

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE MORAWETZ

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THURSDAY, THE 5^{*th*} DAY
OF JUNE, 2014

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

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

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N :

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

Plaintiffs

- and -

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

Defendants

Proceeding under the *Class Proceedings Act, 1992*

**ORDER
(Notice Approval – Horsley Settlement)**

THIS MOTION, made by the Ad Hoc Committee of Purchasers of the Applicant's Securities, including the plaintiffs in the action commenced against Sino-Forest Corporation ("Sino-Forest") in the Ontario Superior Court of Justice, bearing (Toronto) Court File No. CV-11-431153-00CP (the "Ontario Plaintiffs" and the "Ontario Class Action", respectively) for an order approving the form of notice to Securities Claimants (the "Notice") of the hearing to approve the settlement agreement with David J. Horsley (the "Horsley Settlement") and the plan of distribution of the Notice ("Notice Plan"), and matters ancillary thereto, was heard on June 5, 2014, in Toronto, Ontario.

WHEREAS the Ontario Plaintiffs and Horsley have entered into the Horsley Settlement;

AND WHEREAS notice has previously been provided to Securities Claimants of the Ernst & Young Settlement;

AND ON BEING ADVISED that in excess of 47,000 claims have been submitted by Securities Claimants wishing to participate in the proceeds of the Ernst & Young Settlement;

AND ON BEING ADVISED that a proceeding (the "Chapter 15 Proceeding") was commenced in the United States Bankruptcy Court for the Southern District of New York (the "United States Bankruptcy Court") captioned In re Sino Forest Corporation, Case No. 13-10361 (MG) and that this notice will be disseminated pursuant to the Federal Rules of Bankruptcy Procedure and any applicable local rules in connection with the motion filed in the Chapter 15 Proceeding for recognition and enforcement order granting approval of the Horsley Settlement;

AND ON READING the materials filed, and on hearing submissions of counsel to the Ontario Plaintiffs and Horsley, and upon hearing from counsel for the Litigation Trust;

1. **THIS COURT ORDERS** that the time for service and filing of this notice of motion and motion record is validated and abridged and any further service thereof is dispensed with.
2. **THIS COURT ORDERS** that unless otherwise defined herein, or unless the context requires otherwise, capitalized terms in this Order have the meanings attributed to them at **Schedule “A”** of this Order.
3. **THIS COURT ORDERS** that the notice substantially in the form attached as **Schedule “B”** (the “Notice”) be and hereby is approved, subject to the right of the parties to make minor non-material amendments to such form as may be necessary or desirable.
4. **THIS COURT ORDERS** that the Notice shall be disseminated as follows:
 - (a) Siskinds LLP and Koskie Minsky LLP (together, “Class Counsel”) shall provide or cause to be provided a copy of the Notice directly, either electronically or by mail, to all individuals or entities who have contacted Class Counsel, Siskinds Desmeules sencl (“Desmeules”), or Cohen Milstein Sellers & Toll PLLC (“Cohen Milstein”) regarding this action, and to any person or entity who requests a copy of the Notice, provided that such person or entity has furnished his, her or its contact information to Class Counsel, Desmeules, or Cohen Milstein;
 - (b) Within 10 business days of this Order, Class Counsel will send or will cause to be sent copies of the Notice to all persons and entities that have submitted claims to participate in the Ernst & Young Settlement, provided that such person or entity has furnished his, her, or its contact information in the claim form. The Notice

shall be sent electronically via email to any such person that has provided his, her, or its email address in the claim form;

- (c) Within 10 business days of this Order, Class counsel will send or will cause to be sent copies of the Notice to the current Service List in Court File No. CV-12-9667-00CL (the “CCAA Proceeding”), including notice to ACE-INA Insurance Company (“ACE”), Chubb Insurance Company of Canada (“Chubb”), Lloyd’s of London (“Lloyd’s Underwriters”), and Travelers Guarantee Company of Canada (“Travelers”) (together, the “Insurers”) or their counsel;
 - (d) Within 10 business days of this Order, copies of the Notice will be posted on the websites of Class Counsel (in English and French) and Cohen Milstein (in English);
 - (e) Notice shall be sent to all persons entities potentially afforded coverage by or under the Policies in accordance with a process agreed upon in writing by the Parties and the Insurers but subject (in the event of disagreement) to the Court’s determination as to the scope of notice required to be provided;
5. **THIS COURT ORDERS** that any persons wishing to object to the Horsley Settlement shall deliver a notice of objection substantially in the form attached hereto as **Schedule “C”** (the “Notice of Objection”) to be received by no later than ● (the “Objection Deadline”) by mail, courier, or email transmission, to the contact information indicated on the Notice of Objection, and that any Notice of Objection received later than the Objection Deadline shall not be filed with the Court or considered at the hearing to approve the Horsley Settlement; and

6. **THIS COURT REQUESTS**, pursuant to the *Companies' Creditors Arrangement Act* (Canada), together with such other statutes, regulations and protocols as may apply, and as a matter of comity, that all courts, regulatory and administrative bodies, and other tribunals, in all provinces and territories of Canada, in the United States of America, and in all other nations or states, recognize this order and act in aid of and in a manner complementary to this order and this court in carrying out the terms of this order.

Date:



Morawetz J.

RECEIVED
CHIEF JUSTICE
LE JUGE EN CHEF

JUN 09 2014



SCHEDULE “A”

Definitions of capitalized terms used in this Order

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, RSC, 1985, c. C-36

“**Ernst & Young Settlement**” has the meaning attributed to it in the Plan

“**Horsley**” means the defendant in the Ontario Class Action, David J. Horsley

“**Horsley Settlement**” means the settlement as reflected in the Minutes of Settlement between Horsley and the plaintiffs in Ontario Superior Court Action No. CV-11-431153-00CP, Quebec Superior Court No. 200-06-000132-111, and United States New York Southern District Court, Case Number 1:12-cv-01726 (AT) and the Litigation Trustee

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

“**Securities Claimants**” means all Person and entities, wherever they may reside, who acquired any Securities of Sino-Forest Corporation including Securities acquired in the primary, secondary, and over-the-counter markets.

SCHEDULE “B”

SINO-FOREST SECURITIES LITIGATION

NOTICE OF PROPOSED SETTLEMENT WITH DAVID J. HORSLEY

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

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

IMPORTANT DEADLINE

Objection Deadline (for those who wish to object or make submissions regarding the proposed settlements with David J. Horsley or recognition and enforcement of any order approving such proposed settlements in the United States. See pages 3 & ● for more details)

●, 2014

Background of Sino-Forest Class Action and CCAA Proceeding

In June and July of 2011, class actions were commenced in the Ontario Superior Court of Justice (the “Ontario Proceeding”) and the Quebec Superior Court (the “Quebec Proceeding”) by certain plaintiffs (the “Plaintiffs”) against Sino-Forest Corporation (“Sino-Forest”), its auditors, its underwriters, a consulting company, and its senior officers and directors, including David J. Horsley (“Horsley”). In January 2012, a proposed class action was commenced against Sino-Forest and other defendants in the Supreme Court of the State of New York which was removed to and is now pending in the United States District Court for the Southern District of New York (the “U.S. Action”) (together with the Ontario Proceeding and the Quebec Proceeding, the “Proceedings”). The Proceedings alleged that the public filings of Sino-Forest contained false and misleading statements about Sino-Forest’s assets, business, and transactions.

Since that time, the litigation has been vigorously contested. On March 30, 2012, Sino-Forest obtained creditor protection under the *Companies’ Creditors Arrangement Act* (the “CCAA”), and the Ontario Superior Court ordered a stay of proceedings against the company and other parties (the “CCAA Proceeding”). Orders and other materials relevant to the CCAA Proceeding can be found at the CCAA Monitor’s website at <http://cfcanada.fticonsulting.com/sfc/> (the “Monitor’s Website”).

On December 10, 2012, the Ontario Superior Court entered an order (the “Plan Sanction Order”) approving a Plan of Arrangement in the CCAA Proceeding. As part of the Plan of Arrangement, the court approved a framework by which the Plaintiffs may enter into settlement agreements with any of the third-party defendants to the Proceedings.

On February 4, 2013, a proceeding was commenced in the United States Bankruptcy Court for the Southern District of New York (the United States Bankruptcy Court”) captioned In re Sino Forest Corporation, Case No. 13-10361(MG) (the “Chapter 15 Proceeding”) seeking recognition of the CCAA Proceeding, and the enforcement of the Plan Sanction Order, in the United States. On April 15, 2013, the Bankruptcy Court entered an order granting the requested relief recognizing the CCAA Proceeding and recognizing and enforcing the Plan Sanction Order in the United States.

To date, the claims in the Proceedings against the defendants Ernst & Young and Pöyry (Beijing) Consulting Company Limited have been settled and dismissed.

Who Acts for the Securities Claimants

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

You will not have to directly pay any fees or expenses to Class Counsel. However, Class Counsel will seek to have their fees and expenses paid from any money obtained for the class or paid separately by the defendants.

Proposed Settlement with David J. Horsley

The Plaintiffs have entered into a proposed settlement with Horsley (the “Settlement Agreement”). The Settlement Agreement would settle, extinguish and bar all claims, globally, against Horsley in relation to Sino-Forest including the allegations in the Proceedings. Horsley does not admit to any wrongdoing or liability. The terms of the proposed settlements do not involve the resolution of any claims against Sino-Forest or any of the other remaining defendants. For an update on CCAA orders affecting Sino-Forest, please see the Monitor’s Website. A complete copy of the proposed Settlement Agreement and other information about these Proceedings is available at: www.kmlaw.ca/sinoforestclassaction, on the website of Cohen Milstein Sellers & Toll PLLC at ● (“Cohen Milstein Website”) and [www.\[newwebsite\].com](http://www.[newwebsite].com) (collectively, the “Class Action Websites”).

The Settlement Agreement, if approved and its conditions fulfilled, provide that CAD\$4,200,000 (the “Settlement Amount”) shall be paid into an interest bearing account for the benefit of the Securities Claimants until such time that it is distributed pursuant to orders of the Ontario Superior Court. The proposed settlement also provides that Horsley will cooperate and provide information to the plaintiffs in the Proceedings to aid in the continued prosecution of the claims against the remaining defendants in the Proceedings.

In return, the Proceedings will be dismissed against Horsley, and there will be an order forever barring all claims against him in relation to Sino-Forest, including any allegations relating to the Proceedings. Such order will be final and binding and there will be no ability to pursue a claim against Horsley through an opt-out process under class proceedings or similar legislation.

The proposed settlement with Horsley is subject to court approval, as discussed below.

Hearing to Approve the Settlement Agreement and Class Counsel Fees on ●, 2014 in Toronto, Ontario

On ●, 2014 at 10:00 a.m., there will be a hearing before the Ontario Superior Court of Justice (the “Ontario Approval Motion”) at which Class Counsel will seek that Court’s approval of i) the Settlement Agreement; and ii) the fees and expense reimbursement requests of Class Counsel. The hearing will be held at the Canada Life Building, 330 University Avenue, 8th Floor, Toronto, Ontario. The exact courtroom number will be available on a notice board on the 8th Floor.

At the Ontario Approval Motion, the court will determine whether the Settlement Agreement is fair, reasonable, and in the best interests of Securities Claimants. At that hearing, Class Counsel will also seek court approval of its request for fees and expense reimbursements (“Class Counsel Fees”). As is customary in class actions, Class Counsel is prosecuting and will continue to prosecute this class action on a contingent fee basis. Class Counsel is not paid as the matter proceeds, and Class Counsel funds the out-of-pocket expenses of conducting the litigation. Class Counsel will be requesting the following fees and disbursements to be deducted from the Settlement Amount before it is distributed to Securities Claimants:

Siskinds LLP, Koskie Minsky LLP, Siskinds Desmeules, sencrl

Amount requested: \$●, plus disbursements (expenses), plus taxes

Cohen Milstein Sellers & Toll PLLC

Amount requested: \$●, plus disbursements (expenses), plus taxes

If the Ontario Approval Motion is granted, a further notice will be provided to Securities Claimants regarding the time when Class Counsel intends to distribute the net settlement amount (after Class Counsel Fees and other expenses). Any plan for allocating such funds must be approved by the Court.

All Securities Claimants may attend at the hearing of the Ontario Approval Motion and ask to make submissions regarding the proposed settlement with Horsley.

Persons intending to object to the Settlement Agreement are required to deliver a Notice of Objection, substantially in the form that can be found on the Class Action Websites, and, if this Notice is received by mail or email, enclosed with this Notice (the “Notice of Objection”), to Siskinds LLP by regular mail, courier, or email transmission, to the contact information indicated on the Notice of Objection, so that it is received by no later than 5:00 p.m. on ●, 2014. Copies of the Notices of Objection sent to Siskinds LLP will be filed with the Ontario Superior Court.

Concurrent with the hearing of the Ontario Approval Motion, there will be a hearing in the United States Bankruptcy Court for recognition and enforcement of the order, if entered, granting the Ontario Approval Motion and the Settlement Agreement, as discussed below.

Concurrent Hearing for Recognition on and Enforcement ●, 2014 in New York, New York

Among other things, the Settlement Agreement is conditioned on the recognition and enforcement of the order granting the Ontario Approval Motion. Accordingly, on ●, ● filed a motion (the “Horsley Settlement Recognition Motion”) with the United States Bankruptcy Court seeking such relief. Copies of the Horsley Settlement Recognition Motion are available on the Class Action Websites.

On ●, 2014, at ● a.m. (ET) there will be a hearing on the Horsley Settlement Recognition Motion before the Honorable Martin Glenn in Courtroom 501 of the Bankruptcy Court, One Bowling Green, New York, New York. If the Ontario Approval Motion is granted, the Bankruptcy Court will consider whether to recognize and enforce the order granting the Ontario Approval Motion.

Any objections or responses to the Horsley Settlement Recognition Motion must be made in accordance with the United States Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the Local Rules for the Bankruptcy Court. In addition, such objection or response must be made in writing describing the basis therefore and filed with the United States Bankruptcy Court electronically in accordance with General Order M-399 by registered users of the United States Bankruptcy Court’s electronic case filing system, and by all other parties in interest, on a 3.5 inch disc, preferably in Portable Document Format (PDF), Word Perfect or any other Windows-based word processing format, with a hard copy to the Chambers of the Honorable Martin Glenn, United States Bankruptcy Judge, and served upon US counsel for Horsley at ●, Attention: ● and Bankruptcy Counsel for the plaintiffs in the Class Actions, Lowenstein Sandler LLP, 1251 Avenue of the Americas, New York, N.Y. 10020, Attention: Michael S. Etkin and Tatiana Ingman, so as to be received by them no later than ____ __, 2014 at __: __.m. (ET).

Further Information

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

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

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

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

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

Interpretation

If there is a conflict between the provisions of this notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

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

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

SCHEDULE "C"

NOTICE OF OBJECTION

**ONLY USE THIS FORM IF YOU DO NOT LIKE THE
HORSLEY SETTLEMENT**

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

Attention: Nicole Young

Email: sinoforest@siskinds.com

RE: SINO-FOREST CORPORATION — HORSLEY SETTLEMENT

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

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

I acknowledge that pursuant to the order of Mr. Justice Morawetz dated ●, 2014 (the "Order"), persons wishing to object to the Horsley Settlement are required to complete and deliver this Notice of Objection to Siskinds LLP by mail, courier or email to be received by no later than 5:00 p.m. (Eastern Time) on ●, 2014

I hereby give notice that I object to the Horsley Settlement for the following reasons (please attach extra pages if you require more space):

**ONLY SUBMIT AN OBJECTION IF YOU DO NOT LIKE THE HORSLEY
SETTLEMENT**

- I DO NOT intend to appear at the hearing of the motion to approve the Horsley Settlement, and I understand that my objection will be filed with the court prior to the hearing of the motion at 10:00 a.m. on ●, 2014, at 330 University Ave., 8th Floor Toronto, Ontario.

- I DO intend to appear, in person or by counsel, and to make submissions at the hearing of the motion to approve the Horsley Settlement at 10:00 a.m. on ●, 2014, at 330 University Ave., 8th Floor Toronto, Ontario.

MY ADDRESS FOR SERVICE IS:

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

Name:

Name:

Address:

Address:

Tel.:

Tel.:

Fax:

Fax:

Email:

Email:

Date: _____

Signature: _____

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

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

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

ORDER

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Lawyers for the Ad Hoc Committee of Purchasers of the
Applicant's Securities, including the Class Action Plaintiffs

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