

Dated 28 MAR 2011

MEGA HARVEST INTERNATIONAL LIMITED  
as Borrower

and

SINO-FOREST CORPORATION  
as Lender

**LOAN AGREEMENT**  
for the amount of  
US\$40,000,000.00

**Linklaters**

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Ref: L-184851

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THIS AGREEMENT is made on 28 MAR 2011 2011

**BETWEEN:**

- (1) **Mega Harvest International Limited**, a limited liability company duly incorporated in the British Virgin Islands (company number 1594972) as borrower (the "**Borrower**"); and
- (2) **Sino-Forest Corporation**, a limited liability company formed under the Business Corporations Act (Ontario) and listed on the Toronto Stock Exchange as lender (the "**Lender**").

IT IS AGREED as follows:

## 1 INTERPRETATION

1.1 **Definitions.** In this Agreement, unless the context requires otherwise:

"**Advance**" means the lending under the Facility pursuant to Clause 2.2 or, as the context may require, the principal amount advanced to the Borrower;

"**Advance Date**" means the date on which the Advance is made pursuant to Clause 2.2, being any one of (a) the SPA Completion Date, (b) the first Business Day before the SPA Completion Date and (c) the second Business Day before the SPA Completion Date, as notified by the Borrower to the Lender in accordance with Clause 2.2;

"**Business Day**" means a day (excluding Saturday) on which banks are open for business in Hong Kong;

"**Costs**" means costs, charges and expenses (including legal and other fees);

"**Dollars**" and "**US\$**" mean the lawful currency for the time being of the United States of America;

"**Encumbrance**" means:

- (a) any mortgage, charge, pledge, lien, encumbrance, hypothecation or other security interest or security arrangement of any kind;
- (b) any arrangement whereby any rights are subordinated to any rights of any third party; and
- (c) any contractual right of set-off;

"**Event of Default**" means any event or circumstance specified as such in Clause 9.2;

"**Existing Shareholder's Loan**" means the shareholder's loan owing from NZ Holdco to the Lender (or its assignee) pursuant to a loan agreement between NZ Holdco and the Lender dated 20 October 2010, as supplemented by a supplemental loan agreement between NZ Holdco and the Lender dated 30 December 2010;

"**Facility**" means the loan facility to be made available under this Agreement for an amount as set out in Clause 2.1;

"**Final Repayment Date**" means the earlier of (a) the second (2<sup>nd</sup>) anniversary of the Advance Date and (b) the date on which the Borrower has obtained the Term Loan Facility (as defined in the SPA) and made a drawdown thereunder;

"**Greenheart**" means Greenheart Group Limited, a company incorporated in Bermuda and listed on the Stock Exchange (stock code: 94);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Interest Payment Date**" means the last day of each Interest Period;

"**Interest Period**" means successive three-Month periods, with the first commencing on the Advance Date;

"**Interest Rate**" means the sum of LIBOR and 3.5% per annum;

"**LIBOR**" for each Interest Period means (a) the applicable British Bankers' Association Interest Settlement Rate for Dollars and the relevant period displayed on the appropriate page of Reuters or, if such page or service is replaced or ceases to be available, such other page or service displaying the appropriate rate after consultation with the Borrower; or (b) (if no British Bankers Association Interest Settlement Rate is available for the relevant Interest Period) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Lender at its request by three international banks as the rate at which the relevant bank could borrow funds in the London interbank market in Dollars for the relevant period, in each case as of 10:00 a.m. on the day falling two Business Days before the first day of the relevant Interest Period for a period comparable to the Interest Period;

"**Loan**" means the aggregate principal amount drawn and remaining outstanding under the Facility;

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that (a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month. The above rules will only apply to the last Month of any period.

"**NZ Holdco**" means NZ Forestry Holding Company Limited, a company incorporated with limited liability in New Zealand and a direct wholly-owned subsidiary of the Borrower;

"**Potential Event of Default**" means any event or circumstance which with the giving of notice, the passage of time, any determination of materiality or the satisfaction of any applicable condition (or any combination of them) would become an Event of Default;

"**SPA**" means the sale and purchase agreement dated 7 January 2011 among Greenheart (as purchaser), Sino-Capital Global Inc. (as seller) and the Lender (as guarantor);

"**SPA Completion Date**" means the Completion Date under and as defined in the SPA; and

"**Stock Exchange**" means The Stock Exchange of Hong Kong Limited.

**1.2 Construction.** In this Agreement, unless the context requires otherwise, any reference to:

an "**authorisation**" includes any approvals, consents, licences, permits, franchises, permissions, registrations, resolutions, directions, declarations and exemptions;

an Event of Default or Potential Event of Default which is "**continuing**" means an Event of Default or Potential Event of Default which has not been remedied or waived;

"**including**" or "**includes**" means including or includes without limitation;

"**law**" and/or "**regulation**" includes any constitutional provisions, treaties, conventions, statutes, acts, laws, decrees, ordinances, subsidiary and subordinate legislation, orders, rules and regulations having the force of law and rules of civil and common law and equity;

an "**order**" includes any judgment, injunction, decree, determination or award of any court, arbitration or administrative tribunal;

a "**person**" includes any individual, company, body corporate or un-incorporate or other juridical person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government or agency of any thereof; and

"**tax**" includes any tax, levy, duty, charge, impost, fee, deduction or withholding of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing or other authority and includes any interest, penalty or other charge payable or claimed in respect thereof and "**taxation**" shall be construed accordingly.

**1.3 Successors and Assigns.** The expressions "**Borrower**" and "**Lender**" shall, where the context permits, include their respective successors and permitted assigns and any persons deriving title under them.

**1.4 Miscellaneous.** In this Agreement, unless the context requires otherwise, references to provisions of any law or regulation shall be construed as references to those provisions as replaced, amended, modified or re-enacted from time to time; words importing the singular include the plural and *vice versa* and words importing a gender include every gender; references to this Agreement shall be construed as references to such document as the same may be amended, supplemented or novated from time to time; unless otherwise stated, references to Clauses or the Appendix are to clauses of or the appendix to this Agreement and references to this Agreement include the Appendix. Clause headings are inserted for reference only and shall be ignored in construing this Agreement.

## **2 THE FACILITY AND ADVANCES**

**2.1 Amount of the Facility.** Subject to the provisions of this Agreement the aggregate principal amount of the Facility available to the Borrower is US\$40,000,000.00.

**2.2 Availability of the Advance.** Subject to Clause 2.3 and the other terms and conditions of this Agreement, the Borrower may request that the Advance be made in full on the Advance Date by giving notice in writing to the Lender not later than two Business Days before the proposed Advance Date.

**2.3 Conditions to the Making of the Advance.** The making of the Advance is subject to the conditions that:

- (a) the Facility and this Agreement shall have been approved by the shareholders of Greenheart in a general meeting, other than those who are required to abstain from voting by law, the Rules Governing the Listing of Securities on the Stock Exchange, the Stock Exchange and/or Greenheart's articles of association;
- (b) none of Greenheart, the Borrower, NZ Holdco or any of their respective subsidiaries shall have obtained the Term Loan Facility (as defined in the SPA) or

any other financing (other than the Facility) for the purpose of Greenheart's acquisition of the entire issued share capital of the Borrower and the Existing Shareholder's Loan pursuant to the SPA or the partial repayment of the Existing Shareholder's Loan; and

- (c) no Event of Default or Potential Event of Default shall have occurred (or would be likely to occur as a result of the Advance being made) and all representations and warranties made by the Borrower in or in connection with this Agreement shall be true and correct as at the Advance Date is to be made with reference to the facts and circumstances then subsisting.

**2.4 Purpose and Use of the Facility.** The Borrower shall use the Facility solely for the purpose of the partial repayment of the Existing Shareholder's Loan.

### **3 INTEREST**

The rate of interest applicable to the Loan for each Interest Period shall be the Interest Rate. Interest shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 360 day year and shall be payable in arrears on each Interest Payment Date.

### **4 REPAYMENT, PREPAYMENT AND CANCELLATION**

**4.1 Repayment of the Loan.** The Borrower shall repay the Loan in full on the Final Repayment Date together with the then accrued interest and all other monies then outstanding in connection with the Facility.

**4.2 Voluntary Prepayment.** The Borrower may prepay all or part of the Loan before the Final Repayment Date, provided that:

- (a) the Borrower shall have given to the Lender ten (10) days' prior written notice specifying the amount and date of prepayment;
- (b) in respect of any partial prepayment only:
  - (i) a prepayment fee of an additional one (1) percent of the principal amount of the Loan to be prepaid is payable in addition to the Other Amounts payable as specified in Clause 4.4(a) and (b); and
  - (ii) all other sums then due and payable under this Agreement shall have been repaid. For the avoidance of doubt, the amount to be repaid shall first be applied to settle the Other Amounts as specified in Clause 4.4(a) and (b), and any surplus be then applied to repay the Loan; and
- (c) any amount prepaid cannot subsequently be redrawn.

For the avoidance of doubt, no penalty, premium or prepayment fee shall be paid by the Borrower hereunder if the Loan and the Other Amounts as defined in Clause 4.4 below are to be prepaid or paid in their entirety by one single prepayment or payment, as the case may be.

**4.3 Provisions applicable to Prepayments.** Any notice of prepayment given by the Borrower under any provision of this Agreement shall be irrevocable and the Borrower shall be

bound to make a prepayment in accordance therewith. The Borrower may not prepay the Loan or any part thereof except in accordance with the express terms of this Agreement.

**4.4 Other Amounts.** If the Loan or any part thereof is prepaid under any provision of this Agreement, the Borrower shall also pay to the Lender:

- (a) at the time of prepayment, all interest accrued up to the date of prepayment and all other sums payable by the Borrower under this Agreement; and
- (b) on demand, such amount as the Lender may certify (acting reasonably) to be necessary to compensate it for any loss or expense incurred as a consequence of such repayment (including any loss incurred in liquidating or redeploying funds acquired to fund or maintain the Loan or in terminating any such arrangement or any hedging arrangement in respect of this Agreement).

## **5 EXPENSES**

**5.1 Costs.** The Borrower shall be responsible for all Costs incurred by the Lender in connection with the entry into, and any subsequent amendment or waiver, of this Agreement, subject, in the case of Costs reasonably incurred in connection with the entry into of this Agreement, to the total maximum amount set out in clause 3.1(f) of the SPA.

**5.2 Cost of Investigation etc.** The Borrower shall from time to time forthwith on demand pay to or reimburse the Lender for all Costs incurred (on a full indemnity basis) by it in investigating any event which it reasonably believes is an Event of Default or Potential Event of Default or in exercising any of its rights or powers under this Agreement or in suing for or seeking to recover any sums due under this Agreement or otherwise preserving or enforcing its rights under this Agreement or in defending any claims brought against it in respect of this Agreement.

**5.3 Duties, Taxes etc.** The Borrower shall pay all present and future stamp and other like duties and taxes and all notarial, registration, recording and other like fees which may be payable in respect of this Agreement and shall indemnify the Lender against all liabilities and Costs which may result from any default in paying such duties, taxes or fees.

## **6 PAYMENTS AND EVIDENCE OF DEBT**

**6.1 The Loan.** The Borrower hereby directs the Lender to apply the full amount of the Advance to satisfy the partial repayment of the Existing Shareholder's Loan.

**6.2 Payments by Borrower.** All payments by the Borrower under this Agreement shall be made to the Lender not later than 4:00 p.m. (Hong Kong time) on the relevant due date by payment to such account as the Lender shall from time to time notify the Borrower in immediately available funds.

**6.3 Allocation of Receipts.** If any amount received by the Lender is less than the full amount due, the Lender shall have the right to allocate the amount received towards principal, interest and/or other sums owing hereunder as it considers appropriate.

**6.4 Business Days.** If any sum would otherwise become due for payment on a non-Business Day that sum shall become due on the next following Business Day and interest shall be adjusted accordingly.

- 6.5 Evidence of Debt.** The Lender shall maintain on its books in accordance with its usual practice a set of accounts recording the amounts from time to time owing by the Borrower hereunder. In any legal proceeding and otherwise for the purposes of this Agreement the entries made in such accounts shall, in the absence of manifest error, be conclusive and binding on the Borrower as to the existence and amounts of the obligations of the Borrower recorded therein.
- 6.6 Certificate Conclusive and Binding.** Where any provision of this Agreement provides that the Lender may certify or determine an amount or rate payable by the Borrower, a certificate by the Lender as to such amount or rate shall be conclusive and binding on the Borrower in the absence of manifest error.

## 7 REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

- (a) **Status:** the Borrower is a company duly incorporated with limited liability and validly existing under the laws of the British Virgin Islands, and has full power, authority and legal right to own its property and assets and to carry on its business;
- (b) **Power and authority:** the Borrower has full power, authority and legal right to enter into and engage in the transactions contemplated by this Agreement and has taken or obtained all necessary corporate and other action and consents to authorise the execution and performance of this Agreement;
- (c) **Binding obligations:** subject to general principles of law limiting its obligations, this Agreement constitutes, or when executed and delivered will constitute, legal, valid and binding obligations of the Borrower enforceable in accordance with its terms;
- (d) **No conflict with other obligations:** neither the execution of this Agreement nor the performance by the Borrower of any of its obligations or the exercise of any of its rights hereunder will conflict with or result in a breach of any law, regulation, judgment, order, authorisation, agreement or obligation applicable to it or cause any limitation placed on it or the powers of its directors to be exceeded or result in the creation of or oblige the Borrower to create an Encumbrance in respect of any of its property or assets; and
- (e) **Authorisations:** all authorisations required from any governmental or other authority or from any shareholders or creditors of the Borrower for or in connection with the execution, validity and performance of this Agreement have been obtained and are in full force and effect.

## 8 UNDERTAKINGS

- 8.1 Affirmative Undertakings.** The Borrower undertakes and agrees with the Lender throughout the continuance of this Agreement and so long as any sum remains owing hereunder that the Borrower will, unless the Lender otherwise agrees in writing:
- (a) **Financial and other information:** supply to the Lender promptly on request, such financial or other information (including, but not limited to, cashflows and profit and loss projections) relating to the Borrower as the Lender may from time to time reasonably request;



- (b) **Books and records:** keep proper records and books of account in respect of its business and permit the Lender and/or any professional consultants appointed by the Lender at all reasonable times to inspect and examine the records and books of account of the Borrower;
- (c) **Notification of default:** promptly upon it becoming aware of it, inform the Lender of the occurrence of any Event of Default or Potential Event of Default;
- (d) **Compliance with laws:** maintain its corporate existence and conduct its business in a proper and efficient manner and in compliance with all laws, regulations, authorisations, agreements and obligations applicable to it and pay all taxes imposed on it when due;
- (e) **Amendments to constitution:** procure that no amendment or supplement is made to the articles of association of the Borrower without the prior written consent of the Lender;
- (f) **Authorisations:** maintain in full force and effect all such authorisations as are referred to in Clause 7(e), and take immediate steps to obtain and thereafter maintain in full force and effect any other authorisations which may become necessary or advisable for the purposes stated therein; and
- (g) **Payment obligations:** punctually pay all sums due from it to the Lender and otherwise comply with its obligations under this Agreement.

**8.2 Negative Undertakings.** The Borrower undertakes and agrees with the Lender throughout the continuance of this Agreement and so long as any sum remains owing hereunder that the Borrower will not, unless the Lender otherwise agrees in writing:

- (a) **Merger:** merge or consolidate with any other entity or take any step with a view to dissolution, liquidation or winding-up save for the sale of the shares in the Borrower under the SPA;
- (b) **Reduction of capital:** purchase or redeem any of its issued shares or reduce its share capital or make a distribution of assets or other capital distribution to its shareholders;
- (c) **Disposals:** sell, transfer or otherwise assign, deal with or dispose of all or any part of:
  - (i) its business, the shares it holds in NZ Holdco or the forestry assets of NZ Holdco; or
  - (ii) (except for good consideration in the ordinary course of its business) its other assets or revenues,
 whether by a single transaction or by a number of transactions whether related or not;
- (d) **Lending; guarantees:** make or grant any loan or advance or guarantee or in any other manner be or become directly or indirectly or contingently liable for any indebtedness or other obligation of any other person, except as may be necessary in the ordinary course of its business;
- (e) **Negative pledge:** create or attempt or agree to create or permit to arise or exist any Encumbrance over all or any part of its property, assets or revenues except (i)

any possessory lien arising by operation of law in the ordinary course of its business and not in connection with the borrowing or raising of money or credit and provided that the debt which is thereby secured is paid when due or contested in good faith by appropriate proceedings and properly provisioned and (ii) those created pursuant to the Term Loan Facility (as defined in the SPA) in favour of the lender thereunder; or

- (f) **Other obligations:** enter into any agreement or obligation which might materially and adversely affect its financial or other condition.

## 9 DEMAND AND EVENTS OF DEFAULT

**9.1** Notwithstanding the term set out in Clause 4.1, the Lender shall have the right, at any time upon written notice to the Borrower, to demand payment of the Loan and all other sums payable under this Agreement, whereupon the same shall become immediately due and payable, if any Event of Default occurs and is continuing.

**9.2** For the purpose of this Agreement, an Event of Default refers to any of the following events or circumstances:

- (a) **Non-payment:** the Borrower fails to pay any sum payable under this Agreement when due or otherwise in accordance with the provisions hereof;
- (b) **Other obligations:** the Borrower fails duly and punctually to perform or comply with any of its obligations or undertakings under this Agreement;
- (c) **Misrepresentation:** any representation or warranty made or deemed to be made by the Borrower in or in connection with this Agreement proves to have been incorrect or misleading;
- (d) **Cross default:** the Borrower defaults or receives notice of default under any agreement or obligation relating to borrowing or any indebtedness of the Borrower becomes payable or capable of being declared payable before its stated maturity or is not paid when due or any Encumbrance, guarantee or other security now or hereafter created by the Borrower becomes enforceable;
- (e) **Authorisation:** any of the authorisations referred to in Clause 7(e) is not granted or ceases to be in full force and effect or is modified in any adverse manner, or if any law, regulation, judgment or order suspends, varies, terminates or excuses performance by the Borrower of any of its obligations under this Agreement or purports to do any of the same;
- (f) **Creditor's process:** a creditor takes possession of all or any part of the business or assets of the Borrower or any execution or other legal process is enforced against the business or any asset of the Borrower;
- (g) **Insolvency proceedings:** a petition is presented or a proceeding is commenced or an order is made or an effective resolution is passed or any other step is taken by any person for the winding-up, insolvency, administration, reorganisation, reconstruction, dissolution or bankruptcy of the Borrower or for the appointment of a liquidator, receiver, administrator, trustee or similar officer of the Borrower or of all or any part of its business or assets;

- (h) **Suspension of payments:** the Borrower stops or suspends payments to its creditors generally or is unable or admits its inability to pay its debts as they fall due or seeks to enter into any composition or other arrangement with its creditors or is declared or becomes bankrupt or insolvent;
- (i) **Cessation of business; expropriation:** the Borrower ceases or threatens to cease to carry on its business or any substantial part thereof or changes or threatens to change the nature or scope of its business or the Borrower disposes of or threatens to dispose of or any governmental or other authority expropriates or threatens to expropriate all or any substantial part of its business or assets; and
- (j) **Unlawfulness:** this Agreement or any provision hereof ceases for any reason to be in full force and effect or is terminated or jeopardised or becomes invalid or unenforceable or if there is any dispute regarding the same or if there is any purported termination or repudiation of the same or it becomes impossible or unlawful for the Borrower or any other party hereto to perform any of its obligations hereunder or for the Lender to exercise all or any of its rights, powers and remedies hereunder or any undertaking in Clause 8 is not enforceable as such and the Borrower fails to do, or fails to refrain from doing, the activity which it purported to undertake to do or, as the case may be, not to do.

**9.3** For the purpose of this Agreement, an Event of Default is “**continuing**” if it is neither remedied nor waived within 30 days following the date on which it occurred.

## **10 DEFAULT INTEREST**

If the Borrower fails to pay any sum payable under this Agreement when due, the Borrower shall pay interest on such sum from and including the due date to the date of actual payment (as well after as before judgment) at the rate per annum determined by the Lender to be the aggregate of:

- (a) two per cent (2%); and
- (b) the Interest Rate.

Interest at the rate or rates determined from time to time as aforesaid shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 360 day year, shall be compounded at the end of each successive Month (or such other period as is considered appropriate by the Lender for the purposes of this Clause) and shall be payable from time to time on demand.

## **11 INDEMNITIES AND SET-OFF**

**11.1 General Indemnity.** The Borrower shall indemnify the Lender against all losses, liabilities, damages and Costs which the Lender may incur as a consequence of the information produced or approved by the Borrower being or being alleged to be misleading or deceptive in any respect or any Event of Default or any other breach by the Borrower of any of its obligations under this Agreement or otherwise in connection with this Agreement (including any loss or Costs incurred in liquidating or redeploying funds acquired or arranged for the purposes of a proposed Advance or to maintain the Loan or any unpaid sum or in terminating any such arrangement or any hedging arrangement in respect of this

Agreement and any interest or fees incurred in funding any unpaid sum, but taking into account any interest paid by the Borrower in respect of such unpaid sum under Clause 10).

- 11.2 Currency Indemnity.** Dollars shall be the currency of account and of payment in respect of sums payable under this Agreement. If an amount is received in another currency, pursuant to a judgment or order or in the liquidation of the Borrower or otherwise, the Borrower's obligations under this Agreement shall be discharged only to the extent that the Lender may purchase Dollars with such other currency in accordance with normal banking procedures upon receipt of such amount. If the amount in Dollars which may be so purchased, after deducting any costs of exchange and any other related costs, is less than the relevant sum payable under this Agreement, the Borrower shall indemnify the Lender against the shortfall. This indemnity shall be an obligation of the Borrower independent of and in addition to its other obligations under this Agreement and shall take effect notwithstanding any time or other concession granted to the Borrower or any judgment or order being obtained or the filing of any claim in the liquidation, dissolution or bankruptcy (or analogous process) of the Borrower.
- 11.3 Set-Off.** If an Event of Default has occurred and is continuing the Lender shall have the right, without notice to the Borrower or any other person, to set off and apply any indebtedness owing by the Lender to the Borrower against the liabilities of the Borrower under this Agreement.

## **12 WAIVER AND SEVERABILITY**

- 12.1 Waiver.** Time is of the essence of this Agreement but no failure or delay by the Lender in exercising any right, power or remedy hereunder shall impair such right, power or remedy or operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies herein provided are cumulative and do not exclude any other rights, powers and remedies provided by law.
- 12.2 Severability.** If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity and enforceability of such provision under the law of any other jurisdiction, and of the remaining provisions of this Agreement, shall not be affected or impaired thereby.

## **13 MISCELLANEOUS**

- 13.1 Execution.** This Agreement shall become effective as of the date hereof.
- 13.2 Entire Agreement.** This Agreement constitutes the entire agreement between the Lender and the Borrower and supersedes any previous expressions of intent or understandings if any in respect of this transaction.
- 13.3 Amendments in Writing.** Any amendment or waiver of any provision of this Agreement and any waiver of any default under this Agreement shall only be effective if made in writing and signed by the Lender.
- 13.4 Counterparts.** This Agreement may be executed in counterparts and by different parties on separate counterparts which when taken together shall be deemed to constitute one agreement.

## 14 ASSIGNMENT

- 14.1 The Borrower.** The Borrower shall not assign any of its rights hereunder.
- 14.2 The Lender.** The Lender may at any time, subject to giving prior notice to the Borrower, assign to any one or more persons (an “**assignee lender**”) all or any part of its rights, benefits and obligations under or arising out of this Agreement, provided that the Borrower shall not be subject to any increased costs arising from such assignment by the Lender, and the Borrower shall execute and do all such transfers, assignments, assurances, acts and things as the Lender may require for perfecting and completing the assignment of such rights, benefits and obligations. Upon any such assignment taking effect (i) the Lender shall be released from such obligations and the Borrower shall look only to the assignee lender in respect of such obligations and (ii) references in this Agreement to the Lender shall be construed accordingly as references to the assignee lender or the Lender, as relevant. All agreements, representations and warranties made herein shall survive any assignments made pursuant to this Clause and shall inure to the benefit of all assignee lenders as well as the Lender.
- 14.3 Participations.** The Lender may at any time grant one or more participations in its rights and/or obligations under this Agreement but the Borrower shall not be concerned in any way with any participation so granted.
- 14.4 Disclosure.** The Lender may disclose to (a) any assignee lender or participant or potential assignee lender or participant, (b) any holding company of the Lender or (c) any associate company or subsidiary of the Lender or of its holding company on a confidential basis such information about the Borrower as the Lender shall consider appropriate. The Lender and any person to which disclosure has been made pursuant to this Clause may also make such disclosures as may be required by any applicable law or regulation of their respective places of incorporation or elsewhere.

## 15 NOTICES

**Delivery.** Each notice, demand or other communication to be given or made under this Agreement shall be in writing and delivered or sent to the relevant party at its address or fax number set out below (or such other address or fax number as the addressee has by one (1) day's prior written notice specified to the other party):

To the Lender: 3815-29, 38/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai,  
Hong Kong  
Fax No.: (852) 2877 0062  
Attention: Mr. Allen Chan

To the Borrower: 16/F Dah Sing Financial Centre, 108 Gloucester Road, Wanchai,  
Hong Kong  
Fax No.: (852) 2511 8998  
Attention: Mr. Judson Martin / Ms. Daphne Tse

Any notice, demand or other communication under this Agreement shall be delivered or sent to the last address of the relevant party on the other party's books and shall be deemed to have been delivered (a) if given or made by letter, when actually delivered to the relevant address and (b) if given or made by fax, when despatched with electronic confirmation of complete and error-free transmission, provided that, if such day is not a

working day in the place to which it is sent, such notice, demand or other communication shall be deemed delivered on the next following working day at such place.

## **16 GOVERNING LAW AND JURISDICTION**

**16.1 Law.** This Agreement and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

**16.2 Jurisdiction.** The Borrower irrevocably agrees for the benefit of the Lender that any legal action or proceeding arising out of or relating to this Agreement may be brought in the courts of Hong Kong and irrevocably submits to the non-exclusive jurisdiction of such courts.

**IN WITNESS** whereof this Agreement has been executed by the parties hereto on the date stated at the beginning of this Agreement.

**THE BORROWER**

SIGNED for and on behalf of

**MEGA HARVEST INTERNATIONAL LIMITED**

by *William Judson Martin*

in the presence of:



**Joan Leung**



**THE LENDER**

SIGNED for and on behalf of

**SINO-FOREST CORPORATION**

by *Allen Chan Tak Yuen*

in the presence of:

