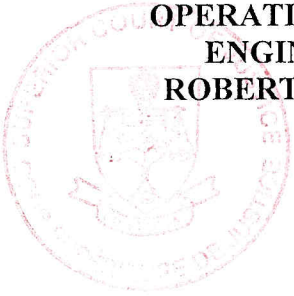


**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE REGIONAL ) WEDNESDAY, THE 16<sup>TH</sup>  
 )  
SENIOR JUSTICE MORAWETZ ) DAY OF NOVEMBER, 2016

BETWEEN:

**THE TRUSTEES OF THE LABOURERS' PENSION FUND OF CENTRAL AND  
EASTERN CANADA, THE TRUSTEES OF THE INTERNATIONAL UNION OF  
OPERATING ENGINEERS LOCAL 793 PENSION PLAN FOR OPERATING  
ENGINEERS IN ONTARIO, SJUNDE AP-FONDEN, DAVID GRANT,  
ROBERT WONG, DAVIS NEW YORK VENTURE FUND, INC. and DAVIS  
SELECTED ADVISERS, L.P.**



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, POYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE  
SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES  
CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC.,  
CIBC WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD  
FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE  
SECURITIES (USA) LLC and BANC OF AMERICA SECURITIES LLC**

Defendants

Proceeding under the *Class Proceedings Act*, 1992

**ORDER  
(BDO Plan of Allocation and Administrator Appointment Approval)**

**THIS MOTION** made by the plaintiffs for an order approving the process for the allocation and distribution of the net proceeds of the settlement with BDO Limited was heard on November 16, 2016 at the Court House, 330 University Avenue, Toronto, Ontario.

ON READING the materials filed and on hearing the submissions of counsel,

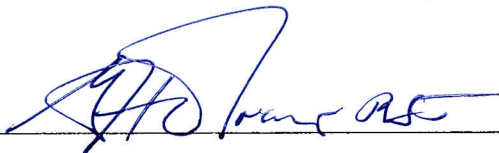
1. **THIS COURT ORDERS** that the Claims and Distribution Protocol attached as **Schedule "A"** to this order is hereby approved and that the BDO compensation fund shall be distributed in accordance with the Claims and Distribution Protocol and this order.
2. **THIS COURT ORDERS** that the Administration Proposal attached hereto as **Schedule "B"** is hereby approved, and that RicePoint Administration Inc. (the "**Claims Administrator**") is hereby authorized to pay out of the Settlement Trust (a) Class Counsel Fees that are approved by this Court (including amounts in respect of tax); (b) all costs of administration of the Settlement Trust (including taxes); and (d) any expenses and taxes relating to the notice of the settlement approval hearing, notice of the hearing to approve the Claims and Distribution Protocol and Class Counsel Fees and any notice of the Claims and Distribution Protocol, or any other notice or administration expense.
3. **THIS COURT ORDERS** that the cost of the combined case setup fee identified in the Administration Proposal be shared between the BDO compensation fund and the compensation funds attributable to W. Judson Martin, Edmund Mak, Simon Murray, Peter Wang, William Ardell, James Bowland, James Hyde, Garry West, and David Horsley on a *pro rata* basis, whereby \$29,450.00 of the combined case setup fee shall be paid from the BDO compensation fund.
4. **THIS COURT ORDERS** that nothing in this order, the materials filed in support thereof or the Claims and Distribution Protocol shall fetter the discretion of any court to determine the damages in respect of claims against other defendants.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

NOV 16 2016

PER / PAR:

*e*



Morawetz, RSJ.

## Schedule "A"

*Trustees of Labourers' Fund v. Sino-Forest Corporation et al.*  
Court File No. CV-11-431153-00CP

### **BDO SETTLEMENT CLAIMS AND DISTRIBUTION PROTOCOL Distribution of BDO Compensation Fund to Securities Claimants**

1. The following definitions apply in this Claims and Distribution Protocol:
  - (a) "2013 Notes" means the 5.00% Convertible Senior Notes due 2013.
  - (b) "2014 Notes" means the 10.25% Guaranteed Senior Notes due 2014.
  - (c) "2016 Notes" means the 4.25% Convertible Senior Notes due 2016.
  - (d) "2017 Notes" means the 6.25% Guaranteed Senior Notes due 2017.
  - (e) "ACB" means the adjusted cost base for the purchase of share or notes (as the case may be), inclusive of brokerage commissions.
  - (f) "Allocation System" means the method of determining the Compensable Loss assigned to a claim in order to determine the amount of compensation to be awarded for that claim (as set out below). This is based on each Securities Claimant's estimated losses attributable to misrepresentations in Sino-Forest's offering documents, taking into account risk adjustments to account for the liability risks for different categories of Securities Claimants.
  - (g) "BDO Allocation Order" means the order approving the claims process for the distribution of the Class Settlement Fund.
  - (h) "BDO Compensation Fund" means the Class Settlement Fund less Class Counsel Fees, costs of administration of the Settlement Trust (including taxes), and any expenses and taxes relating to the notice of the settlement approval hearing, notice of the fee and allocation hearing and notice of this claims and distribution protocol.
  - (i) "BDO Settlement" has the meaning attributed to that term in the BDO Settlement Approval Order.
  - (j) "BDO Settlement Approval Order" means the order of Morawetz J. dated ●, 2015, approving the BDO Settlement.
  - (k) "Claim Form" means a written claim in the prescribed form seeking compensation from the BDO Compensation Fund and a Prior Claim Form.
  - (l) "Claimant" means any person making a claim as purporting to be a Securities Claimant or on behalf of a purported Securities Claimant, with proper authority (as determined by the Claims Administrator or Class Counsel).
  - (m) "Claims Administrator" means RicePoint Administration Inc.

- (n) “Class Actions” has the meaning ascribed to that term in the Plan.
- (o) “Class Counsel” means Koskie Minsky LLP and Siskinds LLP.
- (p) “Class Counsel Fees” means the aggregate of the fees and disbursements of Class Counsel, Paliare Roland Rothstein Rosenberg LLP, Kessler, Topaz, Meltzer & Check, LLP, Siskinds, Desmeules s.e.n.c.r.l. and Cohen Millstein Sellers & Toll PLLC (including taxes) as provided in the BDO Allocation Order.
- (q) “Class Settlement Fund” has the meaning ascribed to that term in the BDO Settlement Approval Order.
- (r) “Compensable Damages” means the amount of a Claimant’s damages for each type of purchase of Securities after accounting for Offset Profits for those purchases.
- (s) “Compensable Loss” is the sum of the Claimant’s damages after Offset Profits are deducted and risk adjustments applied for each type of purchase.
- (t) “Excluded Claim” means:
  - (i) a claim by or on behalf of any person or entity that is, or previously was, a named defendant to any of the Class Actions, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung and their past and present subsidiaries, affiliates officers, directors, senior employees, partners, legal representatives heirs predecessors, successors and assigns, and any individual who is a member of the immediate family of Allen T.Y. Chan a.k.a. Tak Yuen 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, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung;
  - (ii) any claim for any Security purchased before March 19, 2007 or after June 2, 2011; and
  - (iii) any claim for any Security purchased on the over-the-counter market in the United States by a non-Canadian resident;
- (u) “FIFO” means the method applied to the holdings of Securities Claimants who made multiple purchases or sales such that sales of securities will be matched, in chronological order, first against securities first purchased.
- (v) “Notes” means, collectively, the 2013 Notes, the 2014 Notes, the 2016 and the 2017 Notes.
- (w) “Offerings” (each being an “Offering”) means:
  - (i) Distribution of common shares pursuant to the Final Short-Form Prospectus dated June 5, 2007;
  - (ii) Distribution of common shares pursuant to the Final Short-Form Prospectus dated December 10, 2009;

- (iii) Distribution of the 2013 Notes pursuant to the Offering Memorandum dated July 17, 2008;
  - (iv) Distribution of the 2014 Notes pursuant to the Exchange Offer Memorandum dated June 24, 2009;
  - (v) Distribution of the 2016 Notes pursuant to the Offering Memorandum dated December 10, 2009; and
  - (x) “Offset Profits” means the total increase in inflation of each Security sold by a Securities Claimant prior to June 2, 2011 where such security was purchased after March 19, 2007. Such inflation for Sino-Forest Securities shall be determined by Frank Torchio of Forensic Economics, in consultation with Class Counsel.
  - (y) “Ontario Class Action” means the action commenced against Sino-Forest Corporation and others in the Ontario Superior Court of Justice, bearing (Toronto) Court File No. CV-11-431153-00CP.
  - (z) “Plan” means the Plan of Compromise and Reorganization of Sino-Forest Corporation, sanctioned and approved pursuant to the Plan Sanction Order of Morawetz J. dated December 10, 2012.
  - (aa) “Prior Claim Form” means any claim form submitted to the Claims Administrator pursuant to the Order of Justice Morawetz dated January 10, 2014 or the Order of Justice Morawetz dated November 13, 2015, where the Claimant confirms to the Claims Administrator Fund in a manner determined by the Claims Administrator that it wishes to seek compensation from the BDO Compensation Fund.
  - (bb) “Risk Adjusted Damages” mean the Compensable Damages for each type of purchase of securities, after it has been adjusted by a risk adjustment.
  - (cc) “Sale Price” means the price at which the Claimant disposed of shares or notes, taking into account any commissions paid in respect of the disposition, such that the Sale Price reflects the economic benefit the Claimant received on disposition.
  - (dd) “Securities” means common shares, notes or other securities defined in the *Securities Act*, RSO 1990, c. S.5, as amended, or that are securities at law.
  - (ee) “Securities Claimants” had the meaning ascribed to that term in the BDO Settlement Approval Order.
  - (ff) “Settlement Trust” has the meaning ascribed to that term in the BDO Settlement Approval Order.
  - (gg) “Shares” means Securities that are common shares.
  - (hh) “US Class Action” means the action commenced against Sino-Forest Corporation and others in the United States District Court (SDNY), bearing Court File No. 1:12-cv-01726-VM.
2. The Claims Administrator shall distribute the BDO Compensation Fund as set out below.

## **Goal**

3. The goal is to distribute the BDO Compensation Fund among Securities Claimants who submit valid and timely claims for Securities purchased via the secondary market and/or Offerings, or any of them, provided, however, that Securities Claimants who have submitted a Prior Claim Form are not required to submit a new Claim Form.

## **Deadline for Claims**

4. Any person, other than Claimants who filed a Prior Claim Form, who wishes to claim compensation shall deliver to or otherwise provide the Claims Administrator a Claim Form by ●, 2016 or such other date set by the Court. If the Claims Administrator does not receive a Claim Form from a Claimant by the deadline, then the Claimant shall not be eligible for any compensation whatsoever from the BDO Compensation Fund. Notwithstanding the forgoing, the Administrator shall have the discretion to permit otherwise-valid late claims without further order of the Court.

## **Processing Claim Forms**

5. The Claims Administrator shall review each Claim Form and verify that the Claimant is eligible for compensation, as follows:
  - (a) For a Claimant claiming as a Securities Claimant, the Claims Administrator shall be satisfied that (i) the Claimant is a Securities Claimant; and (ii) the claim is not an Excluded Claim.
  - (b) For a Claimant claiming on behalf of a Securities Claimant or a Securities Claimant's estate, the Claims Administrator shall be satisfied that (i) the Claimant has authority to act on behalf of the Securities Claimant or the Securities Claimant's estate in respect of financial affairs; (ii) the person or estate on whose behalf the claim was submitted is a Securities Claimant; and (iii) the claim is not an Excluded Claim.
6. The Claims Administrator shall review the Claim Forms and assign the Compensable Loss to the claims prescribed by the Allocation System.
7. The Claims Administrator shall take reasonable measures to verify that the Claimants are eligible for compensation and that the information in the Claim Forms is accurate. The Claims Administrator may make inquiries of the Claimants in the event of any concerns, ambiguities or inconsistencies in the Claim Forms.

## Allocation System and Payment of BDO Compensation Fund

8. The BDO Compensation Fund shall be apportioned as follows:
  - (a) 75% of the aggregate amount available for distribution in the BDO Compensation Fund shall be allocated to claims made in respect of purchases of Shares in an Offering (“Primary Share Claims”) and shall be distributed to the eligible Claimants per the terms set out herein (the “Primary Share Fund”);
  - (b) 10% of the aggregate amount available for distribution in the BDO Compensation Fund shall be allocated to claims made in respect of purchases of the Notes in an Offering (“Primary Note Claims”) and shall be distributed to the eligible Claimants per the terms set out herein (the “Primary Note Fund”); and
  - (c) 15% of the aggregate amount available for distribution in the BDO Compensation Fund shall be allocated to claims made in respect of purchases of Shares or Notes in the secondary market (“Secondary Market Claims”) and shall be distributed to the eligible Claimants per the terms set out herein (the “Secondary Market Fund”).
9. Notwithstanding the provisions of paragraph 8, to the extent that such apportionment, when combined with compensation previously provided in prior settlements related to the Class Actions, results in aggregate payments that exceed the total Compensable Loss for any of the Primary Share Claims, Primary Note Claims and/or Secondary Market Claims, such amounts in excess shall be allocated, *pro rata* based on the percentages in paragraph 8, between those of the Primary Share Fund, Primary Note Fund and Secondary Market Fund whose respective claims are not in excess. However, and notwithstanding the forgoing, if the apportionment in paragraph 8 or the effect of the prior sentence of this paragraph would result in all of the claims being in an excess position, this paragraph shall have no force or effect.
10. As soon as possible after (i) all timely Claim Forms have been processed; (ii) the time to request a reconsideration for disallowed claims under paragraph 21 has expired; and (iii) all administrative reviews under paragraphs 22-23 have concluded, the Claims Administrator shall determine each Claimant’s Compensable Loss as follows:
  - (a) The ACB for each security purchased are determined using FIFO on a per security, per account, basis.
  - (b) the Securities purchased are divided into the types of securities described in the chart at paragraph 10(e).
  - (c) For each type of purchase of Securities, the damages for those purchases are calculated as follows:

| Time of Sale of Securities          | Damages   |
|-------------------------------------|---|
| Sold before June 2, 2011            | No damages  |
| Sold from June 3 to August 25, 2011 | (#of Securities sold) X (ACB - Sale Price)              |
| Sold or held after August 25, 2011  |   |
| <i>Shares</i>                       | (#of shares sold or held) X (ACB per share - CAD\$1.40) |
| <i>2013 Notes</i>                   | (#of notes sold or held) X (ACB per note - USD\$283)    |
| <i>2014 Notes</i>                   | (#of notes sold or held) X (ACB per note - USD\$276.20) |
| <i>2016 Notes</i>                   | (#of notes sold or held) X (ACB per note - USD\$283)    |
| <i>2017 Notes</i>                   | (#of notes sold or held) X (ACB per note - USD\$289.80) |

- (d) The damages for each type of purchase are reduced by subtracting the Claimant's Offset Profits for those purchases to obtain the Compensable Damages.
- (e) The Compensable Damages for each type of purchase are multiplied by the risk adjustment in the following chart to obtain the Risk Adjusted Damages:

| Type of Purchase  | Risk Adjustment |
|---|-----------------|
| <b>A. Share Purchases</b>   |                 |
| <u>(a) Primary Market</u>   |                 |
| June 2007 Offering  | 1.0             |
| December 2009 Offering  | 1.0             |
| <u>(b) Secondary Market</u><br><u>Canadian market or Canadian resident<sup>2</sup></u>                    |                 |
| March 19, 2007-July 16, 2008  | 0.55            |
| July 17, 2008-June 2, 2011  | 1               |
| <b>B. Note Purchases</b>  |                 |
| <u>(a) Primary Market (2013, 2014, 2016 notes)</u>  |                 |
| 2013, 2014, 2016 notes (Canadian) <sup>3</sup>  | 1               |
| <u>(b) Secondary Market (2013, 2014, 2016, 2017 notes)</u><br><u>Canadian market or Canadian resident</u> |                 |
| July 17, 2008-June 2, 2011  | 1               |

<sup>1</sup> For the purposes of these calculations, in respect of the Notes, each US\$1,000 principal amount of the Notes shall be deemed 1 (one) note.

<sup>2</sup> This is a reference to any purchase (a) on the Toronto Stock Exchange or any secondary market in Canada; or (b) by a person who is currently a Canadian resident or was at time of purchase.

<sup>3</sup> This is a reference to any primary market note purchase (a) in a distribution in Canada; or (b) by a person who is currently a Canadian resident or was at time of purchase.



- (f) The Compensable Loss is equal to the sum of the Risk Adjusted Damages for each type of purchase.
11. As soon as is practicable thereafter, the Administrator shall:
- (a) allocate the Primary Share Fund on a *pro rata* basis based upon each Claimant's Compensable Loss in relation to Primary Share Claims;
  - (b) allocate the Primary Note Fund on a *pro rata* basis based upon each Claimant's Compensable Loss in relation to Primary Note Claims; and
  - (c) allocate the Secondary Market Fund on a *pro rata* basis based upon each Claimant's Compensable Loss in relation to Secondary Market Claims.
12. The Claims Administrator shall make payments to the eligible Claimants based on the allocation under paragraphs 8 to 11, subject to the following:
- (a) The Claims Administrator shall not make payments to Claimants whose allocation is less than \$5.00. Such amount shall instead be allocated *pro rata* to the other eligible Claimants.
  - (b) All Claimants, other than class members of the US Class Action that are not also members of the Ontario Class Action, are required to pay 5% of any recovery to Claims Funding International ("CFI"), up to a maximum of \$5,000,000 in aggregate, provided the action is resolved prior to the filing of the Plaintiffs' pre-trial conference brief, less any amounts paid or payable to CFI in this action to date (the "CFI Cap"). The Claims Administrator shall reserve 5% of the allocation to Claimants, other than class members of the US Class Action that are not also members of the Ontario Class Actions, for payment to CFI, up to the CFI Cap.
  - (c) The Claims Administrator shall make payment to a Claimant by either bank transfer or by cheque to the Claimant at the address provided by the Claimant or the last known postal addresses for the Claimant. If, for any reason, a Claimant does not cash a cheque within 6 months after the date of the cheque, the Claimant shall forfeit the right to compensation and the funds shall be distributed in accordance with paragraph 13 and 14.

### **Remaining Amounts**

13. *The Regulation respecting the percentage withheld by the Fonds d'aide aux actions collectives* will apply to the portion of any remaining balance attributable to Québec Class Members.
14. If there are amounts remaining after payment to Securities Claimants have been made under paragraphs 8 to 12 and all other financial commitments have been met pursuant to the BDO Allocation Order or in order to implement the BDO Settlement, then the

remaining amount shall be held in the Settlement Trust and paid out for the purposes of future disbursements in the Ontario Class Action and/or the US Class Action.

15. If there has been full and final settlements of the Ontario Class Action and the US Class Action or final judgments against the defendants in those actions (such that there is no prospect of additional amounts being added to the Settlement Trust), then payment of any remaining balance from the Settlement Trust shall be determined by further motion before the Court.

### **Completion of Claim Form**

16. If, for any reason, a living Securities Claimant is unable to complete the Claim Form then it may be completed by the Securities Claimant's personal representative or a member of the Securities Claimant's family.

### **Irregular Claims**

17. The claims process is intended to be expeditious, cost effective and "user friendly" and to minimize the burden on Securities Claimants. The Claims Administrator shall, in the absence of reasonable grounds to the contrary, assume the Securities Claimants to be acting honestly and in good faith.
18. Where a Claim Form contains minor omissions or errors, the Claims Administrator shall correct such omissions or errors if the information necessary to correct the error or omission is readily available to the Claims Administrator.
19. The claims process is also intended to prevent fraud and abuse. If, after reviewing any Claim Form, the Claims Administrator believes that the claim contains unintentional errors which would materially exaggerate the Compensable Loss to be awarded to the Claimant, then the Claims Administrator may disallow the claim in its entirety or make such adjustments so that an appropriate Compensable Loss is awarded to the Claimant. If the Claims Administrator believes that the claim is fraudulent or contains intentional errors which would materially exaggerate the Compensable Loss to be awarded to the Claimant, then the Claims Administrator shall disallow the claim in its entirety.
20. Where the Claims Administrator disallows a claim in its entirety, the Claims Administrator shall send to the Claimant at the address provided by the Claimant or the Claimant's last known email or postal address, a notice advising the Claimant that he, she

or it may request the Claims Administrator to reconsider its decision. For greater certainty, a Claimant is not entitled to a notice or a review where a claim is allowed but the Claimant disputes the determination of Compensable Loss or his, her or its individual compensation.

21. Any request for reconsideration must be received by the Claims Administrator within 21 days of the date of the notice advising of the disallowance. If no request is received within this time period, the Claimant shall be deemed to have accepted the Claims Administrator's determination and the determination shall be final and not subject to further review by any court or other tribunal.
22. Where a Claimant files a request for reconsideration with the Claims Administrator, the Claims Administrator shall advise Class Counsel of the request and conduct an administrative review of the Claimant's complaint.
23. Following its determination in an administrative review, the Claims Administrator shall advise the Claimant of its determination. In the event the Claims Administrator reverses a disallowance, the Claims Administrator shall send the Claimant at the Claimant's last known postal address, a notice specifying the revision to the Claims Administrator's disallowance.
24. The determination of the Claims Administrator in an administrative review is final and is not subject to further review by any court or other tribunal.
25. Data from each Claim Form shall be retained such that a Claimant is not required to file further claim forms in any future settlement or distribution.
26. The failure to file a timely valid Claim Form shall not prejudice any person's ability to file a claim form in any future settlement or distribution.
27. Any matter not referred to above shall be determined by analogy by the Claims Administrator in consultation with Class Counsel.

# RICEPOINT

A Computershare company.

1480 Richmond Street, Suite 204  
London, ON N6G 0J4  
P: (519) 854-6414

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VIA EMAIL (.PDF) DELIVERY

---

October 26, 2016

Jonathan Ptak  
Koskie Minsky LLP  
20 Queen Street West  
Suite 900, Box 52  
Toronto, Ontario  
M5H 3R3

Dear Mr. Ptak;

Thank you for the opportunity to provide you with a proposal to administer the Sino-Forest – Directors and BDO Settlements. We have enjoyed the opportunity to gain a better understanding of your requirements through this phase of the process and we look forward to further discussions.

Our initial assumption was that because of the unique Claim and Distribution Protocol for each settlement, we would need to run two independent administrations. Following our recent call, we revised our approach to include shared fixed and variable services where possible. The result of the exercise is a combined fixed fee savings of over \$17K and a \$0.75 savings on the per claim fee which results in an additional \$50K savings (depending on final claim numbers). Also, by combining mailings and distributions, we would expect to receive additional out of pocket savings.

This proposal deals only with the activities relating to the intake, processing and payment of claims. Activities related to notice will be addressed in a separate notice proposal.

Thank you again for your time and please contact us if you have any questions or require additional information.

Sincerely,



David A. Weir

c.c.: D. Bach, G. Myers

RICEPOINT  
A Computershare company.

PROPOSAL TO ADMINISTER THE SINO-FOREST  
DIRECTORS & BDO  
CLASS ACTION SETTLEMENTS

OCTOBER 26, 2016  
Confidential

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## 1. Firm Overview

RicePoint is a Computershare company; a global leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation stakeholder communications as well as notice and administrative services for class action settlements.

Under the RicePoint brand, we have administered over 30 Canadian settlements of varying size and complexity, and have distributed more than \$500 million in settlement funds over the last 15 years. Our office is located in London, Ontario. Operations, including a 75 seat call centre in Montreal, are spread out across Canada. Our administration and notice reach extends into the United States and internationally under Computershare's KCC and Gilardi brands.

## 2. Scope of Engagement

The following is RicePoint's understanding of the administrative services to be provided for the Sino-Forest Directors and BDO ("Sino-Forest") Class Action Settlements.

### Background

In 2013, RicePoint was appointed as the administrator of the Ernst & Young ("EY") Sino Forest Settlement. As part of the administration we conducted a robust outreach to the broker/custodian community in North America seeking their assistance in identifying eligible primary and secondary market purchasers of Sino Forest. Through the outreach, and the publication of Notice in several newspapers, close to 50,000 claims, almost three times the forecast, were received.

In December of 2014, Class Counsel advised RicePoint of a settlement with the Sino Forest Underwriters. The terms of the Underwriter Settlement provided for compensation to primary market purchasers only.

More recently, RicePoint was advised of settlements with the Directors and BDO. Class Counsel asked RicePoint to put forward a recommendation for administering the Directors and BDO Settlements using data collected during the EY administration.

Using the following assumptions, this proposal lays out the scope of work and the proposed fees to administer both settlements:

### Assumptions

- The Class includes Canadians and non-Canadians who acquired Sino Forest securities on the primary and secondary markets.
- The Opt Out deadline has passed.
- There will be no new outreach to the brokerage community.
- If a Class Member, previously compensated in the EY Settlement, provides new information as part of the Directors Settlement, that would have resulted in a change to their entitlement in the EY Settlement had it been known at the time, that new information will be captured in the Class Member's file for future settlements but no retroactive adjustment will be made to their entitlement in the Directors Settlement to compensate for an under or over payment in EY.
- Case specific expenses will be billed separately (e.g. support centre; taxes; claim packet printing; claimant support; cheque reissues; postage and courier, bank fees, cheque stock).

## Sizing

- Settlement will be open to both primary and secondary market purchasers Claims and Distribution Protocol
- Estimated total claims – There are approximately 50,000 previously identified claimants under the Sino-Forest EY Settlement. In estimating our number of approved claims we have taken the totals from the EY matter as a proxy. As these are based on another Claims and Distribution Protocol the actual numbers will vary.

## Case Setup

- Design and program the case specific Claims and Distribution Protocol.
- Establish a post office box to receive Claims and other mail.
- Draft the Claim Form, Cover Letter, Frequently Asked Questions (the “Claim Package”) in consultation with Class Counsel – French/English versions.
- Establish and maintain a bilingual toll free number and email address.
- Field investor inquiries via phone, email and First Class Mail.
- Prepare deficiency notification letter.
- Prepare rejection notification letter.
- Establish a Settlement Trust.
- Receive the Settlement Fund and deposit into the Settlement Trust.
- Compile and reconcile information regarding all claims against the Settlement Trust.
- Set up distribution chequing account.

## Administration Process

1. Class Members who had previously participated in the EY Settlement, will receive a Decision Notice with a prepopulated data set listing their transactions. Class Members will be provided with an opportunity to request further review within 21 days of the determination by providing additional information if they disagree with the decision that has been made.
2. Class Members that did not participate in the EY Settlement, will be required to complete a new claim form listing their eligible purchases.
3. RicePoint will reconcile the known claimants list against those who have responded to the notice and perform a second outreach (by mail, email or phone depending on numbers involved) to claimants who have not responded.
4. Where a claimant does not respond to their notice, we will process their claim using the data provided to them in their notice letter – including adjustments made to the claim form and confirmed through the review process.
5. Generic claim forms will be made available on the website for claimants who did not participate in EY.
6. New claim information and claims with a disagreement to their transaction information are reviewed.
7. Compensable losses are calculated.
8. External and internal audits are conducted.
9. Deficiency/Rejection notices are issued with a response deadline.
10. Response period for Supplemental documentation and Admin review requests.
11. Supplemental documentation is reviewed.
12. Admin reviews are conducted.
13. Admin review results are provided to claimants.
14. Calculations are updated.
15. Nominal entitlements are calculated.



16. For cheque issuance, BDO and Directors escrow accounts to migrated into one distribution account.
17. Cheques are issued.

**Post-Distribution**

- Reissue distribution cheques, when necessary.
- Process all correspondence and telephone calls following distribution.
- Attempt to locate new addresses for returned distribution cheques.
- Follow-up with un-cashed payees requesting them to cash their distribution cheques or request the re-issuance of a new distribution cheque. (A minimum may be placed on the dollar amount of uncashed distribution cheques to follow-up. This will be determined based on the range of distribution cheques not cashed.)
- Reconcile chequing account statements until the conclusion of the Administration.
- At the end of the Administration, or at such other time as the Court directs, prepare a report for the Court accounting for all monies received, administered and disbursed.
- If there are any remaining funds in the Settlement Trust, 180 days from the date of the distribution of the net settlement amount, those funds will be held in the Settlement Trust and paid out for the purposes of future disbursements in the actions (to be confirmed).

**Tax Compliance & Consultation**

- Summarize activity in the Settlement Trust.
- Prepare and file all necessary tax forms and returns for the Settlement Fund.
- Respond to any communication from the taxation authorities, if applicable.

### 3. Fee Proposal (before tax)

In our review of the Claims and Distribution Protocol for each settlement, we identified opportunities to share administration costs in each of the fixed, variable and out of pocket areas. The following table is a summary of our review.

| Fixed:   | Shared | Unique |
|--|--------|--------|
| Establish P.O. box                                 | ✓      |        |
| Programming algorithm                              |        | ✓      |
| Testing algorithm                                  |        | ✓      |
| Query data   |        | ✓      |
| Calculate nominal entitlement                      |        | ✓      |
| Setup escrow                                       |        | ✓      |
| Design deficiency and rejection letters            | ✓      |        |
| Calculate pro rata entitlement                     |        | ✓      |
| Establish support centre and agent tools           | ✓      |        |
| Train support centre on settlements                | ✓      |        |
| Monthly toll free number                           | ✓      |        |
| Monthly server storage                             | ✓      |        |
| Audits   |        | ✓      |
| Fraud control                                      | ✓      |        |
| Project Management                                 | ✓      |        |
| Calculate, correspondence and payment to CFI       |        | ✓      |
| Calculate, correspondence and payment to Fonds     |        | ✓      |
| Reporting  |        | ✓      |
| Case wrap up report                                |        | ✓      |
| Trust return(s)                                    |        | ✓      |
| Respond to questions from taxation authorities.    |        | ✓      |
| Variable:  |        |        |
| Level 2 support                                    | ✓      |        |
| Calculate compensable loss for each claim          |        | ✓      |
| Map data to personalized decision notices          |        | ✓      |
| Quality checks                                     |        | ✓      |
| Identify and resolve deficiencies                  |        | ✓      |
| Identify and resolve rejections                    |        | ✓      |
| Intake of new claims                               | ✓      |        |
| Claim review and nominal entitlement of new claims |        | ✓      |
| Admin reviews of claims                            |        | ✓      |
| Followup on uncashed cheques.                      | ✓      |        |
| Reissue cheques, when necessary                    | ✓      |        |
| Out of Pocket:                                     |        |        |
| Level 1 support (calls/emails)                     | ✓      |        |
| Printing of Notice                                 |        | ✓      |
| Postage  | ✓      |        |
| Emails credits                                     | ✓      |        |
| Taxes  |        | ✓      |
| Bank Fees (clearing, payee match)                  | ✓      |        |
| Cheque printing                                    | ✓      |        |

Our fee proposal consists of a case setup fee and three variable fees that recognize the specific scope of work required to process each type of claim.

#### I. Combined Case Setup Fee for BDO and Directors - \$47,500

A case set up fee to cover the initial costs of setting up the case administration for all claim types. This would be a minimum fee that would be charged regardless of claim volume for the following services:

## II. Variable Fees for Claims:

### i. Claimant Agrees to Data - \$5.75/claim

- Prepare and disseminate personalized letters
- Follow-up on unresponsive claimants
- Reissue letters as necessary
- Receive Claimant submissions and process
- Update address information, if required
- Calculate pro rata share of settlement and issue cheque

### ii. Claimant Disputes Data - \$25/claim

- Prepare and disseminate personalized letters
- Follow-up on unresponsive claimants
- Reissue letters as necessary
- Receive Claim Form and match to Notice Letter
- Process entire package
- Update address information, if required
- Identify source of dispute and attached documentation
- Adjudicate claim
- Issue deficiency letter, if required
- Audit claims, as necessary
- Issue eligibility letter confirming final list of approved transactions
- Update record for use in future settlements
- Calculate pro rata share of settlement and issue cheque

### iii. New Claimant - \$23/claim

- Receive Claim Form and supporting documentation
- Process entire package
- Confirm eligibility in the Class
- Adjudicate claim
- Issue deficiency letter, if required
- Audit claims, as necessary
- Issue eligibility letter confirming final list of approved transactions
- Calculate pro rata share of settlement and issue cheque

## III. Case Specific Expenses

RicePoint will invoice for case specific expenses including: accounting, printing, postage, claimant support, cheque reissues, bank fees (cheque clearing fee and fraud control fee) and all applicable taxes:

The following is an example of anticipated fees given the volumes set for below:

Fee Example - Setup and Claims Processing - BDO (Before Tax)

|  | Claim Volume  | Setup Fee        | Claim Processing  | Total             |
|--|---------------|------------------|-------------------|-------------------|
| Case Setup                                       |               | \$ 23,750        |                   | \$ 23,750         |
| EY Claims with agreed transaction information    | 33,549        |                  | \$ 192,907        | \$ 192,907        |
| EY Claims with disagreed transaction information | 335           |                  | \$ 8,387          | \$ 8,387          |
| New Claims                                       | 100           |                  | \$ 2,300          | \$ 2,300          |
| <b>TOTAL</b>                                     | <b>33,984</b> | <b>\$ 23,750</b> | <b>\$ 203,594</b> | <b>\$ 227,344</b> |

Fee Example - Setup and Claims Processing - Directors (Before Tax)

|  | Claim Volume  | Setup Fee        | Claim Processing  | Total             |
|--|---------------|------------------|-------------------|-------------------|
| Case Setup                                       |               | \$ 23,750        |                   | \$ 23,750         |
| EY Claims with agreed transaction information    | 33,549        |                  | \$ 192,907        | \$ 192,907        |
| EY Claims with disagreed transaction information | 335           |                  | \$ 8,387          | \$ 8,387          |
| New Claims                                       | 100           |                  | \$ 2,300          | \$ 2,300          |
| <b>TOTAL</b>                                     | <b>33,984</b> | <b>\$ 23,750</b> | <b>\$ 203,594</b> | <b>\$ 227,344</b> |

Fee Example - Case Specific Expenses (Before Tax) - Shared Between BDO & Directors

|  | Volume | Cheque Printing/Processing | Cheque Postage     | Deficiency Notice Printing* | Deficiency Notice Postage* | Rejection Notice Printing* | Rejection Notice Postage* | Decision Notice Printing* | Decision Notice Postage* | Claimant Support   | Cheque Reissues    | Bank Fees          | External Audit    | Total               |
|--|--------|----------------------------|--------------------|-----------------------------|----------------------------|----------------------------|---------------------------|---------------------------|--------------------------|--------------------|--------------------|--------------------|-------------------|---------------------|
| EY Claims with agreed transaction information    | 33,549 | \$ 40,258.80               | \$16,676.80        |                             |                            |                            |                           | \$ 11,790.75              | \$ 12,576.80             |                    |                    |                    |                   | \$ 81,303.15        |
| EY Claims with disagreed transaction information | 335    | \$ 281.81                  | \$ 187.87          | \$ 50.32                    | \$ 53.68                   |                            |                           |                           |                          |                    |                    |                    |                   | \$ 573.69           |
| New Claims                                       | 100    | \$ 60.00                   | \$ 40.00           | \$ 15.00                    | \$ 16.00                   | \$ 37.50                   | \$ 40.00                  |                           |                          |                    |                    |                    |                   | \$ 208.50           |
| Claimant Support                                 | 3,790  |                            |                    |                             |                            |                            |                           |                           |                          | \$ 8,527.50        |                    |                    |                   | \$ 8,527.50         |
| Cheque Reissues                                  | 125    |                            |                    |                             |                            |                            |                           |                           |                          | \$ 1,875.00        |                    |                    |                   | \$ 1,875.00         |
| Bank Fees (including cheque clearing)            |        |                            |                    |                             |                            |                            |                           |                           |                          |                    |                    | \$10,858.23        |                   | \$ 10,858.23        |
| External Audit                                   |        |                            |                    |                             |                            |                            |                           |                           |                          |                    |                    |                    | \$2,800.00        | \$ 2,800.00         |
| <b>TOTAL</b>                                     |        | <b>\$ 40,600.61</b>        | <b>\$16,904.67</b> | <b>\$ 65.32</b>             | <b>\$ 69.68</b>            | <b>\$ 37.50</b>            | <b>\$ 40.00</b>           | <b>\$ 11,790.75</b>       | <b>\$ 12,576.80</b>      | <b>\$ 8,527.50</b> | <b>\$ 1,875.00</b> | <b>\$10,858.23</b> | <b>\$2,800.00</b> | <b>\$106,146.07</b> |

\*Inclusion of printing and postage represents costs if letters are required to be issued via mail. RicePoint will provide notice via email first and mail only where email is undeliverable/unavailable

- Assume all Canadian addresses for demonstration of postage amounts, plus proxy for bulk claims filed by edata filer sent via courier
- 1% of known claims to have disagreements with transaction information
- Notice to claimants from the reconciled defendant list have been omitted as the number is unknown at this time
- All 33,549 filers who qualified for payment under the Sino EY case will again qualify
- 50% of new claims will be rejected
- 20% of new claims will be deficient
- 20% of EY claims with disagreements to their transactions will be deficient
- Estimate of 100 new claimants
- Estimate 3,790 combined support tickets at 3 minute average at \$0.75/minute

## 4. Approvals

**Terms:**           **Taxes:** Pricing does not include HST

**Settlement Termination:** If an election to terminate the Settlement is exercised, RicePoint will be reimbursed for any reasonable expenses incurred up to the point of Settlement termination.

**Additional Work:** Work outside this scope can be quoted separately.

**Data:** All data to be delivered in MS Excel or MS Access.

**Payment Schedule:** Fixed fee to be paid following Settlement Approval. Additional fees will be invoiced at regular intervals matching the work incurred.

**Approval:**       **Koskie Minsky LLP**

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**Print Name**

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**Signature**

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**Date**

**RicePoint Administration Inc.**

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**Print Name**

---

**Signature**

---

**Date**

THE TRUSTEES OF THE LABOURERS' PENSION FUND OF  
CENTRAL AND EASTERN CANADA, et al.

Plaintiffs

SINO-FOREST CORPORATION, et al.

Defendants

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**ORDER  
(BDO PLAN OF ALLOCATION AND  
ADMINISTRATION APPROVAL)**

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