US shareholders (US persons that directly or indirectly own 10% or more of the total combined voting power of all of the classes of stock of such non-US corporation) that

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own in the aggregate more than 50% of the total vote or value of such non-US corporation);

(b) any oral or written statement or advice regarding US taxes or tax advice related to a transaction that could affect a US tax; or

(c) where SEC audit independence restrictions apply to the relationship between client and any EY Entity, any oral or written statement or advice to client as to any potential tax consequences that may result from a transaction or the tax treatment of an item,

(together, (a), (b) and (c) referred to as "Tax Advice"),

EY expressly authorizes client to disclose to any and all persons, without limitation of any kind, any such Tax Advice, including any fact that may be relevant to understanding such Tax Advice, and all materials of any kind (including opinions and other tax analyses) provided to client in relation to such Tax Advice. However, because the Tax Advice is solely for the benefit of client and is not to be relied upon by any other person or entity, client shall inform those to whom it discloses any such information that they may not rely upon any of it for any purpose without EY's prior written consent.

6. **Privacy** - Client confirms to EY that it has obtained any consents that may be required under applicable privacy legislation for any collection, use or disclosure of personal information that is necessary in order for EY to provide the Services. EY shall adhere to applicable privacy legislation when dealing with personal information that was obtained from client. Personal information is collected, used and disclosed by EY in accordance with EY's privacy policy, which is available at http://www.ey.com/ca.

7. **Auditor Oversight** - Client hereby acknowledges that EY may from time to time receive requests or orders from the Canadian Public Accountability Board or from professional, securities or other regulatory or governmental authorities that fulfill similar functions (both in Canada and abroad) to provide them with information and copies of documents in EY's files including EY's working papers, and other work-product relating to client's affairs. Client consents to EY providing or producing, as applicable, these documents and information without further reference to, or authority from, client. Except where prohibited by law, if a request or order is directly related to an inspection or investigation of EY's audit of client, EY will advise client of the request or order.

When a regulatory authority requests access to EY's working papers and other work-product relating to client's affairs, EY will, on a reasonable efforts basis, refuse access to any document over which client has expressly informed EY that client asserts privilege, except where disclosure of documents is required by law or requested by a provincial Institute/Order of Chartered Accountants pursuant to its statutory authority. Client must mark any document over which it asserts privilege as privileged and inform EY of the grounds for client's assertion of privilege (such as whether it claims solicitor-client privilege or litigation privilege).

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EY will also be required to provide information relating to the fees that EY collects from client for the provision of audit services, other accounting services and non-audit services.

8. **Internet Communications** - Unless otherwise agreed with client, EY and other EY Entities may correspond by means of the Internet or other electronic media or provide information to client in electronic form. There are inherent risks associated with the electronic transmission of information on the Internet or otherwise. EY cannot guarantee the security and integrity of any electronic communications sent or received in relation to this engagement and cannot guarantee that transmissions or other electronic information will be free from infection by viruses or other forms of malicious software.

9. **Right to Terminate Services** - Subject to any applicable professional standards and legislation, either party may terminate this Agreement, with or without cause, by providing written notice to the other party. In the event of early termination, for whatever reason, client will be invoiced for time and expenses incurred up to the end of the notice period together with reasonable time and expenses incurred to bring the engagement to a close in a prompt and orderly manner. EY shall also have the right, upon 7 days prior notice, to suspend performance of the Services in the event client fails to pay any amount required to be paid under this Agreement.

10. **Expenses** - Client shall reimburse EY for all reasonable expenses incurred in connection with the performance of the Services. The costs of administrative items such as telephone, research material, facsimile, overnight mail, messenger, administrative support, among others will be billed to client at 11.5% of EY's fees for professional services. Reasonable and customary out-of-pocket expenses for items such as travel, meals, accommodations and other expenses specifically related to this engagement will also be charged.

11. **Billing & Taxes** - Bills including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered. Interest on overdue accounts is calculated at the rate noted on the invoice commencing 30 days following the date of the invoice. The fees, expenses and other charges payable pursuant to this Agreement do not include taxes or duties. All applicable taxes or duties, whether presently in force or imposed in the future, shall be assumed and paid by client without deduction from the fees, expenses and charges hereunder.

12. **Governing Law** - This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to principles of conflicts of law. The parties hereby irrevocably and unconditionally submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario in connection with any dispute, claim or other matter arising out of or relating to this Agreement or the Services.

13. **EY Reports** - EY retains all copyright and other intellectual property rights in everything developed, designed or created by EY either before or during the course of an engagement including systems,

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methodologies, software, know-how and working papers. EY also retains all copyright and other intellectual property rights in all reports, advice or other communications of any kind provided to client in any form (written or otherwise) during the course of an engagement ("Reports"), although client shall have the full right to use any Reports within its own organization. Any Reports are provided solely for the purpose of this engagement. Subject to "*EY Waiver Re: Tax Advice*" above, no Report (and no portion, summary or abstract thereof) may be disclosed to any third party without EY's prior written consent. Without limitation, except as otherwise specifically agreed in the engagement letter into which these terms and conditions are incorporated client agrees that it will not, and will not permit others to, refer to EY or reproduce, quote or refer to any Report (or any portion, summary or abstract thereof) in any document filed or distributed in connection with (i) a purchase or sale of securities or (ii) continuous disclosure obligations under applicable securities laws. EY does not assume any duties or obligations to third parties who may obtain access to any Reports. Any services or procedures performed for client will not be planned or conducted (i) in contemplation of reliance by particular third parties (ii) with respect to any specific transaction contemplated by a third party or (iii) with respect to the interests or requirements of particular third parties. Client may not rely on any draft Report.

14. **Limitation of Liability** - To the fullest extent permitted by law and regardless of whether such liability is based on breach of contract, tort (including negligence), breach of statute, strict liability, failure of essential purpose or otherwise,

    (a) EY's liability shall be several and not joint and several, solidary or *in solidum* and EY shall only be liable for its proportionate share of any total liability based on degree of fault having regard to the contribution to any loss or damage in question of any other persons responsible and/or liable for such loss and damage;
    (b) in no event shall either party be liable to the other for any consequential, incidental, indirect, punitive or special damages (including loss of profits, data, business or goodwill) in connection with the performance of the Services or otherwise under this Agreement, even if the relevant party has been advised of the likelihood of such damages; and
    (c) in any case the total aggregate liability of EY arising out of or relating to this Agreement or the Services shall be limited to the greater of (i) the total fees paid to EY for the Services and (ii) $1,000,000. This paragraph (c) shall not limit liability for death, bodily injury, physical damage to tangible property, fraud or wilful misconduct.

    For the purposes of this section (*"Limitation of Liability"*), the term EY includes all other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity.

15. **Global Resources** - EY may use the services of personnel from other EY Entities to assist it in providing the Services. EY shall be solely responsible for the performance of the Services and all of the other liabilities and obligations of EY under this Agreement whether or not performed, in whole or part, by EY, any other EY Entity, or any subcontractor or personnel of any EY Entity. Client and its affiliates or other persons or entities for or in respect of which any of the Services are provided

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shall have no recourse, and shall bring no claim, against any EY Entity other than EY, or against any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity, or any of their respective assets, in connection with the performance of the Services or otherwise under the Agreement. Other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity shall have the express benefit of this section and shall have the right to rely on and enforce any of its terms.

16. **No Application** - The preceding two sections (*Limitation of Liability, Global Resources*) shall not apply to the extent prohibited by applicable law or regulation (including for these purposes applicable rules and interpretations of the US Securities and Exchange Commission relating to auditor independence and any applicable rules or guidance from a provincial Institute/Order of Chartered Accountants having jurisdiction).

17. **Solicitation & Hiring of EY Personnel** - EY's independence could be compromised if client were to hire certain EY personnel. Without the prior written consent of EY, client shall not solicit for employment or for a position on its Board of Directors, nor hire, any current or former partner or professional employee of any of EY, any affiliate thereof or any other EY Entity, if such partner or professional employee has been involved in the performance of any audit, review, attest or assurance service for or relating to client at any time since the date of filing of client's most recent financial statements with the relevant securities regulator(s) or stock exchange(s) (or, if client has not previously filed such financial statements, since the beginning of the most recent fiscal year to be covered by client's first such financial statements), or in the 12 months preceding that date.

18. **Severability** - In the event any provision of this Agreement is determined to be invalid, illegal or unenforceable, in whole or in part, such provision shall be deemed severed from this Agreement to the extent required and the remainder of this Agreement shall remain in full force and effect.

19. **Legal Proceedings** - In the event EY is requested by client or is required by government regulation, subpoena, or other legal process to produce documents or personnel as witnesses with respect to the engagement for client, and provided that EY is not a party to the legal proceedings, client shall reimburse EY for professional time and expenses, as well as the fees and expenses of counsel, incurred in responding to such requests.

20. **LLP Status** - EY is a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and is registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, a partner of an LLP has a degree of limited liability protection in that he or she is not personally liable for any debts, obligations or liabilities of the LLP that arise from the negligence of another partner or any person under that partner's direct supervision or control. As an LLP, EY is required to maintain certain insurance. EY's insurance exceeds the mandatory

professional liability insurance requirements established by any provincial Institute/Order of Chartered Accountants.

21. **Miscellaneous** - EY shall provide all Services as an independent contractor and nothing shall be construed to create a partnership, joint venture or other relationship between EY and client. Neither party shall have the right, power or authority to obligate or bind the other in any manner. This Agreement shall not be modified except by written agreement signed by the parties. This Agreement may not be assigned in whole or in part by client without EY's prior written consent, not to be unreasonably withheld. Any terms and provisions of this Agreement that by their nature operate beyond the term or expiry of this Agreement shall survive the termination or expiry of this Agreement, including without limitation those provisions headed *Client Data & Information, Confidentiality, EY Waiver Re: Tax Advice, Auditor Oversight, Limitation of Liability, Global Resources, Solicitation & Hiring of EY Personnel,* and *Legal Proceedings*. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns. The provisions of this Agreement shall operate for the benefit of, and may be enforced by, other EY Entities and any subcontractors, members, shareholders, directors, officers, managers, partners or employees of EY or any other EY Entity. This Agreement constitutes the entire agreement between the parties relating to its subject matter and supersedes all prior representations, negotiations and understandings.