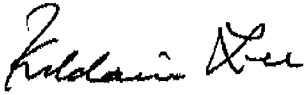


THIS IS EXHIBIT "CC" TO
THE AFFIDAVIT OF W. JUDSON MARTIN
SWORN MARCH 30, 2012

A Commissioner, etc.


LEE HONG KIU KILDARIA
Solicitor, Hong Kong SAR



HOULIHAN LOKEY

Privileged and Confidential

As of 22 December 2011

Bennett Jones LLP
 1 First Canadian Place
 Suite 3400
 P.O. Box 130
 Toronto, Ontario Canada M5X 1A4

Attn: Kevin Zych, Partner

Dear Mr. Zych:

This letter agreement (this "Agreement") confirms the terms under which Bennett Jones LLP ("BJ"), legal counsel to the Company (defined herein) has engaged Houlihan Lokey Capital, Inc. ("Houlihan Lokey"), effective as of the date indicated above (the "Effective Date"), as its financial advisor to provide financial advisory and investment banking services in connection with (i) one or more merger, acquisition and financing transactions involving Sino-Forest Corporation (together with all of its subsidiaries, the "Company"); and (ii) issues related directly or indirectly the Company's Senior Notes due 2014, Senior Notes due 2017, Convertible Notes due 2013, Convertible Notes due 2016 and the Greenheart Group Convertible Notes due 2015 (collectively referred to as the "Bonds"), as described herein. Upon execution of this Agreement the prior executed agreement dated 26 September 2011 is hereby amended and replaced in its entirety.

1. **Services.** In connection with this Agreement, Houlihan Lokey will assist and advise BJ with the analysis, evaluation, pursuit and effectuation of any strategy directly or indirectly related to the Bonds and/or any correspondence or negotiation with the holders of such Bonds. Houlihan Lokey will also assist and advise BJ with the analysis, evaluation, pursuit and effectuation of any Sale Transaction or Financing Transaction (each as defined below). Houlihan Lokey's services will consist of, if appropriate and if requested by BJ, (i) development of a financial model and assisting in the development and distribution of selected information, documents and other materials; (ii) assisting in evaluating proposals relating to the Bonds from current and/or potential lenders, equity investors, acquirers and/or strategic partners; (iii) assisting with the negotiation with the holders of the Bonds and other parties involved therein; (iv) attending meetings of the Company's Board of Directors, creditor groups, official constituencies and other interested parties, as BJ and Houlihan Lokey mutually agree; (v) assisting BJ and the Company in the development, preparation and distribution of selected information, documents and other materials in an effort to create interest in and to consummate any Transaction(s), including, if appropriate, assisting BJ and the Company in the preparation of an offering memorandum; (vi) soliciting and evaluating indications of interest and proposals regarding any Transaction(s) from current and/or potential equity investors, acquirers and/or strategic partners (collectively, "Investors"); (vii) assisting the Company with the development, structuring, negotiation and implementation of any Transaction(s), including

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Broker/dealer services through Houlihan Lokey Capital, Inc. Investment advisory services through Houlihan Lokey Financial Advisors, Inc.

participating as a representative of the Company in negotiations with creditors and other parties involved in any Transaction(s); and (viii) providing such other financial advisory services as may be agreed upon by Houlihan Lokey and BJ.

2. **Interaction with Bondholders.** BJ confirms that the Company has agreed that neither it nor its management will initiate any discussions with the holders of the Bonds during the term of this Agreement, except with prior consultation with BJ and Houlihan Lokey. In the event the Company or its management receives any inquiry from existing or prospective holders of the Bonds, the Company has agreed that it shall promptly inform Houlihan Lokey of such inquiry so that Houlihan Lokey can assist in evaluating such party and in any resulting negotiations.

3. **Fees.** In consideration of Houlihan Lokey's acceptance of this engagement, the Company shall pay the following:

(i) *Monthly Fees:* In addition to the other fees provided for herein, commencing January 15, 2012, and on the 15th day of every month thereafter during the term of this Agreement, the Company shall pay Houlihan Lokey, without notice or invoice, a nonrefundable cash fee of US\$200,000 ("Monthly Fee"). Each Monthly Fee shall be earned upon Houlihan Lokey's receipt thereof in consideration of Houlihan Lokey accepting this engagement and performing services as described herein; and

(ii) *Completion Fee:* In addition to the other fees provided for herein, the Company shall pay Houlihan Lokey a completion fee (the "Completion Fee") of US\$8,000,000 upon the occurrence of any of the following (each a "Transaction"):

(1) *Restructuring Transaction.* Any transaction or series of transactions that constitute a recapitalization or restructuring of the Bonds or acquisition of the Bonds by the Company or any person or entity acting in concert with the Company, which recapitalization, restructuring or acquisition is effected pursuant to an exchange transaction, tender offer, a plan of reorganization or liquidation under bankruptcy, a solicitation of consents, waivers, acceptances or authorizations, any change of control transaction, any refinancing, sale, acquisition, merger, repurchase, exchange, conversion to equity, cancellation, forgiveness, retirement and/or a modification or amendment to the terms, conditions, or covenants (including, without limitation, the principal balance, accrued or accreted interest, payment term, other debt service requirement and/or financial or operating covenant) of any agreements or instruments governing any of the Bonds including, for the avoidance of doubt and without limitation, any transaction consummated pursuant to the CCAA (defined herein) or other applicable similar legislation or statute (a "Restructuring Transaction"); or

(2) *Sale Transaction.* Any transaction or series of related transactions that constitute the disposition to one or more third parties (including, without limitation, any person, group of persons, partnership, corporation or other entity, and also including, among others, any of the existing owners, shareholders, employees, or creditors of the Company and/or a major portion of its business affiliates) of (a) all or a material portion of the equity securities of the Company or its subsidiaries and/or (b) all or substantially all of the assets (including the assignment of any executory contracts) or operations of the Company or its major subsidiaries or any joint venture or partnership or other entity formed by it, in either case, including, without limitation, through a sale or exchange of capital stock, options or assets with or without a purchase option, a merger, consolidation or other business combination, an exchange or tender offer, a recapitalization, the formation of a joint venture, partnership or similar entity, or any similar

transaction, including, without limitation, any sale transaction in bankruptcy or insolvency proceedings (a “Sale Transaction”); or

- (3) *Financing Transaction.* (a) Any transaction or series of related transactions that constitutes any refinancing of all or a material portion of the Bonds and/or (b) the placement, raising or issuance of any form of equity, equity-linked or debt securities (including, without limitation, any convertible securities, preferred stock, unsecured, non-senior or subordinated debt securities, and/or senior notes or bank debt), from any source including, without limitation, any of the existing owners, shareholders, employees, or creditors of the Company or its subsidiaries (whether or not such transaction is effectuated in-court (including CCAA (defined herein) proceedings), out-of-court, or whether the requisite consents to such transaction(s) are obtained in-court or out-of-court)(a “Financing Transaction”); or
- (4) *Other Satisfactory Resolution.* Either (a) any forbearance or standstill agreed to by the holders of the Bonds lasting at least until September 30th, 2012; (b) failure to commence litigation against the Company by holders of the Bonds prior to September 30 2012; or (c) in the event holders of the Bonds commence litigation prior to September 30 2012, such litigation ceases, is withdrawn, is otherwise terminated or is held in abeyance, such that, in each case, no successful enforcement action is taken pursuant to the Bond indentures (including the subsidiary guarantees and share pledges) against the Company or its subsidiaries before September 30, 2012; and

(iii) *Transaction Fee(s):* In addition to the other fees provided for herein, the Company shall pay Houlihan Lokey the following transaction fee(s):

- (1) *Sale Transaction Fee.* Upon the closing of each Sale Transaction, Houlihan Lokey shall earn, and the Company shall thereupon pay immediately and directly from the gross proceeds of such Transaction, as a cost of such Transaction, a cash fee (“Sale Transaction Fee”) based upon Aggregate Gross Consideration (“AGC”), calculated as follows:

For AGC up to US\$500 million: 1.25% of such AGC, plus

For AGC from US\$500 million to US\$1 billion: 0.25% of such incremental AGC, plus

For AGC over US\$1 billion: 0.75% of such incremental AGC.

If more than one Sale Transaction is consummated, Houlihan Lokey shall be compensated based on the cumulative AGC from all Sale Transactions, calculated in the manner set forth above. 25% of any Sale Transaction Fees previously paid on a timely basis to Houlihan Lokey shall be credited against the Completion Fee (it being understood and agreed that no Sale Transaction Fee shall be credited more than once), except that, in no event, shall such Completion Fee be reduced below zero.

- (2) *Financing Transaction Fee.* Upon the closing of each Financing Transaction, Houlihan Lokey shall earn, and the Company shall thereupon pay immediately and directly from the gross proceeds of such Financing Transaction, as a cost of such Financing Transaction, a cash fee (“Financing Transaction Fee”) equal to the sum of: (i) 3.0% of the gross proceeds of any indebtedness raised regardless

of seniority or security interest and; (ii) 5.0% of the gross proceeds of all equity or equity-linked securities (including, without limitation, convertible securities and preferred stock) placed or committed. Any warrants issued in connection with the raising of debt or equity capital shall, upon the exercise thereof, be considered equity for the purpose of calculating the Financing Transaction Fee, and such portion of the Financing Transaction Fee shall be paid upon such exercise and from the gross proceeds thereof, regardless of any prior termination or expiration of this Agreement. It is understood and agreed that if the proceeds of any such Financing Transaction are to be funded in more than one stage, Houlihan Lokey shall be entitled to its applicable compensation hereunder upon the closing date of each stage. The Financing Transaction Fee(s) shall be payable in respect of any sale of securities whether such sale has been arranged by Houlihan Lokey, by another agent (or other issuer of the securities in such Financing Transaction) or directly by the Company. Any non-cash consideration provided to or received in connection with the Financing Transaction (including but not limited to intellectual or intangible property) shall be valued for purposes of calculating the Financing Transaction Fee as equaling the number of securities issued in exchange for such consideration multiplied by (in the case of debt securities) the face value of each such security or (in the case of equity securities) the price per security paid in the then current round of financing. The fees set forth herein shall be in addition to any other fees that the Company may be required to pay to any Investor or other purchaser of securities to secure its financing commitment.

In addition to the Fees described herein, it is agreed that the Company will consider paying Houlihan Lokey an additional "bonus" fee, at the sole discretion of the Company, based on the performance of Houlihan Lokey in connection with this Agreement.

All payments received by Houlihan Lokey pursuant to this Agreement at any time shall become the property of Houlihan Lokey without restriction. No payments received by Houlihan Lokey pursuant to this Agreement will be put into a trust or other segregated account. The Company agrees that measures will be taken that are acceptable to Houlihan Lokey such that Houlihan Lokey is provided comfort that all amounts due and payable under the Agreement shall be paid. All amounts required to be paid or indemnified hereunder shall be the sole obligation of the Company and Houlihan Lokey specifically agrees that it can have no recourse against BJ with respect to such obligations.

4. **Term and Termination.** This Agreement may be terminated at any time by either party upon thirty days' prior written notice to the other party. The expiration or termination of this Agreement by BJ or the Company (except as specifically provided in the immediately following paragraph) shall not affect (i) any provision of this Agreement other than Sections 1 through 3 and (ii) Houlihan Lokey's right to receive, and the Company's obligation to pay, any and all fees, expenses and other amounts due, whether or not any Transaction shall be consummated prior to or subsequent to the effective date of expiration or termination, as more fully set forth in this Agreement.

In addition, notwithstanding the expiration or termination of this Agreement by BJ or the Company (other than for a material breach of this Agreement by Houlihan Lokey which has not been cured following reasonable notice by the Company), Houlihan Lokey shall be entitled to full payment by the Company of the Completion Fee, the Sale Transaction Fee and the Financing Transaction Fee: (i) so long as a Transaction is consummated during the term of this Agreement, or within 18 months after the date of expiration or termination of this Agreement ("Tail Period"), and/or (ii) if an agreement in principle to consummate a Transaction is executed by any entity comprising the Company during the term of this Agreement, or within the Tail Period, and such Transaction is consummated at any time following

such execution with the counterparty named in such agreement, or with any affiliate or employee of, or investor in, such counterparty, or any affiliate of any of the foregoing.

5. **Aggregate Gross Consideration (the "AGC")**. For the purpose of calculating the Sale Transaction Fee, the AGC shall be the gross proceeds and other consideration paid to, or received by, or to be paid to or received by, any entity comprising the Company, or any of its equity or debt holders, or other parties in interest, including, without limitation, holders of warrants and convertible securities, and holders of options or stock appreciation rights, whether or not vested (collectively "Constituents"), in connection with the relevant Sale Transaction. Such proceeds and consideration shall be deemed to include, without limitation: amounts in escrow and any deposits or other amounts forfeited by any Investor; cash, notes, securities, and other property; payments made in installments; Contingent Payments (as defined below) and/or insurance proceeds upon the occurrence of an insurable event that diminishes the value of the Company. Upon the closing of a Sale Transaction in which less than 100% of the ownership of the equity interests is sold, the AGC shall be calculated as if 100% of the ownership of the equity interests of the Company on a fully diluted basis had been sold by dividing (i) the total consideration, whether in cash, securities, notes or other forms of consideration, received or receivable by the Company and/or its Constituents by (ii) the percentage of ownership which is sold. If, in the Sale Transaction, no consideration is being paid in respect of the existing equity; AGC of the retained equity shall be determined by the good faith agreement of the parties as to the value of such retained equity implied by the Sale Transaction. In addition, if any of the liabilities of any entity comprising the Company are assumed, decreased, reinstated, satisfied or otherwise paid off in conjunction with a Sale Transaction (by any entity comprising the Company or any Investor, in the form of "cure" payments or otherwise), or any of the assets of any entity comprising the Company are sold or otherwise transferred outside of the Company's ordinary course of business to another party prior to the closing of a Sale Transaction (including, without limitation, any dividends or distributions paid to security holders or amounts paid to repurchase any securities) or are retained by any entity comprising the Company after the closing of the Sale Transaction, the AGC will be increased to reflect the face value of any such liabilities and the fair market value of any such assets. "Contingent Payments" shall be defined as the consideration received or receivable by the Company, or any of its Constituents and/or any other parties in the form of deferred performance-based payments, "earn-outs", or other contingent payments based upon the future performance of any entity comprising the Company, or any of its businesses or assets.

6. **Value of Consideration**. For the purpose of calculating the AGC received in a Sale Transaction, any securities, other than a promissory note, will be valued at the time of the announcement of the Sale Transaction, without regard to any restrictions on transferability, as follows: (i) if such securities are traded on a stock exchange, the securities will be valued at the average last sale or closing price for the ten trading days immediately prior to the announcement of the Sale Transaction; (ii) if such securities are traded primarily in over-the-counter transactions, the securities will be valued at the mean of the closing bid and asked quotations similarly averaged over a ten trading day period immediately prior to the announcement of the Sale Transaction; and (iii) if such securities have not been traded prior to the announcement of the Sale Transaction, Houlihan Lokey and the Company shall negotiate in good faith to agree on a fair valuation thereof, without regard to any restrictions on transferability, for the purposes of calculating the AGC. For any lease payments and other consideration that is not freely tradable or has no established public market, if the consideration utilized consists of property other than securities, then the value of such property shall be the fair market value thereof as determined in good faith by Houlihan Lokey and the Company. If any consideration to be paid is computed in any foreign currency, the value of such foreign currency shall, for purposes hereof, be converted into U.S. dollars at the prevailing exchange rate on the date or dates on which such consideration is payable. The value of any purchase money or other promissory notes shall be deemed to be the face amount thereof. In the event the AGC includes any Contingent Payments, Houlihan Lokey's Sale Transaction Fee shall be calculated based on the mutually agreed value of such Contingent Payments as of closing. If the parties cannot reach such an agreement, an additional Sale Transaction Fee shall be paid to Houlihan Lokey from, and on account of, such Contingent Payments at the same time that each of such Contingent Payments are received

regardless of any prior termination or expiration of this Agreement. Each such additional Sale Transaction Fee shall be calculated pursuant to the provisions of this Agreement based upon the amount of each such Contingent Payment.

7. **Characterization of Multiple and/or Complex Transactions.** In the event the Company and Houlihan Lokey are unable to agree in good faith upon the classification of any single Transaction as a Restructuring Transaction, Sale Transaction or Financing Transaction, or if a single Transaction with only one third party shall consist of two, or more, of the foregoing types of Transactions, or elements thereof, Houlihan Lokey shall receive only one Transaction Fee in respect of such Transaction, which shall be equal to the greater of the Completion Fee, Sale Transaction Fee or Financing Transaction Fee, as applicable, as calculated in accordance with the terms of this Agreement. For the avoidance of doubt, if two or more single Transactions occur simultaneously or at different times, whether or not they are connected with or related to one another, the Company shall pay Houlihan Lokey the transaction fee for each such Transaction in addition to, and not in lieu of, each other, provided however that it is expressly agreed that, regardless of the number of Transactions which take place, the total aggregate Transaction Fee payable to Houlihan Lokey shall not exceed \$25 million.

8. **Reasonableness of Fees.** The parties acknowledge that a substantial professional commitment of time and effort will be required of Houlihan Lokey and its professionals hereunder, and that such commitment may foreclose other opportunities for Houlihan Lokey. Moreover, the actual time and commitment required for the engagement may vary substantially, creating "peak load" issues for Houlihan Lokey. Given the numerous issues which may arise in engagements such as this, Houlihan Lokey's commitment to the variable level of time and effort necessary to address such issues, the expertise and capabilities of Houlihan Lokey that will be required in this engagement, and the market rate for Houlihan Lokey's services of this nature, whether in-court or out-of-court, the parties agree that the fee arrangement provided for herein is reasonable, fairly compensates Houlihan Lokey, and provides the requisite certainty to the Company.

9. **Expenses.** In addition to all of the other fees and expenses described in this Agreement, and regardless of whether any Transaction is consummated, the Company has agreed that it shall, upon Houlihan Lokey's request, reimburse Houlihan Lokey for its reasonable out-of-pocket expenses incurred from time to time in connection with its services hereunder. Houlihan Lokey bills its clients for its reasonable out-of-pocket expenses including, but not limited to travel-related and certain other expenses, without regard to volume-based or similar credits or rebates Houlihan Lokey may receive from, or fixed-fee arrangements made with, travel agents, airlines or other vendors.

Houlihan Lokey shall, in addition, be reimbursed by the Company for the fees and expenses of Houlihan Lokey's legal counsel incurred in connection with the negotiation and performance of this Agreement and the matters contemplated hereby.

7. **Invoicing and Payment.** All amounts payable to Houlihan Lokey shall be made in lawful money of the United States in accordance with the payment instructions set forth in the Appendix to this Agreement, or to such accounts as Houlihan Lokey shall direct, and the Company shall provide contemporaneous written notice of each such payment to Houlihan Lokey. All amounts invoiced by Houlihan Lokey shall be exclusive of value added tax, withholding tax, sales tax and any other similar taxes ("Taxes"). All amounts charged by Houlihan Lokey will be invoiced together with Taxes where appropriate.

8. **Information.** The Company will provide Houlihan Lokey with access to management and other representatives of the Company and other participants in the Transaction, as reasonably requested by Houlihan Lokey. The Company has agreed that it will furnish Houlihan Lokey with such information as Houlihan Lokey may reasonably request for the purpose of carrying out its engagement hereunder, all of which will be, to the Company's best knowledge, accurate and complete at the time furnished. The

Company further represents and warrants that any financial projections delivered to Houlihan Lokey have been or will be reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the future financial results and condition of the Company. The Company will promptly notify Houlihan Lokey in writing of any material inaccuracy or misstatement in, or material omission from, any information previously delivered to, or discussed with, Houlihan Lokey, or any materials provided to any interested party. Houlihan Lokey shall rely, without independent verification, on the accuracy and completeness of all information that is publicly available and of all information furnished by or on behalf of the Company or any other potential party to any Transaction or otherwise reviewed by, or discussed with, Houlihan Lokey. The Company understands and agrees that Houlihan Lokey will not be responsible for the accuracy or completeness of such information, and shall not be liable for any inaccuracies or omissions therein. The Company acknowledges that Houlihan Lokey has no obligation to conduct any appraisal of any assets or liabilities of the Company or any other party or to evaluate the solvency of any party under any applicable laws relating to bankruptcy, insolvency or similar matters. Any advice (whether written or oral) rendered by Houlihan Lokey pursuant to this Agreement is intended solely for the use of BJ and the Board of Directors of the Company (solely in its capacity as such) in considering strategy and evaluating a Transaction, and such advice may not be relied upon by any other person or entity or used for any other purpose. Any advice rendered by, or other materials prepared by, or any communication from, Houlihan Lokey may not be disclosed, in whole or in part, to any third party, or summarized, quoted from, or otherwise referred to in any manner without the prior written consent of Houlihan Lokey. In addition, neither Houlihan Lokey nor the terms of this Agreement may otherwise be referred to without our prior written consent, although BJ and the Company shall not be precluded from advising bondholders and others of the retention of Houlihan Lokey.

9. **Confidential Information.** Houlihan Lokey acknowledges that, in connection with the services to be provided pursuant to this Agreement, certain confidential, non-public and proprietary information concerning the Company and the Transaction ("Confidential Information") has been or may be disclosed by the Company to Houlihan Lokey or its employees, affiliates, attorneys, subcontractors and advisors (collectively, "Representatives"). Houlihan Lokey agrees that, without the Company's prior consent, no Confidential Information will be disclosed, in whole or in part, to any other party (other than to any potential party to a Transaction under appropriate assurances of confidentiality, to those Representatives who need access to any Confidential Information for purposes of performing the services to be provided hereunder, or as may be required by law or regulatory authority). The term "Confidential Information" does not include any information: (a) that was already in the possession of Houlihan Lokey or any of its Representatives, or that was available to Houlihan Lokey or any of its Representatives on a non-confidential basis, prior to the time of disclosure to Houlihan Lokey or such Representatives; (b) obtained by Houlihan Lokey or any of its Representatives from a third party which, insofar as is known to Houlihan Lokey or such Representatives, is not subject to any prohibition against disclosure; (c) which was or is independently developed by Houlihan Lokey or any of its Representatives without violating any confidentiality obligations under this paragraph; or (d) which was or becomes generally available to the public through no fault of Houlihan Lokey. If Houlihan Lokey becomes required by legal process or requested by regulatory authority to disclose any Confidential Information, prompt notice thereof (to the extent legally permissible) shall be given to BJ (provided that no notification shall be required in respect of any disclosure to regulatory authorities having jurisdiction over Houlihan Lokey), and Houlihan Lokey may disclose only that information which its counsel advises it is compelled to disclose. The obligations set forth in this paragraph shall remain in effect for the later of three years after the Effective Date of this Agreement and the date upon which all litigation commenced against the Company between June 1, 2011 and March 31, 2012 is completed, dismissed or settled.

10. **Limitations on Services as Advisor.** Houlihan Lokey's services are limited to those specifically provided in this Agreement, or subsequently agreed upon in writing, by the parties hereto. Houlihan Lokey shall have no obligation or responsibility for any other services including, without limitation, any crisis management or business consulting services related to, among other things, the implementation of any operational, organizational, administrative, cash management, or similar activities. The parties

understand that Houlihan Lokey is being engaged hereunder as an independent contractor to provide the services hereunder solely to BJ, and that Houlihan Lokey is not acting as an agent or fiduciary of the Company, its security holders or creditors or any other person or entity in connection with this engagement, and the Company has agreed that it shall not make, and hereby waives, any claim based on an assertion of such an agency or fiduciary relationship. In performing its services pursuant to this Agreement, Houlihan Lokey is not assuming any responsibility for the Company's decision on whether to pursue, endorse or support any business strategy, or to effect, or not to effect, any Transaction(s), which decision shall be made by the Company in its sole discretion. Houlihan Lokey agrees that the Company shall have the benefit of any duties arising by reason of this Agreement or as a result of the services to be rendered by Houlihan Lokey hereunder that would otherwise be owed solely to BJ.

11. **Additional Provisions Regarding Financing Transaction.** The Company authorizes Houlihan Lokey to provide an information memorandum (or similar document) (as such document may be amended or supplemented and including any information incorporated therein by reference, the "Information Memorandum") and other pertinent information to prospective investors and other purchasers which are approved by the Company and subject to execution by each such prospective investor or other purchaser of a confidentiality agreement and agrees not to transmit the Information Memorandum to prospective investors or other purchasers without Houlihan Lokey's prior approval. The Company will be solely responsible for the contents of the Information Memorandum and any and all other written or oral communications provided by or on behalf of the Company to any actual or prospective investor or other purchaser. The Company represents and warrants that the Information Memorandum and such other communications will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If an event occurs as a result of which the Information Memorandum (as then supplemented or amended) would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the Company will promptly notify Houlihan Lokey of such event and Houlihan Lokey will suspend solicitations of prospective investors and other purchasers until such time as the Company prepares (and the Company agrees that, if the solicitation of prospective investors and other purchasers has been so suspended after the Company has accepted orders from prospective investors or other purchasers, the Company will promptly prepare) a supplement or amendment to the Information Memorandum which corrects such statement(s) or omission(s).

The Company will provide each bona fide offeree the opportunity to ask questions of, and receive answers from, the officers and employees of the Company concerning the terms and conditions of the offering of the securities.

The Company acknowledges that closing of a Financing Transaction is subject, among other factors, to acceptable documentation, market conditions, and satisfaction of the conditions set forth in one or more agreements to be entered into with any financier, lender, investor or other purchaser of securities. It is expressly understood that this engagement does not constitute any commitment, express or implied, on the part of Houlihan Lokey to acquire, and does not ensure the successful placement of, any portion of the securities. The Company further acknowledges and agrees that (i) the Company is not engaging Houlihan Lokey to act as an underwriter of the securities, (ii) the Company will not assert, and will not cause its affiliates, representatives or other agents to assert, that Houlihan Lokey has acted in such capacity, and (iii) Houlihan Lokey shall have no responsibility or obligation to the Company to underwrite the securities. Houlihan Lokey acknowledges that the Company is currently subject to a cease trade order of the Ontario Securities Commission and that no Financing Transaction involving a trade in securities of the Company can be completed until the cease trade order has been lifted.

In connection with any Financing Transaction, the Company will cause to be addressed and delivered to Houlihan Lokey any opinions of counsel that have been provided to investors or other

purchasers of the securities in such Financing Transaction. The Company also will use commercially reasonable efforts to cause to be furnished to Houlihan Lokey at or after each closing of a sale of securities, to the extent not otherwise prohibited by confidentiality obligations or the terms of such documents, copies (addressed to Houlihan Lokey, if requested and as appropriate) of such agreements, opinions, certificates and other documents (including, without limitation, accountant's letters) as Houlihan Lokey may reasonably request. The Company hereby acknowledges and agrees that Houlihan Lokey shall be entitled to rely upon the representations and warranties made (whether pursuant to a subscription agreement or in any other format) to investors or other purchasers of securities in any Financing Transaction and the Company shall be deemed to have made such representations and warranties to and for the benefit of Houlihan Lokey.

It is understood that the offer and sale of the securities in a Financing Transaction will be structured and documented to be exempt from both the registration requirements of the 1933 Act, pursuant to Section 4(2) thereof, and the prospectus requirements under applicable Canadian securities laws, pursuant to applicable exemptions. The Company has not knowingly taken, and will not knowingly take, any action, directly or indirectly, so as to cause the transactions contemplated by this Agreement to fail to be entitled to exemption under the 1933 Act or applicable Canadian securities laws, unless it is otherwise legally compelled to do so. In connection with a Financing Transaction, the Company will promptly from time to time take such reasonable action as necessary to qualify the securities as a private placement under the securities laws of such States and foreign jurisdictions and will comply with applicable laws, provided the costs of doing so are reasonable under the circumstances. To the extent it is within the Company's control, the Company shall cause the issuer of the securities to offer and sell the securities only to investors and other purchasers of the securities that they reasonably believe to be "accredited investors", as defined in Rule 501 of Regulation D under the 1933 Act or in National Instrument 45-106, as applicable. The Company will cause the issuer of the securities to file in a timely manner with the Securities and Exchange Commission (the "SEC") and/or each other regulatory authority any notices or other filings with respect to the securities required by Rule 503 of Regulation D under the 1933 Act, National Instrument 45-106 and/or other applicable law or regulation and will upon request furnish to Houlihan Lokey a signed copy of each such notice or filing promptly after its submission.

12. **Application for Retention of Houlihan Lokey.** In the event the Company determines to commence any proceedings under the Companies' Creditors Arrangement Act R.S.C. 1985, c. C-36 (the "CCAA") or the Bankruptcy and Insolvency Act R.S.C. 1985, c. B-6 or any applicable similar legislation or statute, whether in Canada or any other applicable jurisdiction, the Company agrees, if so requested by Houlihan Lokey or otherwise if required by law, to promptly seek to have the court (in which the CCAA filing or similar proceeding will take place) approve of (a) this Agreement and (b) Houlihan Lokey's retention by the Company under the terms of this Agreement, including the payments to be made to Houlihan Lokey hereunder. The Company shall supply Houlihan Lokey and its counsel with a draft of such application and any such proposed order with sufficient time to enable Houlihan Lokey and its counsel to review and comment thereon. The continuing obligations of Houlihan Lokey under this Agreement are conditional upon the court making the order contemplated above on terms and conditions satisfactory to Houlihan Lokey and such order remaining in full force and effect, unamended and unstayed. In so agreeing with the foregoing, the Company acknowledges that it believes that Houlihan Lokey's general restructuring experience and expertise, its knowledge of the capital markets and its merger and acquisition capabilities will inure to the benefit of the Company in pursuing any Transaction, that the value to the Company of Houlihan Lokey's services derives in substantial part from that expertise and experience and that, accordingly, the structure and amount of the contingent transaction fee(s) are reasonable regardless of the number of hours to be expended by Houlihan Lokey's professionals in the performance of the services to be provided hereunder. If the order approving the Agreement and retaining Houlihan Lokey is not obtained, or is later reversed or set aside for any reason, Houlihan Lokey may terminate this Agreement, and the Company shall reimburse Houlihan Lokey for all fees and expenses reasonably incurred prior to the date of such expiration or termination as contemplated by the terms of this Agreement. Prior to commencing a CCAA filing, or similar proceeding, the Company shall

pay all amounts due and payable to Houlihan Lokey in cash. The terms of this Section are solely for the benefit of Houlihan Lokey, and may be waived, in whole or in part, only by Houlihan Lokey.

13. **Co-Manager.** The parties acknowledge that Houlihan Lokey is not registered as a dealer under the securities laws in Canada and will not be engaging itself directly in any trading or acts in furtherance of trading in the Company's securities with any existing or any prospective investors in Canada other than through a dealer duly registered in Canada, as may be required. For that purpose, Houlihan Lokey may, in its sole discretion, engage one or more Canadian registered dealers to assist it in providing the services hereunder in respect of such Canadian investors.

14. **Company Obligations.** The Company expressly joins in as a party to this Agreement for the purpose of acknowledging its terms and agrees to be bound by the provisions hereof, including, without limitation, the Company's indemnity, reimbursement and contribution obligations, and that the Company is deemed to be a party hereto for all purposes.

15. **Additional Services.** To the extent Houlihan Lokey is requested by the Company to perform any financial advisory or investment banking services which are not within the scope of this engagement, the Company shall enter into a separate agreement with Houlihan Lokey and shall pay Houlihan Lokey such fees as shall be mutually agreed upon by Houlihan Lokey and the Company in writing, in advance, depending on the level and type of services required, and shall be in addition to the fees and expenses described hereinabove.

16. **Required Services.** If Houlihan Lokey is required to render services not described herein, but which relate directly or indirectly to the subject matter of this Agreement (including, but not limited to, producing documents, answering interrogatories, attending depositions, giving expert or other testimony, whether by subpoena, court process or order, or otherwise), the Company has agreed that it shall pay Houlihan Lokey additional fees to be mutually agreed upon for such services, plus reasonable related out-of-pocket costs and expenses, including, among other things, the reasonable legal fees and expenses of Houlihan Lokey's counsel in connection therewith.

17. **Credit.** After the announcement or closing of any Transaction, Houlihan Lokey may, at its own expense, but subject to the prior consent of the Company (not to be unreasonably withheld), place announcements on its corporate website and in financial and other newspapers and periodicals (such as a customary "tombstone" advertisement, including the Company's logo or other identifying marks) describing its services in connection therewith. Furthermore, if requested by Houlihan Lokey, the Company agrees that in any press release announcing any Transaction, the Company will include in such press release a mutually acceptable reference to Houlihan Lokey's role as financial advisor to the Company with respect to such Transaction.

18. **Choice of Law; Jury Trial Waiver; Jurisdiction.** THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN TORONTO AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ALL DISPUTES ARISING OUT OF OR RELATED TO THIS AGREEMENT (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH OF HOULIHAN LOKEY, BJ AND THE COMPANY (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS EQUITY HOLDERS) IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) RELATED TO OR ARISING OUT OF THE ENGAGEMENT OF HOULIHAN LOKEY PURSUANT TO, OR THE PERFORMANCE BY HOULIHAN LOKEY OF THE SERVICES CONTEMPLATED BY, THIS AGREEMENT. REGARDLESS OF ANY PRESENT OR FUTURE DOMICILE OR PRINCIPAL PLACE OF BUSINESS OF THE COMPANY, THE PARTIES HEREBY IRREVOCABLY CONSENT AND

AGREE THAT ANY CLAIMS OR ACTIONS BROUGHT BY OR ON BEHALF OF THE COMPANY OR BY ARISING OUT OF OR RELATED TO THIS AGREEMENT (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) SHALL BE BROUGHT AND MAINTAINED IN (A) ANY COURT LOCATED IN TORONTO, ONTARIO OR (B) ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITTING IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, WHICH COURTS SHALL HAVE EXCLUSIVE JURISDICTION OVER THE ADJUDICATION OF SUCH MATTERS, AND AGREE TO VENUE IN SUCH COURTS.

THE COMPANY HEREBY IRREVOCABLY APPOINTS BJ (THE "PROCESS AGENT"), WITH AN OFFICE ON THE DATE HEREOF AT 3400 ONE FIRST CANADIAN PLACE, P.O. BOX 130, TORONTO, ONTARIO, M5X 1A4 CANADA, AS ITS AGENT TO RECEIVE ON BEHALF OF THE COMPANY SERVICE OF COPIES OF THE SUMMONS AND COMPLAINT AND ANY OTHER PROCESS WHICH MAY BE SERVED IN ALL SUCH DISPUTES. SUCH SERVICE MAY BE MADE BY MAILING OR DELIVERING A COPY OF SUCH PROCESS TO THE COMPANY IN CARE OF THE PROCESS AGENT AT THE PROCESS AGENT'S ABOVE ADDRESS, AND THE COMPANY HEREBY IRREVOCABLY AUTHORIZES AND DIRECTS THE PROCESS AGENT TO ACCEPT SUCH SERVICE ON BEHALF OF THE COMPANY. HOULIHAN LOKEY CONSENTS TO SERVICE OF PROCESS IN ALL SUCH DISPUTES BY THE MAILING OF COPIES OF SUCH PROCESS TO HOULIHAN LOKEY AT: HOULIHAN LOKEY, 10250 CONSTELLATION BLVD., 5TH FLOOR, ATTN: LEGAL DEPARTMENT, LOS ANGELES, CA 90067.

19. Indemnification and Standard of Care. As a material part of the consideration for the agreement of Houlihan Lokey to furnish its services under this Agreement, the Company agrees (i) to indemnify and hold harmless Houlihan Lokey and its affiliates, and their respective past, present and future directors, officers, shareholders, partners, members, employees, agents, representatives, advisors, subcontractors and controlling persons (collectively, the "Indemnified Parties"), to the fullest extent lawful, from and against any and all losses, claims, damages or liabilities (or actions in respect thereof), joint or several, arising out of or related to this Agreement, Houlihan Lokey's engagement under this Agreement, any Transaction or proposed Transaction, or any actions taken or omitted to be taken by an Indemnified Party or the Company in connection with this Agreement and (ii) to reimburse each Indemnified Party for all expenses (including, without limitation, the fees and expenses of counsel) as they are incurred in connection with investigating, preparing, pursuing, defending, settling or compromising any action, suit, dispute, inquiry, investigation or proceeding, pending or threatened, brought by or against any person or entity (including, without limitation, any shareholder or derivative action), arising out of or relating to this Agreement, or such engagement, Transaction or actions. However, the Company shall not be liable under the foregoing indemnity and reimbursement agreement for any loss, claim, damage or liability which is finally judicially determined by a court of competent jurisdiction to have resulted primarily from the willful misconduct or gross negligence of such Indemnified Party.

If for any reason the foregoing indemnification or reimbursement is unavailable to any Indemnified Party or insufficient fully to indemnify any such party or to hold it harmless in respect of any losses, claims, damages, liabilities or expenses referred to in such indemnification or reimbursement provisions, then the Company shall contribute to the amount paid or payable by the Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and Houlihan Lokey, on the other hand, in connection with the matters contemplated by this Agreement. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Company shall contribute to such amount paid or payable by any Indemnified Party in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the Company, on the one

hand, and such Indemnified Party, on the other hand, in connection therewith, as well as any other relevant equitable considerations. Notwithstanding the foregoing, in no event shall the Indemnified Parties be required to contribute an aggregate amount in excess of the amount of fees actually received by Houlihan Lokey from the Company pursuant to this Agreement. Relative benefits received by the Company, on the one hand, and Houlihan Lokey, on the other hand, shall be deemed to be in the same proportion as (i) the total value paid or received or contemplated to be paid or received by the Company, and its security holders and creditors, as the case may be, pursuant to the transaction(s) (whether or not consummated) contemplated by the engagement hereunder, bears to (ii) the fees received by Houlihan Lokey under this Agreement. The Company shall not settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action, suit, dispute, inquiry, investigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not an Indemnified Party is an actual or potential party thereto), unless such settlement, compromise, consent or termination contains a release of the Indemnified Parties reasonably satisfactory in form and substance to Houlihan Lokey.

The Company further agrees that neither Houlihan Lokey nor any other Indemnified Party shall have any liability (whether direct or indirect and regardless of the legal theory advanced) to the Company or any person or entity asserting claims on behalf of or in right of the Company related to or arising out of this Agreement, Houlihan Lokey's engagement under this Agreement, any Transaction or proposed Transaction, or any actions taken or omitted to be taken by an Indemnified Party or the Company in connection with this Agreement, except for losses, claims, damages or liabilities incurred by the Company which are finally judicially determined by a court of competent jurisdiction to have resulted primarily from the willful misconduct or gross negligence of such Indemnified Party.

The Company shall cause any new company that may be formed by the Company, for any purpose, to agree to all of the obligations in this Section to Houlihan Lokey in accordance with the foregoing provisions. Prior to entering into any agreement or arrangement with respect to, or effecting, any (i) merger, statutory exchange or other business combination or proposed sale, exchange, dividend or other distribution or liquidation of all or a significant portion of its assets, or (ii) significant recapitalization or reclassification of its outstanding securities that does not directly or indirectly provide for the assumption of the obligations of the Company set forth in this Agreement, the Company will notify Houlihan Lokey in writing thereof (if not previously so notified) and, if requested by Houlihan Lokey, shall arrange in connection therewith alternative means of providing for the obligations of the Company set forth in this Agreement, including the assumption of such obligations by another party, insurance, surety bonds, the creation of an escrow, or other credit support arrangements, in each case in an amount and upon terms and conditions satisfactory to Houlihan Lokey. The Company agrees that Houlihan Lokey would be irreparably injured by any breach of this Agreement (including, without limitation, the agreement set forth in the immediately preceding sentence), that money damages alone would not be an adequate remedy for any such breach and that, in the event of any such breach, Houlihan Lokey shall be entitled, in addition to any other remedies, to pursue injunctive relief and specific performance.

The indemnity, reimbursement, and other obligations and agreements of the Company set forth herein (i) shall apply to any services provided by Houlihan Lokey in connection with this engagement prior to the Effective Date and to any modifications of this Agreement, (ii) shall be in addition to any obligation or liability which the Company may otherwise have to any Indemnified Party, (iii) shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Company or any Indemnified Party or any person controlling any of them, and (iv) shall survive the completion of the services described in, and any expiration or termination of the relationship established by, this Agreement. Under no circumstance shall BJ have any liability to Houlihan Lokey, any Indemnified Party or anyone else in connection with this Agreement.

20. **Miscellaneous.** This Agreement shall be binding upon the parties hereto and their respective successors, heirs and assigns and any successor, heir or assign of any substantial portion of such parties' respective businesses and/or assets, including any trustee appointed on behalf of the Company.

Nothing in this Agreement, express or implied, is intended to confer or does confer on any person or entity, other than the parties hereto, the Indemnified Parties and each of their respective successors, heirs and assigns, any rights or remedies (directly or indirectly as a third party beneficiary or otherwise) under or by reason of this Agreement or as a result of the services to be rendered by Houlihan Lokey hereunder.

This Agreement is the complete and exclusive statement of the entire understanding of the parties regarding the subject matter hereof, and supersedes all previous agreements or understandings regarding the same, whether written or oral. This Agreement may not be amended, and no portion hereof may be waived, except in a writing duly executed by the parties hereto.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect pursuant to the terms hereof.

To help the United States government fight the funding of terrorism and money laundering activities, the federal law of the United States requires all financial institutions to obtain, verify and record information that identifies each person with whom they do business as a condition to doing business with that person. Accordingly, the Company will provide Houlihan Lokey upon request certain identifying information necessary to verify the Company's identity, such as a government-issued identification number (e.g., a U.S. taxpayer identification number), certified articles of incorporation, a government-issued business license, partnership agreement or trust instrument.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which will constitute one and the same instrument. Such counterparts may be delivered by one party to the other by facsimile or other electronic transmission, and such counterparts shall be valid for all purposes.

The Company has all requisite power and authority to enter into this Agreement and to perform its obligations hereunder. This Agreement has been duly and validly authorized by all necessary action on the part of the Company and has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. This Agreement has been reviewed by the signatories hereto and their counsel.

Houlihan Lokey shall have no responsibility for ensuring that any Transaction complies with applicable law. Houlihan Lokey is not undertaking to provide any legal, regulatory, accounting, insurance, tax or other similar professional advice and the Company confirms that it is relying on its own counsel, accountants and similar advisors for such advice.

The Company understands and acknowledges that Houlihan Lokey and its affiliates, including ORIX USA Corporation and its subsidiaries and affiliates (collectively, the "Houlihan Lokey Group"), engage in providing investment banking, securities trading, financing, and financial advisory services and other commercial and investment banking products and services to a wide range of institutions and individuals. In the ordinary course of business, the Houlihan Lokey Group and certain of its employees, as well as investment funds in which they may have financial interests, may acquire, hold or sell, long or short positions, or trade or otherwise effect transactions, in debt, equity, and other securities and financial instruments (including bank loans and other obligations) of, or investments in, the Company or any other party that may be involved in the matters contemplated by this Agreement or have other relationships with such parties. With respect to any such securities, financial instruments and/or investments, all rights

in respect of such securities, financial instruments and investments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion. In addition, the Houlihan Lokey Group may in the past have had, and may currently or in the future have, financial advisory or other investment banking relationships with parties involved in the matters contemplated by this Agreement, including parties that may have interests with respect to the Company, a Transaction or other parties involved in a Transaction, from which conflicting interests or duties may arise. Although the Houlihan Lokey Group in the course of such other activities and relationships may acquire information about the Company, a Transaction or such other parties, or that otherwise may be of interest to the Company, the Houlihan Lokey Group shall have no obligation to, and may not be contractually permitted to, disclose such information, or the fact that the Houlihan Lokey Group is in possession of such information, to the Company or to use such information on the Company's behalf.

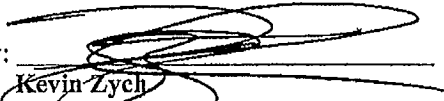
In order to enable Houlihan Lokey to bring relevant resources to bear on its engagement hereunder from among its global affiliates, the Company agrees that Houlihan Lokey may share information obtained from the Company and other parties hereunder with other members of the Houlihan Lokey Group, and may perform the services contemplated hereby in conjunction with such other members.

All of us at Houlihan Lokey thank you for choosing us to advise the Company, and look forward to working with you on this engagement.

Very truly yours,

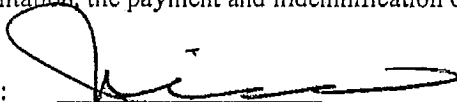
HOULIHAN LOKEY CAPITAL, INC.

By: 
P. Eric Siegert
Senior Managing Director

By: 
Kevin Zych
Partner

Accepted and agreed to as of the Effective Date:

Sino-Forest Corporation agrees to the terms hereof and to be bound thereby (including, without limitation, the payment and indemnification obligations referred to herein).

By: 
Judson Martin
Chief Executive Officer