

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE REGIONAL) WEDNESDAY, THE 16TH
)
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, PÖYRY (BEIJING) CONSULTING COMPANY LIMITED, CREDIT SUISSE
SECURITIES (CANADA), INC., TD SECURITIES INC., DUNDEE SECURITIES
CORPORATION, RBC DOMINION SECURITIES INC., SCOTIA CAPITAL INC., CIBC
WORLD MARKETS INC., MERRILL LYNCH CANADA INC., CANACCORD
FINANCIAL LTD., MAISON PLACEMENTS CANADA INC., CREDIT SUISSE
SECURITIES (USA) LLC and MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED (successor by merger to Banc of America Securities LLC)**

Defendants

Proceeding under the *Class Proceedings Act*, 1992

**ORDER
(BDO Settlement Approval)**

THIS MOTION, made by the representative plaintiffs in the action commenced against BDO Limited ("**BDO**") in the Ontario Superior Court of Justice, bearing (Toronto) Court File No. CV-11-431153-00CP (the "**Ontario Class Action**"), for an order giving effect to the BDO

Settlement, was heard on November 16, 2016 at the Court House, 330 University Ave., Toronto, Ontario,

WHEREAS this action was certified as against Pöyry (Beijing) Consulting Company Limited by Order of this Court dated September 25, 2012 on behalf of the following class:

All persons and entities, wherever they may reside, who acquired Sino-Forest Corporation common shares, notes, or other securities, as defined in the Ontario *Securities Act*, during the period from and including March 19, 2007 to and including June 2, 2011:

- (a) by distribution in Canada or on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter or
- (b) who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino-Forest Corporation's securities outside of Canada

excluding the defendants, 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 an individual defendant (the "Pöyry Class")

AND WHEREAS the opt out period for the Pöyry Class in respect of claims against all defendants expired on January 15, 2013.

WHEREAS this action was certified as against BDO by Order of this Court dated January 12, 2015 and the class was defined as:

- (a) all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired Sino-Forest Corporation's Securities during the Class Period who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino-Forest Corporation's Securities outside of Canada, except: those persons resident or domiciled in the Province of Quebec at the time they acquired Sino-Forest Corporation's Securities, and who are not precluded from participating in a class action by virtue of Article 999 of the Quebec *Code of Civil Procedure*, RSQ, c C-25, and except the Excluded Persons; and

(b) all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period by distribution in Canada in an Offering, or are resident of Canada or were resident of Canada at the time of acquisition and acquired Sino-Forest Corporation's Securities by offering outside of Canada, except the Excluded Persons;

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

Definitions

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this order shall have the meanings attributed to those terms in **Schedule "A"**

Approval of the Settlement & Release

2. **THIS COURT ORDERS** that the Class is redefined as follows:

all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired Sino-Forest Corporation's Securities during the Class Period who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino-Forest Corporation's Securities outside of Canada, ~~except: those persons resident or domiciled in the Province of Quebec at the time they acquired Sino-Forest Corporation's Securities, and who are not precluded from participating in a class action by virtue of Article 999 of the Quebec Code of Civil Procedure, R.S.Q., c. C-25, and except Excluded Persons; and~~

all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period by distribution in Canada in an Offering, or are resident of Canada or were resident of Canada at the time of acquisition and acquired Sino-Forest Corporation's Securities by offering outside of Canada, except the Excluded Persons (the "**Settlement Class**")

3. **THIS COURT ORDERS** that the BDO Settlement attached hereto as **Schedule "B"** (as amended pursuant to paragraph 4, below) ~~is fair and reasonable in all the circumstances and for the purposes of the proceedings under the *Class Proceedings Act, 1992* and~~ ^(B) ~~is approved.~~ ^(R)

4. **THIS COURT ORDERS** that sections 2.1, 3.2, 3.6, 5.1 and 5.2 of the BDO Settlement is hereby amended such that the Quebec Action shall not be discontinued but the motion to add

BDO Limited as a defendant in the Quebec Action shall be discontinued.

5. **THIS COURT ORDERS** that this Order and the BDO Settlement are binding on the members of the Class who have not opted out, including those persons who are under disability, and any requirements of rules 7.04(1) and 7.08(4) of the *Rules of Civil Procedures*, RRO 1990, Reg. 194 are dispensed.

Release and Discharge

6. **THIS COURT ORDERS** that as of the date hereof,

- (a) any and all Claims against BDO shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled, barred and deemed satisfied and extinguished as against BDO (the "**BDO Release**");
- (b) the BDO Settlement shall be binding according to its terms on any person;
- (c) none of the parties in the Ontario Class Action shall be permitted to claim from any of the other Defendants that portion of any damages (including punitive damages, if any), restitutionary award or disgorgement of profits, interest, and legal costs that corresponds with the proportion of any judgment that, had they not settled, would have been apportioned to BDO that is proven at trial or otherwise, that is subject of the BDO Settlement; and
- (d) the Ontario Class Action shall be dismissed against BDO.

7. **THIS COURT ORDERS AND DECLARES** that all persons and entities provided with notice of this motion shall be bound by the declarations made in, and the terms of, this Order.

Use of the Settlement Fund

8. **THIS COURT ORDERS** that the Class Settlement Fund shall be held by the Ontario Plaintiffs on behalf of the Settlement Class in the Settlement Trust until such later date that the Ontario Plaintiffs have a plan of allocation approved by this Court, whereby those funds will be distributed to the Settlement Class.

9. **THIS COURT ORDERS** that notwithstanding the immediately preceding paragraph, the

following parties shall not be entitled to any allocation or distribution of the Class Settlement Fund:

any person or entity that is a named defendant to the Ontario Class Action, 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 the following persons: 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.

Recognition, Enforcement and Further Assistance

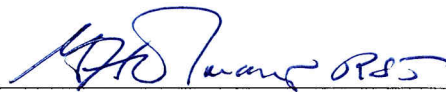
10. **THIS COURT ORDERS** that this Court shall retain an ongoing supervisory role for the purposes of implementing, administering and enforcing the BDO Settlement and matters related to the Settlement Trust, including any disputes about the allocation of the Class Settlement Fund from the Settlement Trust. Any disputes arising with respect to the performance or effect of, or any other aspect of, the BDO Settlement shall be determined by this Court, and that, except with leave of this Court first obtained, no person or party shall commence or continue any proceeding or enforcement process in any other court or tribunal, with respect to the performance or effect of, or any other aspect of the BDO Settlement.

11. **THIS COURT ORDERS** that each of the Ontario Plaintiffs, BDO, and their respective counsel shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this order, or any further order as may be required, and for assistance in carrying out the terms of such orders.

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

NOV 16 2016

PER / PAR:



Morawetz RSJ.

Schedule "A"

"Securities" means Sino's common shares and notes;

"Claims" shall mean any and all actions, causes of action, claims, including damage claims, demands raised or which could have been advanced or raised in the Ontario Action or the Quebec Action against BDO by the Plaintiffs or the members of the National Class based upon, arising out of, in relation to, in connection with or in any way related to Sino and its affiliates and subsidiaries as well as any associated claims for contribution or indemnity advanced or raised or which could have been advanced or raised against BDO by any other current or future defendant or third party added to the Ontario Action or the Quebec Action in relation to the claims advanced or which could have been advanced within those proceedings by any of the Plaintiffs or the members of the National Class."

"Class Period" means the period from and including March 19, 2007 to and including June 2, 2011;

"Class Settlement Fund" means the amount of CDN \$8,774,348.63;

"December 2009 Offering Memorandum" means Sino's Final Offering Memorandum, dated December 10, 2009, relating to the distribution of Sino's 4.25% Convertible Senior Notes due 2016 which Sino filed on SEDAR on December 11, 2009;

"December 2009 Prospectus" means Sino's Final Short Form Prospectus, dated December 10, 2009, which Sino filed on SEDAR on December 11, 2009;

"Excluded Persons" means the defendants, 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 an Individual Defendant;

"Individual Defendants" means Allen T.Y. Chan, W. Judson Martin, Kit Kai Poon, David J. Horsley, William E. Ardell, James P. Bowland, James M.E. Hyde, Edmund Mak, Simon Murray, Peter Wang, and Garry J. West, collectively;

"June 2007 Prospectus" means Sino's Short Form Prospectus, dated June 5, 2007, which Sino filed on SEDAR on June 5, 2007;

"July 2008 Offering Memorandum" means the Final Offering Memorandum dated July 17, 2008, relating to the distribution of Sino's 5% Convertible Senior Notes due 2013 which Sino filed on SEDAR as a schedule to a material change report on July 25, 2008;

"June 2009 Prospectus" means Sino's Final Short Form Prospectus, dated June 1, 2009, which Sino filed on SEDAR on June 1, 2009;

"June 2009 Offering Memorandum" means Sino's Exchange Offer Memorandum dated June 24, 2009, relating to an offer to exchange Sino's Guaranteed Senior Notes due 2011 for new 10.25% Guaranteed Senior Notes due 2014 which Sino filed on SEDAR as a schedule to a material change report on June 25, 2009;

"October 2010 Offering Memorandum" means the Final Offering Memorandum dated October 14, 2010, relating to the distribution of Sino's 6.25% Guaranteed Senior Notes due 2017;

"Offering" means the primary distributions of Sino's Securities that occurred during the Class Period including the public offerings of Sino's common shares pursuant to the June 2007, June 2009 and December 2009 Prospectuses, as well as the offerings of Sino's notes pursuant to the July 2008, June 2009, December 2009, and October 2010 Offering Memoranda, collectively;

"**SEDAR**" means the system for electronic document analysis and retrieval of the Canadian Securities Administrators; and

"**Settlement Trust**" means an interest bearing trust account with a Schedule 1 Bank in Ontario.

SETTLEMENT AGREEMENT

Made as of the 25th day of February, 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. (collectively, the "Ontario Plaintiffs"), in their capacities as representative plaintiffs in the Action commenced in relation to Sino-Forest Corporation and certified in the Ontario Superior Court, Court File No. CV-15-525189-00CP (the "Ontario Action"), as well as GUINING LIU and CONDEX WATTCO INC., in their capacities as representative plaintiffs in a proposed class action commenced in relation to Sino-Forest Corporation in the Quebec Superior Court, Court File No. 200-06-000132-111 (the "Quebec Action"), as well as DAVID LEAPARD AND IMF FINANCE SA, in their capacities as plaintiffs named in a Verified Class Action Complaint in an action commenced in relation to Sino-Forest Corporation in the Supreme Court of the State of New York, County of New York, Index No. 65028/2012 (the "U.S. Action")

and

BDO LIMITED, formerly known as BDO McCabe Lo Limited ("BDO")

SETTLEMENT AGREEMENT

SECTION 1 – RECITALS

1.1 WHEREAS

A. The Ontario Plaintiffs commenced the Ontario Action alleging that Sino-Forest Corporation ("Sino") and several other Defendants, including BDO Limited, formerly known as

BDO McCabe Lo Limited ("BDO"), made or participated in misrepresentations that Sino's financial statements were prepared in accordance with GAAP;

B. The U.S. Action was commenced and the plaintiffs in that action made similar allegations to those made in the Ontario Action, although BDO was not named as a defendant in the U.S. Action;

C. The Quebec Action was commenced on behalf of the following class:

All persons or entities in Quebec (other than the Defendants, their past and present subsidiaries, officers, directors, senior employees, partners, legal representations, heirs, predecessors, successors and assigns, and any individual who is an immediate member of the families of the individual named defendants) who purchased or otherwise acquired, whether in the secondary market, or under a prospectus or other offering document in the primary market, equity, debt or other securities of or relating to Sino-Forest Corporation, from and including August 12, 2008 to and including June 2, 2011 (the "Quebec Class" and the "Quebec Class Members").

D. The plaintiff in the Quebec Action made similar allegations to those made in the Ontario action and in January 2014, the plaintiff in the Quebec Action have submitted to the Quebec Superior Court a motion for permission to amend the Claim in the Quebec Action to add BDO as a defendant to the Quebec Action (the "Quebec Motion to Amend");

E. The Ontario Action was certified by Order of the Honourable Justice Perell dated January 12, 2015 on behalf of the following class:

(a) all persons and entities, wherever they may reside, who acquired Sino's Securities during the Class Period on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired Sino's Securities during the Class Period who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino's Securities outside of Canada, except: those persons resident or domiciled in the Province of Quebec at the time they acquired Sino's Securities, and who are not precluded from participating in a class action by virtue of Article 999 of the Quebec Code of Civil Procedure, RSQ, c C-25, and except the Excluded Persons; and

(b) all persons and entities, wherever they may reside, who acquired Sino's Securities during the Class Period by distribution in Canada in an Offering, or are resident of

Canada or were resident of Canada at the time of acquisition and acquired Sino's Securities by offering outside of Canada, except the Excluded Persons;¹

F. BDO denies any liability in respect of the claims advanced against it in the Ontario Action (the "Claims"), and intends absent this settlement to vigorously defend the Ontario Action;

G. While BDO is not currently a defendant to either the Quebec Action or the U.S. Action, it wishes to ensure as a term of this Settlement Agreement that BDO is not in the future made a party to either the Quebec Action or the U.S. Action – whether by the Plaintiffs in either of those actions or by way of a claim against BDO by one of the remaining defendants named in either the U.S. Action or the Quebec Action;

H. The Ontario Plaintiffs and BDO (collectively, the "Parties"), through counsel, have engaged in extensive arm's-length settlement discussions and negotiations in respect of the Ontario Action and counsel for the Ontario Plaintiffs have, in addition, engaged in consultations with counsel for the Plaintiffs in both the U.S. Action and the Quebec Action as necessary to ensure those parties' agreement to the terms of this Settlement Agreement that are relevant to those Plaintiffs;

I. As a result of these settlement discussions and negotiations, the Parties have entered into this Settlement Agreement, which embodies all of the terms and conditions of the Settlement among the Parties, both individually and on behalf of the Class in the Ontario Action, and subject to approval of the Ontario Superior Court of Justice in the Ontario Action (the "Ontario Court");

J. The Parties have negotiated and entered into this Agreement to fully, definitively and permanently resolve, settle and release and discharge all claims asserted, or which could have been asserted, against BDO by the Ontario Plaintiffs based upon, arising out of, in relation to, in connection with or in any way related to Sino and its affiliates and subsidiaries on their own behalf and/or on behalf of the Class they represent, or by another defendant to the Ontario Action

¹ All capitalized terms are defined in the Order of Justice Perell dated January 12, 2015.

or any third party for contribution and indemnity in respect of a claim asserted against them in the Ontario Action, and to avoid the further expense, inconvenience, and burden of this litigation and avoid the risks inherent in uncertain, complex and protracted litigation, and thereby to put to rest this controversy;

K. BDO does not admit, through the execution of this Settlement Agreement, any of the conduct alleged against it in the Ontario Action, or in any other litigation or proceedings, and expressly denies any and all allegations of wrongdoing;

L. The Plaintiffs and Koskie Minsky LLP and Siskinds LLP ("Class Counsel") confirm that neither this Settlement Agreement, nor any statement made in the negotiation thereof, shall be deemed or construed to be an admission by or evidence against BDO or evidence of the truth of any of the Plaintiffs' allegations against BDO;

M. The Ontario Plaintiffs and Class Counsel have reviewed and fully understand the terms of this Settlement Agreement and, based on their analyses of the facts and law applicable to the Plaintiffs, and having regard to the burdens and expense in prosecuting the Actions, including the risks and uncertainties associated with trials and appeals, have concluded that this Settlement Agreement is fair, reasonable and in the best interests of the Ontario Plaintiffs and the Class. The Parties therefore wish to, and hereby do, fully and finally resolve on a global basis, without admission of liability, the proceedings referenced herein as against BDO;

N. For the purposes of settlement only and contingent on the conditions described herein, the Ontario Plaintiffs have consented to a dismissal of the Ontario Action as against BDO with prejudice and without costs;

NOW THEREFORE, in consideration of the covenants, agreements, promises and releases set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that the Ontario Action be settled as against BDO on the merits, subject to the approval of the Settlement by the Courts, and that all Claims against BDO which any person shall or may have or assert against BDO be forever extinguished and released on the following terms and conditions:

SECTION 2 – THE SETTLEMENT

2.1 This Settlement Agreement is conditional on the approval of an Order by the Superior Court of Quebec granting leave to fully and finally discontinue the Quebec Action (the “**Quebec Discontinuance Order**”) and an Order in the Ontario Superior Court of Justice expanding the Ontario Class as follows:

(a) all persons and entities, wherever they may reside, who acquired Sino’s Securities during the Class Period on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired Sino’s Securities during the Class Period who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino’s Securities outside of Canada, ~~except those persons resident or domiciled in the Province of Quebec at the time they acquired Sino’s Securities, and who are not precluded from participating in a class action by virtue of Article 999 of the Quebec Code of Civil Procedure, R.S.Q., c. C-25, and except the Excluded Persons;~~ and

(b) all persons and entities, wherever they may reside, who acquired Sino’s Securities during the Class Period by distribution in Canada in an Offering, or are resident of Canada or were resident of Canada at the time of acquisition and acquired Sino’s Securities by offering outside of Canada, except the Excluded Persons (the “**National Class**”);

2.2 This Settlement Agreement represents the agreement reached on February 25, 2016 between BDO and the Ontario Plaintiffs and the Quebec Plaintiff to resolve any and all actions, causes of action, claims, including damage claims, demands raised or which could have been advanced or raised against BDO by the Plaintiffs, the members of the National Class or any other party to the Ontario Action or the Quebec Action based upon, arising out of, in relation to, in connection with or in any way related to Sino and its affiliates and subsidiaries (collectively, the "Released Claims").

2.3 This Settlement Agreement is intended to bind any and all members of the National Class as well as, jointly and severally, individually and collectively, these persons' respective subsidiaries, affiliates, and their respective divisions, partners, insurers, consultants, sub-consultants, and all other persons that are affiliates of any of the foregoing and all of their respective past, present and future officers, directors, employees, agents, partners, shareholders, attorneys, trustees, servants and representatives and predecessors, successors, trustees, heirs, executors, administrators, representatives, insurers and assigns (collectively, the "Releasers").

2.4 This Settlement Agreement and any releases contained or contemplated herein are intended to be for the benefit of BDO, its past and present, direct and indirect, subsidiaries and other affiliates, and their respective divisions, partners, insurers, consultants, sub-consultants, attorneys, agents and all other Persons that are affiliates of any of the foregoing, and all of their respective past, present and future officers, directors, employees, agents, partners, shareholders, attorneys, trustees, servants, and representatives and the predecessors, successors, heirs, purchasers, administrators and assigns of each of the foregoing (collectively, the "Releasees").

2.5 This Settlement Agreement also recognizes that, while BDO is not currently named as a defendant in either the U.S. Action or the Quebec Action, it is a term of this Settlement Agreement that BDO be protected against being added as a party to either the U.S. Action or the Quebec Action. To that end, the Plaintiffs in the U.S. Action and the Plaintiff in the Quebec Action, respectively, as indicated by their signatures on this Settlement Agreement have agreed that BDO shall not be added to either the U.S. Action or the Quebec Action as a defendant. The plaintiff in the Quebec Action, through their counsel, hereby agree that they will seek leave to discontinue the Quebec Action on notice to the Quebec Class, which shall be included in the notice distributed in accordance with the Notice Program (defined below) as well as any further

notices issued following the Effective Date (as defined below) relating to the distribution and/or allocation of the Class Settlement Fund (as defined below).

2.6 BDO makes no admission of liability and in fact denies any liability in respect of any and all claims or allegations made against it in the Ontario Action and does not waive any defences available to it with respect to the Released Claims or otherwise.

2.7 Subject to the conditions herein, the terms of this Settlement Agreement are binding on the Parties.

2.8 This Settlement Agreement is and shall remain confidential, and none of the Parties shall publicly disclose or include in any court filing, in any jurisdiction, the terms hereof without the prior written consent of the other Parties, except for the approval and implementation of the Notice Program and for the purpose of having this Settlement Agreement approved and/or to enforce the terms of this Settlement Agreement if required. Following the filing of this Settlement Agreement with the Court for the purposes of approving the Notice Program in accordance with this Agreement, this Settlement Agreement shall cease to be confidential.

SECTION 3 – APPROVAL OF THIS SETTLEMENT AGREEMENT AND NOTICE PROGRAM

3.1 The Parties shall use their best efforts to effectuate this settlement and to secure the complete, prompt and final dismissal of the Ontario Action with prejudice, without costs and without any further recourse against BDO by any person in relation to any Released Claims against BDO.

3.2 The Ontario Plaintiffs and the Quebec Plaintiff shall promptly bring motions within the Ontario Action and the Quebec Action for orders approving a notice program regarding a hearing to: (a) discontinue the Quebec Action; (b) expand the Ontario Class; (c) approve this Settlement Agreement in a manner and format to be agreed to by the Parties; and (d) any ancillary matters, acting reasonably, and as approved by the Courts (the “Notice Program”). The Notice Program shall be as follows:

- (a) Class Counsel shall provide or cause to be provided a copy of the notice directly, either electronically or by mail, to all individuals or entities who have contacted Class Counsel and counsel for the plaintiffs in the Quebec Action, Siskinds

Desmeules sencl ("Desmeules"), regarding this action, and to any person or entity who requests a copy of the notice, provided such person has furnished his, her or its contact information to Class Counsel or Desmeules;

- (b) copies of the notice will be posted on the websites of Class Counsel;
- (c) notice to the Service List in the Sino-Forest CCAA Proceeding, in the manner agreed upon to constitute notice for purposes of the Sino-Forest CCAA Proceeding;
- (d) direct mailing of a notice to all individuals and entities that have submitted claim forms in connection with the settlement with Ernst & Young LLP; and
- (e) Copies of the Short-Form Notice will be published in the following print publications:
 - (i) *The Globe and Mail*, in English, in one weekday publication; and
 - (ii) *La Presse*, in French, in one weekday publication.

3.3 Regardless of their obligations under paragraph 3.2, the Parties shall abide by the Notice Program ordered by the Court and the failure to obtain an Order on the terms set out in paragraph 3.2 herein shall not be a basis to terminate this Settlement Agreement.

3.4 The costs of the Notice Program set out in paragraph 3.2 or otherwise ordered by the Court, to a maximum of \$200,000, will be paid by BDO from the Class Settlement Fund (defined below) within fifteen (15) days of the costs being incurred irrespective of whether the Settlement Agreement is approved by the Court (the "Notice Cost"). If the settlement is not approved, the Notice Cost will be non-refundable to BDO. If the costs of the Notice Program exceed \$200,000, these costs shall be paid by Class Counsel to be repaid from the Settlement Fund as a disbursement.

3.5 Following approval of the Notice Program, the Ontario Plaintiffs shall bring a motion to the Court in the Ontario Action seeking an Order expanding the Ontario Class to the National Class and approving this Settlement Agreement covering all Class Members covered by the Expanded Ontario Class as well as certifying the National Class for the purposes of this settlement and any future settlements and granting the claims bar and release of the Released Claims as contemplated hereunder (the "BDO Settlement Order"). The terms of the BDO Settlement Order that are sought from the Court approving this settlement shall be in the form set



out in Schedule A hereto subject only to such changes as are approved by counsel for BDO and the Ontario Plaintiffs.

3.6 Following approval of the Notice Program, the Plaintiff in the Quebec Action shall move before the Quebec Superior Court, also on notice to the potential Quebec Class Members, for an Order granting them leave to fully and finally discontinue the Quebec Action (the “**Quebec Discontinuance Order**”) with the intention that any potential class members in Quebec would be included in the National Class and entitled to participate as class members under the BDO Settlement Order and any subsequent distributions thereunder.

3.7 The Ontario Plaintiffs shall be free to file this Settlement Agreement with the Court in support of the motion for approval of the Notice Program in accordance with this Settlement Agreement, as well as on the motion for approval of this Settlement Agreement and any related motions that are necessary to give effect to the terms of this Settlement Agreement, including the contemplated motion to discontinue the Quebec Action.

3.8 The National Bar Order

Among other terms, this Settlement Agreement requires that the BDO Settlement Order include terms providing that:

- (a) All claims for contribution, indemnity or other claims over, including, without limitation, potential and third party claims, at common law, equity or pursuant to the Ontario *Securities Act*, R.S.O. 1990, c.S.5, as amended (the “*OSA*”) or any other statute, whether asserted or unasserted in a representative capacity, inclusive of interest, taxes and costs, relating to the Released Claims, which were or could have been brought in the Ontario Action, as amended to include Quebec Class Members, or otherwise, or could in the future be brought on the basis of the same events, actions and omissions underlying the Ontario Action or otherwise by any Non-Settling Defendant or any Party or other Releasor against a Releasee are barred, prohibited, and enjoined in accordance with the terms of this section 3.6.
- (b) If the Court determines that there is a right of contribution and indemnity or other claims over, whether in equity or in law, pursuant to the *OSA* or other statute, or otherwise:
 - i. The Ontario Plaintiffs and any Class Members covered by the Ontario Action or those Class Members in Quebec added pursuant to the terms of this Settlement Agreement shall not be entitled to claim or recover from any of the Non-Settling Defendants that portion of any damages (including punitive damages, if any), restitutionary award, disgorgement of profits, interest, and legal costs that corresponds to the Proportionate

Liability of the Releasees (which is defined under this Settlement Agreement to mean the proportion of any judgment that, had they not settled, would have been apportioned to the Releasees, or any of them) that is proven at trial or otherwise; and

- ii. The Ontario Court shall have full authority to determine the Proportionate Liability of the Releasees at the trial or other disposition of this action, whether or not the Releasees appear at the trial or other disposition, the Proportionate Liability of the Releasees shall be determined as if the Releasees are parties to this action, and any determination by this Court in respect of the Proportionate Liability of the Releasees shall only apply in the Ontario Action, as amended to include Quebec Class Members, and shall not be binding on the Releasees or any of them in any other proceedings.

3.9 Agreements regarding the U.S. Action

The Plaintiffs in the U.S. Action, which does not name BDO as a defendant, are not required to seek bar orders regarding the Non-Settling Defendants in either of those actions given that BDO is not currently a named defendant to the U.S. Action. However, the Plaintiffs in the U.S. Action by their counsel hereby severally agree that to the extent not expressly prohibited by U.S. law or by the Court in the U.S. Action:

- (a) None of them shall be entitled to claim or recover from any Non-Settling Defendants named in the relevant action in which they are plaintiffs that portion of any damages (including punitive damages, if any), restitutionary award, disgorgement of profits, interest, costs, or any other relief or remedy that corresponds to the Proportionate Liability of the Releasees that might be proven at trial or otherwise in either the U.S. Action;
- (b) In the event that any Non-Settling Defendant or other person adds or commences any proceedings to add BDO as a party to the U.S. Action, the Plaintiffs in the U.S. Action shall consent to a bar order or other similar order being granted within the relevant proceedings that gives effect to this paragraph and prevents recovery by the U.S. Plaintiffs of any portion of their alleged damages that is proven at trial to be attributable to the Proportionate Liability of the Releasees or any of them.

3.10 The Ontario Plaintiffs in the Ontario Action and the Plaintiffs in the U.S. Action and the Quebec Action, as well as their respective Counsel, agree not to cooperate with any other parties to those actions against BDO. However, irrespective of this provision and subject only to the restrictions contained in sections 3.7 and 3.8 of this Settlement Agreement and reflected in the Claims Bar Order contemplated under this Settlement Agreement, the Ontario Plaintiffs and the plaintiffs in the U.S. Action and the Quebec Action and their respective Counsel reserve all

rights with respect to the prosecution of the claims remaining against the Non-Settling Defendants or any remaining defendants to the U.S. Action and the Quebec Action.

SECTION 4 - IMPLEMENTATION OF THE BDO SETTLEMENT

4.1 This Settlement Agreement will become effective (the “**Effective Date**”) when: (a) the BDO Settlement Order has been obtained, the Quebec Action has been discontinued, and either: (i) all appeal rights in relation to the BDO Settlement Order and the Quebec Discontinuance Order have expired; or (ii) the applicable final appellate courts have upheld the BDO Settlement Order and the Quebec Discontinuance Order.

4.2 BDO shall pay the amount of CDN \$8,774,348.63 (the “**Class Settlement Fund**”) into an interest bearing trust account with a Canadian Schedule 1 Bank in Ontario by no later than 30 days after the date that this Settlement Agreement has been signed on behalf of all Parties.

4.3 The Class Settlement Fund, including any accrued interest, shall be paid to counsel for the Ontario Plaintiffs on behalf of the National Class by BDO as directed by counsel for the Ontario Plaintiffs into an interest bearing trust account with a Schedule 1 Bank in Ontario (the “**Settlement Trust**”) within fifteen (15) days following the Effective Date.

4.4 Upon payment of the Class Settlement Fund to the Settlement Trust, the Ontario Action, as amended to include Quebec Class Members, shall be dismissed as against BDO, but without prejudice to the Ontario Plaintiffs’ right to proceed with the Ontario Action against any defendants that have not yet settled with the Plaintiffs in the Ontario Action, as well as the right of the plaintiffs in the U.S. Action to proceed as against any defendants to the U.S. Action that have not settled with the plaintiffs in the U.S. Action (collectively, all remaining defendants to the Ontario Action, the U.S. Action and the Quebec Action as referred to herein as the “**Non-Settling Defendants**”) – subject to the terms of paragraphs 3.7, 3.8, and 3.9 of this Settlement Agreement.

4.5 For the sake of certainty, and except as hereinafter expressly provided, all taxes payable on any interest which accrues in relation to the Class Settlement Fund, shall not be the responsibility of BDO and shall be the sole responsibility and be paid by Class Counsel or the Administrator of the Class Settlement Fund, as appropriate, from the Class Settlement Fund, or



by the Class as the Administrator considers appropriate, unless this Settlement Agreement is terminated, in which case any interest earned on the Class Settlement Fund shall be the responsibility of BDO to the extent that such taxes have not previously been paid by Counsel for the Ontario Plaintiffs.

4.6 The Class Settlement Fund represents the full consideration, including monetary contribution or payment of any kind, to be paid by BDO in full, final and complete settlement of all Released Claims, including damages, costs (including the Outstanding Costs Award), interest, legal fees, taxes (inclusive of any GST, HST or any other taxes which may be payable in respect of this Settlement Agreement), any payments to Claims Funding International, all costs associated with the distribution of the Class Settlement Fund, all costs of the Notice Program, all costs associated with the administration of this Settlement Agreement any other monetary costs or amounts associated with this Settlement Agreement or otherwise.

4.7 The Class Settlement Fund shall be allocated to the members of the National Class in accordance with a Plan of Allocation to be proposed by the Ontario Plaintiffs and approved by the Court, which motion shall be brought following an appropriate notice plan aimed in respect of existing class members in the Ontario Action as well as potential class members in the Quebec Action.

SECTION 5 – THE EFFECT OF NON-APPROVAL OF THE BDO SETTLEMENT

5.1 This Settlement Agreement is conditional upon approval of its terms by the Ontario Court presiding over the Ontario Action and the granting of the BDO Settlement Order in substantially the same form attached hereto as Schedule "A" or as agreed upon by the Parties, as well as upon the granting of the Quebec Discontinuance Order, as contemplated by para. 2.4 hereof.

5.2 This Settlement Agreement shall be terminated in the event that:

- (a) the BDO Settlement Order (excluding approval of Class Counsel Fees) substantially in the form attached as Schedule "A" hereto or as agreed upon by the Parties or the Quebec Discontinuance Order are not granted by the Courts; or
- (b) the BDO Settlement Order or the Quebec Discontinuance Order are reversed on appeal and the reversal becomes final.



5.3 The failure of the Ontario Court to approve in full the request by Class Counsel for Class Counsel Fees shall not be grounds to terminate this Settlement Agreement.

5.4 In the event this Settlement Agreement is terminated in accordance with paragraph 5.2:

- (a) CDN \$8,500,000 of the Class Settlement Fund shall be returned to BDO (exclusive of Notice Costs but inclusive of accrued interest), with the remainder of the Class Settlement Fund (inclusive of accrued interest on that portion of the Class Settlement Fund) being retained by Counsel for the Ontario Plaintiffs in full and final satisfaction of the outstanding costs ordered to be payable by BDO forthwith to Counsel for the Ontario Plaintiffs in relation to the leave and certification motions in the Ontario Action pursuant to the Order of the Honourable Mr. Justice Perell dated October 15, 2015 (the "**Outstanding Costs Award**").
- (b) the Parties will be restored to their respective positions prior to the execution of this Settlement Agreement;
- (c) this Settlement Agreement will have no further force and effect and no effect on the rights of the Parties;
- (d) this Settlement Agreement will not be introduced into evidence or otherwise referred to in any litigation or proceeding against BDO;
- (e) the Parties shall agree to reasonable extensions of the timelines contemplated by the Discovery Plan in the Ontario Action as well as any other deadlines, timetables or schedules imposed in the Ontario Action as are necessitated by the termination of this Settlement Agreement and the continuation of the Ontario Action as against BDO; and
- (f) any Orders granted in the course of approving this Settlement Agreement, including any orders regarding the Notice of this Settlement Agreement, shall be set aside and declared null and void and of no force or effect and anyone shall be estopped from asserting otherwise.

5.5 If this Settlement Agreement is terminated in accordance with paragraph 5.2, the provisions of Sections 1.1 D, I, and J, 2.6, 4.5, and 5.4, and any definitions or Schedules applicable thereto shall survive the termination and continue in full force and effect. The definitions and Schedules shall survive only for the limited purpose of the interpretation of Sections 1.1 D, I, and J, 2.6, 4.5, and 5.4 within the meaning of this Settlement Agreement, but for no other purposes. All other provisions of this Settlement Agreement and all other obligations pursuant to this Settlement Agreement shall cease immediately.

SECTION 6 – RELEASES AND JURISDICTION OF THE COURT

6.1 Release of the Releasees

As of the Effective Date and upon payment of the Class Settlement Fund to the Ontario Plaintiffs, the Releasers in exchange for and in consideration of the foregoing, and inasmuch as the terms and conditions of the Settlement are approved by the Courts, forever and absolutely release the Releasees from all Released Claims.

6.2 No Further Claims

As of the Effective Date and upon payment of the Class Settlement Fund to the Ontario Plaintiffs, the Releasers and Class Counsel as well as the Quebec Plaintiff and U.S. Plaintiffs and their respective Counsel shall not now or hereafter institute, continue, maintain or assert, either directly or indirectly, whether in Canada or elsewhere, on their own behalf or on behalf of any class or any other person (including on behalf of any Opt-Out Party), any action, suit, cause of action, claim or demand against any Releasee or any other person (including, but not limited to, auditors) who may claim contribution or indemnity from any Releasee in respect of any Released Claims or any matter related thereto.

SECTION 7 – MISCELLANEOUS

7.1 Motions for Directions

(1) Any one or more of the Parties, Counsel for the Ontario Plaintiffs, Counsel for the Quebec Plaintiff and any Administrator or the Referee appointed to administer the Class



Settlement Fund and/or its distribution following the Effective Date may apply to the Ontario Court for directions in respect of any matter in relation to this Settlement Agreement.

(2) All motions contemplated by this Settlement Agreement shall be made on notice to the Parties.

7.2 Defendants Have No Responsibility or Liability for Administration

Except for the obligation to pay the Class Settlement Fund and Notice Costs in the manner contemplated by this Settlement Agreement, none of the Releasees, BDO, or BDO's counsel shall have any responsibility for or any liability whatsoever with respect to the administration or implementation of this Settlement Agreement and any Plan of Allocation that may be sought, approved or carried out following the Effective Date, including, without limitation, the processing and payment of claims by the Administrator.

7.3 Headings, etc.

(1) In this Settlement Agreement:

- (a) the division of this Settlement Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Settlement Agreement;
- (b) the terms "this Settlement Agreement", "herein", "hereto" and similar expressions refer to this Settlement Agreement and not to any particular section or other portion of this Settlement Agreement;
- (c) all amounts referred to are in lawful money of Canada; and
- (d) "person" means any legal entity including, but not limited to, individuals, corporations, sole proprietorships, general or limited partnerships, limited liability partnerships or limited liability companies.

(2) In the computation of time in this Settlement Agreement, except where a contrary intention appears:

- (a) where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens, including all calendar days; and
- (b) only in the case where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

7.4 Governing Law

(1) With the exception of issues relating to the Quebec Discontinuance Order, this Settlement Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario.

(2) The Ontario Court shall exercise jurisdiction with respect to implementation, administration, interpretation and enforcement of the terms of this Settlement Agreement. Issues related to the administration of this Settlement Agreement, except in relation to the Quebec Discontinuance Order or insofar as an issue relates specifically to the U.S. Action or the Quebec Action, shall be determined by the Ontario Court.

7.5 Entire Agreement

This Settlement Agreement constitutes the entire agreement among the Parties and supersedes all prior and contemporaneous understandings, undertakings, negotiations, representations, promises, agreements, agreements in principle and memoranda of understanding in connection herewith. None of the Parties will be bound by any prior obligations, conditions or representations with respect to the subject matter of the Agreement, unless expressly incorporated herein. This Settlement Agreement may not be modified or amended except in writing and on consent of all Parties and any such modification or amendment must be approved by the Court.

7.6 Binding Effect

(1) If the BDO Settlement Order and the Quebec Discontinuance Order are approved by the Ontario Court and the Quebec Court, respectively, and become final as contemplated in this Settlement Agreement they shall be binding upon, and enure to the benefit of the Ontario Plaintiffs, the class members, including the class members in Quebec added pursuant to the Order contemplated by this Settlement Agreement, the Releasees, the Releasers, and all of their respective heirs, executors, predecessors, successors and assigns. Without limiting the generality of the foregoing, each and every covenant and agreement made herein by the Ontario Plaintiffs shall be binding upon all Releasers and each and every covenant and agreement made herein by BDO shall be binding upon all of the Releasees with the exception of the obligation to pay the Class Settlement Fund hereunder, which obligation shall solely lie with BDO.



(2) The person signing this Settlement Agreement represents and warrants (as applicable) that:

- (a) he/she has all requisite corporate power and/or authority to execute, deliver and perform this Settlement Agreement and to consummate the transaction contemplated hereby on his/her own behalf;
- (b) the execution, delivery, and performance of this Settlement Agreement and the consummation of the Actions contemplated herein have been duly authorized by all necessary corporate action;
- (c) this Settlement Agreement has been duly and validly executed and delivered by him/her and constitutes legal, valid, and binding obligations; and
- (d) he/she agrees to use his/her best efforts to satisfy all conditions precedent to the Effective Date.

7.7 Survival

The representations and warranties contained in this Settlement Agreement shall survive its execution and implementation.

7.8 Negotiated Agreement

This Settlement Agreement and the BDO Settlement Order have been the subject of negotiations and many discussions among the Parties. Each of the undersigned has been represented and advised by competent counsel, so that any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafters of this Settlement Agreement shall have no force and effect. The Parties further agree that the language contained in or not contained in previous drafts of this Settlement Agreement, or any agreement in principle, shall have no bearing upon the proper interpretation of this Settlement Agreement.

7.9 Recitals and Schedules

The recitals and schedules to this Settlement Agreement are material and integral parts hereof and are fully incorporated into, and form part of, this Settlement Agreement.

7.10 Acknowledgements

Each of the Parties hereby represents, affirms and acknowledges that:

- (a) he, she or its representative has the authority to bind the Party with respect to the matters set forth herein has read and understood this Settlement Agreement;
- (b) the terms of this Settlement Agreement and the effects thereof have been fully explained to him, her or its representative by his, her or its counsel; and
- (c) he, she or its representative fully understands each term of this Settlement Agreement and its effect.

7.11 Authorized Signatures

Each of the undersigned represents that he or she is fully authorized to enter into the terms and conditions of, and to execute, this Settlement Agreement on behalf of the Party, Parties or persons for whom he or she is signing.

7.12 Counterparts

This Settlement Agreement may be executed in counterparts, all of which taken together will be deemed to constitute one and the same agreement, and a facsimile or scanned signature shall be deemed an original signature for purposes of executing this Settlement Agreement.

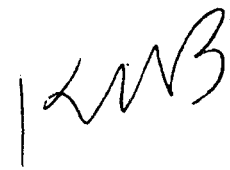
7.13 Notice

Any notice, instruction, motion for court approval or motion for directions or court orders sought in connection with this Settlement Agreement or any other report or document to be given by any of the Parties to any of the other Parties shall be in writing and delivered personally, by facsimile or e-mail during normal business hours, or sent by registered or certified mail, or courier postage paid as follows:

For the Ontario Plaintiffs and Class Counsel
to:

KOSKIE MINSKY LLP
900 – 20 Queen St W
Box 52

SISKINDS LLP
680 Waterloo St
PO Box 2520



Toronto, ON M5H 3R3

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London, ON N6A 3V8

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Serge Kalloghlian
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Fax: (416) 594-4993
Email: serge.kalloghlian@siskinds.com

**For the U.S. Plaintiffs and Class Counsel in
the U.S. Action to:**

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Email: stoll@cohenmilstein.com

Matthew B. Kaplan
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Email: mkaplan@cohenmilstein.com

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Stefanie Ramirez
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**For the Quebec Plaintiffs and Class Counsel
in the Quebec Action to:**

SISKINDS DESMEULES SENCRL
Les Promenades du Vieux-Québec

43 de Buade Street, Suite 320
Québec, Quebec G1 R 4A2

Barbara Ann Cain
Tel. : (418) 694-2009
Fax : (418) 694-0281

For BDO Limited:

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Barristers & Solicitors
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Toronto, ON M5H 2V1

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Email: kdekker@agmlawyers.com

David Vaillancourt
Tel: (416) 360-8100
Fax: (416) 360-5960
Email: dvaillancourt@agmlawyers.com

The Parties have executed the Agreement on the dates set out hereunder.

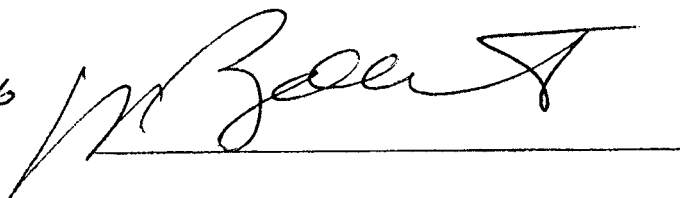
Date:

Siskinds LLP
Lawyers for the Ontario Plaintiffs

Date:

Koskie Minsky LLP
Lawyers for the Ontario Plaintiffs

JUNE 7, 2016



Date:

Siskinds Desmeules sencl
Lawyers for the Quebec Plaintiff

Date:

Cohen Milstein Sellers & Toll LLP
Lawyers for the U.S. Plaintiffs

Affleck Greene McMurtry LLP
per: [Signature]

Date: *June 3/16.*

Affleck Greene McMurtry LLP
Lawyers for BDO Limited

WA

SCHEDULE "A"

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

ONTARIO

SUPERIOR COURT OF JUSTICE

THE HONOURABLE REGIONAL)	●, THE ●
)	
SENIOR JUSTICE MORAWETZ)	DAY OF ●, 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
(Settlement Approval)**

THIS MOTION, made by the representative plaintiffs in the action commenced against BDO Limited ("**BDO**") in the Ontario Superior Court of Justice, bearing (Toronto) Court File No. CV-11-431153-00CP (the "**Ontario Class Action**"), for an order giving effect to the BDO Settlement, was heard on ● at the Court House, 330 University Ave., Toronto, Ontario,

WHEREAS this action was certified as against BDO by Order of this Court dated January 12, 2015 and the class was defined as:

- (i) all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired Sino-Forest Corporation's Securities during the Class Period who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino-Forest Corporation's Securities outside of Canada, except: those persons resident or domiciled in the Province of Quebec at the time they acquired Sino-Forest Corporation's Securities, and who are not precluded from participating in a class action by virtue of Article 999 of the Quebec *Code of Civil Procedure*, RSQ, c C-25, and except the Excluded Persons; and
- (ii) all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period by distribution in Canada in an Offering, or are resident of Canada or were resident of Canada at the time of acquisition and acquired Sino-Forest Corporation's Securities by offering outside of Canada, except the Excluded Persons;

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

Definitions

1. **THIS COURT ORDERS** that capitalized terms not otherwise defined in this order shall have the meanings attributed to those terms in **Schedule "A"**

Approval of the Settlement & Release

2. **THIS COURT ORDERS** that the Class is redefined as follows:

- (i) all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period on the Toronto Stock Exchange or other secondary market in Canada, which includes securities acquired over-the-counter, and all persons and entities who acquired Sino-Forest Corporation's Securities during the Class Period who are resident of Canada or were resident of Canada at the time of acquisition and who acquired Sino-Forest Corporation's Securities outside of Canada, ~~except those persons resident or domiciled in the Province of Quebec at the time they acquired Sino-Forest Corporation's Securities, and who are not precluded from participating in a class action by virtue of Article 999 of the Quebec Code of Civil Procedure, RSQ, c C-25, and except the Excluded Persons;~~ and
- (ii) all persons and entities, wherever they may reside, who acquired Sino-Forest Corporation's Securities during the Class Period by distribution in Canada in an Offering, or are resident of Canada or were resident of Canada at the time of acquisition and acquired Sino-Forest Corporation's Securities by offering outside of Canada, except the Excluded Persons;

- 3. **THIS COURT ORDERS** that the BDO Settlement attached hereto as **Schedule "B"** is fair and reasonable in all the circumstances and for the purposes of the proceedings under the *Class Proceedings Act, 1992* and is approved.
- 4. **THIS COURT ORDERS** that this Order and the BDO Settlement are binding on the members of the Class who have not opted out, including those persons who are under disability, and any requirements of rules 7.04(1) and 7.08(4) of the *Rules of Civil Procedures, RRO 1990, Reg. 194* are dispensed.

Release and Discharge

- 5. **THIS COURT ORDERS** that as of the date hereof,
 - (a) any and all Claims against BDO shall be fully, finally, irrevocably and forever compromised, released, discharged, cancelled, barred and deemed satisfied and extinguished as against BDO (the "**BDO Release**");
 - (b) the BDO Settlement shall be binding according to its terms on any person;
 - (c) none of the parties in the Ontario Class Action shall be permitted to claim from any of the other Defendants that portion of any damages (including punitive

damages, if any), restitutionary award or disgorgement of profits, interest, and legal costs that corresponds with the proportion of any judgment that, had they not settled, would have been apportioned to BDO that is proven at trial or otherwise, that is subject of the BDO Settlement; and

(d) the Ontario Class Action shall be dismissed against BDO.

6. **THIS COURT ORDERS AND DECLARES** that all persons and entities provided with notice of this motion shall be bound by the declarations made in, and the terms of, this Order.

Use of the Settlement Fund

7. **THIS COURT ORDERS** that the Class Settlement Fund shall be held by the Ontario Plaintiffs on behalf of the National Class in the Settlement Trust until such later date that the Ontario Plaintiffs have a plan of allocation approved by this Court, whereby those funds will be distributed to the National Class.
8. **THIS COURT ORDERS** that notwithstanding the immediately preceding paragraph, the following parties shall not be entitled to any allocation or distribution of the Class Settlement Fund:

any person or entity that is a named defendant to the Ontario Class Action, 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 the following persons: 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.

Recognition, Enforcement and Further Assistance

9. **THIS COURT ORDERS** that this Court shall retain an ongoing supervisory role for the purposes of implementing, administering and enforcing the BDO Settlement and matters related to the Settlement Trust, including any disputes about the allocation of the Class



Settlement Fund from the Settlement Trust. Any disputes arising with respect to the performance or effect of, or any other aspect of, the BDO Settlement shall be determined by this Court, and that, except with leave of this Court first obtained, no person or party shall commence or continue any proceeding or enforcement process in any other court or tribunal, with respect to the performance or effect of, or any other aspect of the BDO Settlement.

10. **THIS COURT ORDERS** that each of the Ontario Plaintiffs, BDO, and their respective counsel shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this order, or any further order as may be required, and for assistance in carrying out the terms of such orders.

Morawetz RSJ.



Schedule "A"

"Securities" means Sino's common shares and notes;

"Class Period" means the period from and including March 19, 2007 to and including June 2, 2011;

"Class Settlement Fund" means the amount of CDN \$8,774,348.63;

"December 2009 Offering Memorandum" means Sino's Final Offering Memorandum, dated December 10, 2009, relating to the distribution of Sino's 4.25% Convertible Senior Notes due 2016 which Sino filed on SEDAR on December 11, 2009;

"December 2009 Prospectus" means Sino's Final Short Form Prospectus, dated December 10, 2009, which Sino filed on SEDAR on December 11, 2009;

"Excluded Persons" means the defendants, 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 an Individual Defendant;

"Individual Defendants" means Allen T.Y. Chan, W. Judson Martin, Kit Kai Poon, David J. Horsley, William E. Ardell, James P. Bowland, James M.E. Hyde, Edmund Mak, Simon Murray, Peter Wang, and Garry J. West, collectively;

"June 2007 Prospectus" means Sino's Short Form Prospectus, dated June 5, 2007, which Sino filed on SEDAR on June 5, 2007;

"July 2008 Offering Memorandum" means the Final Offering Memorandum dated July 17, 2008, relating to the distribution of Sino's 5% Convertible Senior Notes due 2013 which Sino filed on SEDAR as a schedule to a material change report on July 25, 2008;

"June 2009 Prospectus" means Sino's Final Short Form Prospectus, dated June 1, 2009, which Sino filed on SEDAR on June 1, 2009;


"June 2009 Offering Memorandum" means Sino's Exchange Offer Memorandum dated June 24, 2009, relating to an offer to exchange Sino's Guaranteed Senior Notes due 2011 for new 10.25% Guaranteed Senior Notes due 2014 which Sino filed on SEDAR as a schedule to a material change report on June 25, 2009;

"October 2010 Offering Memorandum" means the Final Offering Memorandum dated October 14, 2010, relating to the distribution of Sino's 6.25% Guaranteed Senior Notes due 2017;

"Offering" means the primary distributions of Sino's Securities that occurred during the Class Period including the public offerings of Sino's common shares pursuant to the June 2007, June 2009 and December 2009 Prospectuses, as well as the offerings of Sino's notes pursuant to the July 2008, June 2009, December 2009, and October 2010 Offering Memoranda, collectively;

"SEDAR" means the system for electronic document analysis and retrieval of the Canadian Securities Administrators; and

"Settlement Trust" means an interest bearing trust account with a Schedule 1 Bank in Ontario.

Handwritten signature or initials, possibly 'M3', located in the bottom right corner of the page.

Plaintiffs

Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**ORDER
(BDO Settlement Approval)**

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Toronto ON M5H 3R3

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Jonathan Ptak (LSUC No. 45773F)
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SISKINDS LLP
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Sajjad Nematollahi (LSUC#: 62311B)
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Lawyers for the Plaintiffs