SINO-FOREST CORPORATION

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular is furnished in connection with the solicitation of proxies by the management of Sino-Forest Corporation (the "Corporation") for use at the Annual and Special Meeting (the "Meeting") of Class A Subordinate-Voting Shareholders and Class B Multiple-Voting Shareholders of the Corporation (collectively, the "Shareholders") to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "Notice"). The solicitation will be primarily by mail but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

The Corporation has distributed or made available for distribution, copies of the Notice, the management information circular and form of proxy to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the "Intermediaries") for distribution to Shareholders (the "Non-registered Shareholders") whose shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Non-registered Shareholders. The solicitation of proxies from Non-registered Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Non-registered Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of these materials.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation, 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, L5B 3C3, or its transfer agent and registrar, CIBC Mellon Trust Company, 320 Bay Street, 6th Floor, P.O. Box 1, Toronto, Ontario, M5H 4A6 not later than the close of business on Friday, June 14, 2002 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

(a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation, under its corporate seal**,** by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

(i) at the registered office, 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, L5B 3C3, at any time up to and including the last business day

preceding the day of the Meeting, being Friday, June 14, 2002, or any adjournment thereof at which the proxy is to be used; or

(ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or

(b) in any other manner permitted by law.

Unless otherwise disclosed in this management information circular, no person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year, or who is a proposed management nominee for election as a director of the Corporation or any associate of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this management information circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to a substantial number of Shareholders who do not hold their shares in their own name (referred to in this section as "Beneficial Shareholders"). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in such Shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Inc., which company acts as a nominee of many Canadian brokerage firms. Shares held by brokers or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often the form of proxy

supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation ("IICC"). IICC typically applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to IICC. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy with an IICC sticker on it cannot use that proxy to vote shares directly at the Meeting - the proxy must be returned to IICC well in advance of the Meeting in order to have the shares voted. All references to shareholders in this management information circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed the close of business on Monday, May 13, 2002 as the record date (the "Record Date") for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 74,330,228 Class A Subordinate-Voting Shares of the Corporation (the "Subordinate-Voting Shares"), carrying the right to one vote per share at the Meeting, and 6,000,000 Class B Multiple-Voting Shares of the Corporation (the "Multiple-Voting Shares"), carrying the right to five votes per share at the Meeting, were issued and outstanding.

In accordance with the provisions of the *Business Corporations Act* (Ontario), the Corporation will prepare a list of the holders of Subordinate-Voting Shares and Multiple-Voting Shares on the Record Date. Each holder of such shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the Meeting except to the extent that (a) the Shareholder has transferred any of his, her or its shares after the Record Date; and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he, she or it owns such shares and demands, not later than ten days before the Meeting, that his, her or its name be included on the list before the Meeting, in which case the transferee is entitled to vote his, her or its shares at the Meeting.

To the knowledge of the directors and officers of the Corporation, as at March 31, 2002, the only persons who beneficially own, directly or indirectly, or exercise control or direction over voting securities of the Corporation carrying more than 10% of the voting rights attached to the Subordinate-Voting Shares or the Multiple-Voting Shares are as follows:

	Number of Shares Owned (Percentage of Class and Type of Ownership)		
Name	**Class A Subordinate-Voting Shares**	**Class B Multiple-Voting Shares**	**Percentage of Voting Rights**
ADS Holdings (BVI) Limited ("ADS")[1]	4,079,605 Shares (5.5%) (of record and/or beneficially)	2,250,000 Shares (37.5%) (beneficially)	14.7%
Natural Forest Limited ("NFL")[2]	4,530,205 Shares (6.1%) (of record and/or beneficially)	2,250,000 Shares (37.5%) (of record and beneficially)	15.1%
Forest Investment Partners, Ltd. ("FIP")[3]	1,894,000 Shares (2.5%) (of record and/or beneficially)	1,200,000 Shares (20%) (beneficially)	7.6%

Notes:

(1) ADS is owned by three family trusts under which family members and associates of Mr. Allen Chan and Ms. Leslie Chan are beneficiaries. 500,000 Subordinate-Voting Shares owned beneficially by ADS are registered in the name of Mr. Allen Chan but are subject to a declaration of trust in favour of ADS. FIP holds 2,250,000 Multiple-Voting Shares pursuant to a declaration of trust in favour of ADS.

(2) NFL is controlled by Mr. Kai Kit Poon. 500,000 Subordinate-Voting Shares owned beneficially by NFL are registered in the name of Mr. Kai Kit Poon but are subject to a declaration of trust in favour of NFL. Mr. Poon also owns beneficially 196,000 Subordinate-Voting Shares.

(3) FIP is controlled by Ms. Leslie Chan, the spouse of Mr. Allen Chan. Ms. Chan also owns beneficially 883,000 Subordinate-Voting Shares. Mr. Chan also owns beneficially Subordinate-Voting Shares. See "Election of Directors". FIP holds 300,000 Multiple-Voting Shares subject to a declaration of trust in favour of Well Conduct Corporation, a corporation beneficially owned by Mr. Allen Chan and 2,250,000 Multiple-Voting Shares subject to a declaration of trust in favour of ADS.

EXECUTIVE COMPENSATION

1. Summary Compensation Table

The following sets forth the compensation paid or awarded to (i) the Chairman and Chief Executive Officer and (ii) the Executive Vice-President and Chief Financial Officer of the Corporation (the "Named Executive Officers") for the Corporation's financial years ended December 31, 2001, 2000 and 1999. The Corporation has two "executive officers" within the meaning of the *Securities Act* (Ontario) whose compensation must be disclosed.

		Annual Compensation			Long-term Compensation			
					Awards		Payouts	
Name and Principal Position	**Financial Year Ended Dec. 31**	**Salary ($)**	**Bonus ($)**	**Other Annual Compen-sation[1] ($)**	**Securities Under Option/ SARs[2] Granted (#)**	**Restricted Shares or Restricted Share Units ($)**	**LTIP Payouts ($)**	**All other Compen-sation ($)**
Allen T.Y. Chan, Chairman and Chief Executive Officer [3]	2001	$97,960	-	-	-	-	-	-
	2000	$68,600	-	-	-	-	-	-
	1999	$64,000	-	-	-	-	-	-
Kee Y. Wong, Executive Vice-President and Chief Financial Officer	2001	$240,000	$110,000	-	-	-	-	-
	2000	$240,000	$165,000	-	-	-	-	-
	1999	$240,000	$342,000	-	-	-	-	-

Notes:

(1) The aggregate amount of perquisites and other personal benefits do not exceed the lesser of $50,000 and 10% of the salary and the bonus of each Named Executive Officer for the fiscal years ended 2000, 1999 and 1998.
(2) "SAR" means a stock appreciation right.
(3) Allen T.Y. Chan is a director of a company which provided the Corporation's operating subsidiary with certain corporate services during the financial years ended December 31, 2001, 2000 and 1999. See "Interests of Insiders in Material Transactions".

2. Long-term Incentive Plan ("LTIP") Awards During the Most Recently Completed Financial Year

No LTIP awards were made to the Named Executive Officers during the fiscal year ended December 31, 2001.

3. Option/SAR Grants During the Most Recently Completed Financial Year

During the fiscal year ended December 31, 2001, no incentive stock options were granted to the Named Executive Officers.

4. Aggregated Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-end Option/SAR Values

The Named Executive Officers did not exercise any options to acquire Subordinate-Voting Shares during the fiscal year ended December 31, 2001. The Named Executive Officers did not hold any stock options as at December 31, 2001.

5. Option and SAR Repricings

The Corporation did not make any downward repricing of stock options during the financial year ended December 31, 2001.

6. Employment Agreement

The Corporation has entered into an employment agreement (the "Employment Agreement") with Kee Y. Wong (the "Executive") with effect as of January 1, 1997. In the event that the Executive's employment is terminated without cause, the Corporation is required to pay to the Executive an amount equal to 1.5 times his then-applicable compensation package, which shall include consideration of his annual base salary then in effect as well as a formula calculation taking into account bonuses earned by the Executive. Notwithstanding the foregoing, the Corporation may give the Executive six months' notice of termination, in which case the Executive shall, at the end of such six month period, be entitled to a payment equal to one times the then-applicable compensation package. The Executive may, for a period of 18 months following a "change of control" of the Corporation (as defined in the Employment Agreement), "resign for good reason" (as defined in the Employment Agreement including, without limitation, assignments which are not consistent with the Executive's title and duties prior to the Change of Control and any other conduct which would constitute constructive dismissal of the Executive), in which event the Executive shall be entitled to receive a severance entitlement as describe above.

7. Compensation of Directors

The non-executive directors of the Corporation receive an annual retainer of $5,000, as well as payments of $1,000 for each meeting of the Board held in Canada ($2,000 for each meeting held outside of Canada) and payments of $250-$500 for telephonic meetings. In addition, the Chair of each Committee receives $2,500 and each member of a Committee receives an additional annual payment of $1,500. For the fiscal year ended December 31, 2001, the Corporation paid an aggregate of $37,000 to members of the Board. The directors are reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. During the fiscal year ended December 31, 2001, no options to purchase Subordinate-Voting Shares were granted to non-executive directors.

8. Compensation Committee and Report on Executive Compensation

The compensation committee of the Corporation is currently made up of R. John (Jack) Lawrence, William P. Rosenfeld and Allen T.Y. Chan, Chairman and Chief Executive Officer of the Corporation, of which a majority are currently outside directors. The compensation committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the compensation committee is to ensure that the compensation provided to the Named Executive Officers and the Corporation's other senior officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the senior officers is matched with the financial interest of shareholders. The Named Executive Officers and the Corporation's senior officers are paid fairly and commensurably with their contributions to furthering the Corporation's strategic direction and objectives. The Corporation also grants stock options to its officers, directors and employees from time to time in accordance with the Corporation's stock option plan.

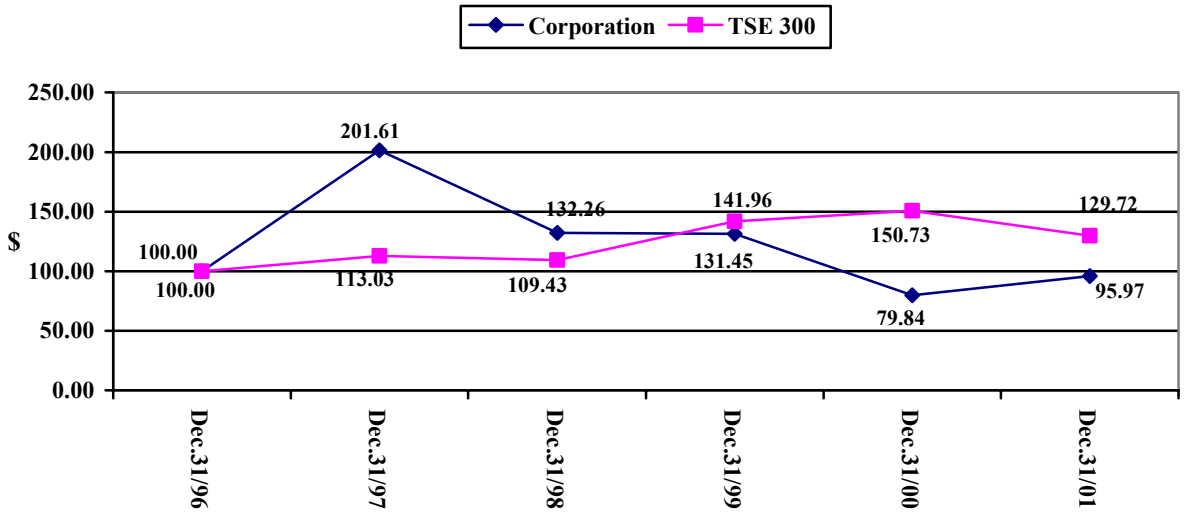
9. Insurance

The Company has purchased, at its expense, directors' and officers' liability insurance in the aggregate amount of $10,000,000 for the protection of its directors and officers against liability incurred by them in their capacities as directors and officers of the Company and its subsidiaries. For the fiscal year ended December 31, 2001, the Company paid a premium of $29,160 plus provincial sales tax in respect of such insurance.

10. Shareholder Return Performance Graph

The Subordinate-Voting Shares were first listed for trading on the Alberta Stock Exchange on June 23, 1994. They were subsequently listed on The Toronto Stock Exchange (the "TSE") on October 12, 1995. The following graph shows the percentage change in the cumulative shareholder return on the Subordinate-Voting Shares compared to the cumulative total return of the TSE 300 Index for the period from December 31, 1996 to December 31, 2001 assuming $100 initial investments:

Comparison of Five Year Cumulative Total Return between Sino-Forest Corporation and the TSE 300 Index



INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

The following table sets forth the currently outstanding indebtedness to the Corporation of all senior officers and directors (and their respective "associates" as such term is defined in the *Business Corporations Act* (Ontario)) of the Corporation which was incurred in connection with the purchase of Class A Subordinate-Voting Shares under the Corporation's stock option plan. The aggregate indebtedness to the Corporation or any of its subsidiaries of all officers, directors, employees and former officers, directors and employees of the Corporation or any of its subsidiaries as of March 31, 2002 is $6,835,650.

Name and Place of Residence	Position	Largest Amount Outstanding During 2001 ($)	Amount Outstanding as at March 31, 2002 ($)	Financially Assisted Securities Purchases During 2001 (#)	Security for Indebtedness[(1)]
Allen T.Y. Chan Hong Kong	Chairman, Chief Executive Officer and Director	$2,454,000	$2,454,000	-	Subordinate-Voting Shares
Kai Kit Poon Hong Kong	President and Director	$1,019,600	$1,019,600	-	Subordinate-Voting Shares
Leslie Chan Hong Kong	Executive Vice-President	$1,302,050	$1,302,050	-	Subordinate-Voting Shares
Kee Y. Wong Mississauga, Ontario	Executive Vice-President, Chief Financial Officer and Director	$1,890,000	$1,890,000	-	Subordinate-Voting Shares
Michael Cheng Hong Kong	Former Director	$152,000	$152,000	-	Subordinate-Voting Shares
Qi Shu Xiong China	General Manager, Sino-Wood Partners, Limited, Zhangjiang office	$18,000	$18,000	$18,000	Subordinate-Voting Shares

Note:

(1) All such indebtedness is non-interest bearing. The amounts are secured by pledges of the Class A Subordinate-Voting Shares acquired on the exercise of the options. Upon the sale of any of the pledged shares, a portion of the indebtedness is repayable.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The TSE has approved the recommendations of the report dated December 1994 (the "Report") by the TSE Committee on Corporate Governance in Canada and has adopted a new by-law requiring corporations listed on the TSE and having fiscal years ending on or after June 30, 1995 to disclose their approach to corporate governance. In December, 1999, the TSE clarified the requirements for the disclosure of listed companies' approaches to corporate governance and now requires listed companies to specifically address the TSE's guidelines in their annual "Statement of Corporation Governance Practices". Companies listed on the TSE are not required to comply in all respects with the guidelines set out in the Report as it is recognized that there is a wide range of corporations listed on the TSE and compliance by smaller companies with all aspects of the guidelines would, in certain circumstances, be difficult or excessively expensive. The Board of Directors has a corporate governance committee currently made up of Messrs. Mak, Rosenfeld and Wong, a majority of which are outside directors. The Corporation's Board of Directors and senior management consider good corporate governance to be central to the effective and efficient operation of Canadian corporations. The disclosure of the Corporation's corporate governance practices for the fiscal year ended December 31, 2001 is set out in a question and answer format as Schedule "A" to this management information circular.

In the normal course, Shareholder queries and comments should be directed to Mr. Allen T.Y. Chan in Hong Kong or to Mr. Kee Y. Wong at the Corporation's Canadian head office.

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

Mr. Allen T.Y. Chan, a director and officer of the Corporation, and Ms. Leslie Chan, an officer of the Corporation, are directors of a company which provided the Corporation's operating subsidiary with certain corporate services which included cash management, risk management, sales and marketing, governmental relations and investor relations during the financial year ended December 31, 2001, at a cost of approximately U.S.$520,000. The shareholders of such company are family members of Ms. Leslie Chan and two family trusts under which family members and associates of Mr. Allen T.Y. Chan and Ms. Leslie Chan are beneficiaries and trustees.

A company of which Mr. Kai Kit Poon, a director and officer of the Corporation, is a director and the sole shareholder, provided the Corporation's operating subsidiary with certain corporate services rendered during the financial year ended December 31, 2001, including governmental relations and technical services, for which such company received a fee of approximately U.S.$210,000.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors

Management of the Corporation proposes that the persons named in the following table be nominated for election as directors of the Corporation. All of the nominees for director are now directors of the Corporation and have been since the dates set opposite their names. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the election of directors.

In the event a nominee is unable to serve or will not serve, an event that management of the Corporation has no reason to believe will occur, the persons named in the accompanying form of proxy reserve the right to vote for another person at their discretion, unless a Shareholder has specified in the form of proxy that these shares are to be withheld from voting for the election of directors. The term of office of each director other than Mr. Kai Kit Poon shall commence upon his election by the Shareholders at the Meeting whereas Mr. Poon's term as a director will only commence on the earlier of (i) the receipt by the Corporation of Mr. Poon's written consent to act as a director in respect of the term commencing after the Meeting; or (ii) the continuance of the Corporation under the *Canada Business Corporations Act* as contemplated in this management information circular. Each of the directors elected at the Meeting will hold office from the beginning of their respective terms until the close of the next annual meeting of Shareholders or until such director's successor is duly elected or appointed.

The following table sets forth the name of each person to be nominated by the management of the Corporation for election as a director, such person's present position with the Corporation, the period or periods of his service as a director of the Corporation, and the approximate number of shares of the Corporation beneficially owned, directly or indirectly, or subject to control or direction, by such person as at March 31, 2002:

Name and Place of Residence	Principal Occupation	Director Since	Number and Class of Shares Beneficially Owned or Controlled
Allen T.Y. Chan[1][2] Hong Kong	Chairman, Chief Executive Officer and Director of the Corporation and of Sino-Wood Partners, Limited	1994	1,140,000 Subordinate-Voting Shares; 300,000 Multiple-Voting Shares[4]
Kai Kit Poon Hong Kong	President and Director of the Corporation and of Sino-Wood Partners, Limited	1994	4,726,205 Subordinate-Voting Shares; 2,250,000 Multiple-Voting Shares[5]
Edmund Mak[1][3] Vancouver, B.C.	Real estate marketing agent, Re/Max Select Properties, a real estate company	1994	80,000 Subordinate-Voting Shares
Kee Y. Wong[3] Mississauga, Ontario	Executive Vice-President, Chief Financial Officer and Director of the Corporation	1997	1,300,000 Subordinate-Voting Shares
R. John (Jack) Lawrence[2] Toronto, Ontario	Chairman of Lawrence & Company Inc., a private investment company	1997	498,500 Subordinate-Voting Shares[6]
Simon Murray Hong Kong	Chairman of General Enterprise Management Services Limited	1999	100,000 Subordinate-Voting Shares

Notes:

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Corporate Governance Committee.
(4) 300,000 Multiple-Voting Shares are beneficially owned by Well Conduct Corporation, a corporation beneficially owned by Mr. Chan.
(5) 4,530,205 Subordinate-Voting Shares and 2,250,000 Multiple-Voting Shares are beneficially owned by Natural Forest Limited, which is controlled by Mr. Kai Kit Poon. Mr. Poon also owns beneficially 196,000 Subordinate-Voting Shares. See "Voting Securities and Principal Holders Thereof".
(6) These shares are beneficially owned by Lawrence & Company Inc., which is controlled by Mr. R. John (Jack) Lawrence.

2. Appointment of Auditor

Management proposes to nominate Ernst & Young LLP, which firm has been auditor of the Corporation since its appointment by the board of directors of the Corporation effective November 23, 2000 as auditor of the Corporation to hold office until the next annual meeting of Shareholders. It is intended that the shares represented by proxies in favour of management nominees will be voted in favour of the appointment of Ernst & Young LLP as auditor of the Corporation and the authorizing of the directors to fix its remuneration. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the appointment of auditor.

3. Amendments to the Corporation's Stock Option Plan

At the Meeting, Shareholders will be asked to consider and, if thought fit, to pass a resolution approving the amendment of certain terms of the Corporation's stock option plan (the "Plan") relating to the maximum issuance to Insiders (as such term is defined in the TSE Corporate Finance Manual) of the Corporation.

Management is proposing to amend the Plan by adding certain provisions relating to the limitations on grants to Insiders of the Corporation in order to update the Plan to meet current guidelines established in the TSE Corporate Finance Manual. If such amendments are approved by Shareholders, the maximum number of common shares which may be reserved for issuance to all Insiders of the Corporation under the Plan would be limited to not more than 10% of the issued and outstanding common shares at the time of grant. In addition, the maximum number of common shares which may be issued to Insiders in any 12-month period could not exceed 10% of the issued and outstanding common shares at the time of grant and the maximum number of common shares which may be issued to any one Insider of the Corporation and such Insider's Associates (as such term is defined in the TSE Corporate Finance Manual) under the Plan in any 12-month period could not exceed 5% of the issued and outstanding common shares at the time of grant.

An affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution authorizing such amendments to the Plan. The following is the text of such resolution and a copy of the Plan will be provided to any Shareholder upon request:

"RESOLVED THAT:

1. the Plan is hereby amended:

(a) by adding the following definitions to section 2.1 of the Plan:

"Associate" where used to indicate a relationship with any person or company means:

(i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the company for the time being outstanding;

(ii) any partner of that person or company;

(iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity;

(iv) any relative of that person who resides in the same home as that person;

(v) any person who resides in the same home as that person and to whom that person is married, or any person of the opposite sex or the same sex who resides in the same home as that person and with whom that person is living in a conjugal relationship outside marriage; or

(vi) any relative of a person mentioned in clause (v) who has the same home as that person;

"Outstanding Issue" means the number of Shares that are outstanding immediately prior to the Date of Grant in question, excluding Shares issued pursuant to share compensation arrangements over the preceding one-year period. In determining the Outstanding Issue, the Class A Subordinate-Voting Shares and Class B Multiple-Voting Shares of the Company shall be considered as a single class and shall be aggregated.

(b) by replacing Article 5 of the Plan in its entirety with the following Article 5:

5.1 The maximum number of Shares which may be issued under Options issued and outstanding pursuant to this Plan to all Participants is 10,000,000.

5.2 If any Option has terminated or expired without being fully exercised, any unissued Shares which have been reserved to be issued upon the exercise of the Option shall become available to be issued upon the exercise of any Option subsequently granted under the Plan.

5.3 (a) The maximum number of Shares which may be reserved for issuance to Insiders under the Plan shall be 10% of the Outstanding Issue.

(b) The maximum number of Shares which may be issued to Insiders under the Plan within a one-year period shall be 10% of the Outstanding Issue.

(c) The maximum number of Shares which may be issued to any one Insider and such Insider's Associates under the Plan within a one-year period shall be 5% of the Outstanding Issue.

(d) Any entitlement to Shares granted pursuant to the Plan prior to the Eligible Person becoming an Insider shall be excluded for the purposes of the limits set out in subparagraphs (a), (b) and (c) of this section 5.3.

2. Any director or officer of the Corporation be and such director or officer of the Corporation is hereby authorized and empowered, acting in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and deliver or cause to be delivered any and all such documents and instruments and to do or cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to fulfill the intent of the foregoing resolution."

The effectiveness of this resolution and the adoption thereof by the Corporation is conditional upon the resolution outlined in item 4 of this management information circular as set out below being passed by the Shareholders.

IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE ABOVE RESOLUTION.

4. Reconstitution of the Corporation's Stock Option Plan

The Corporation is proposing to reconstitute the Plan by replenishing those Subordinate-Voting Shares which have been issued upon the exercise of stock options and are therefore no longer available for the grant of options under the Plan. The proposal, if approved, would increase the aggregate number of Subordinate-Voting Shares available for the issuance of options to the level last approved by Shareholders on June 16, 1997.

Currently, the aggregate number of Subordinate-Voting Shares available for issuance under the Plan or pursuant to other share compensation arrangements established by the Corporation is limited to 10,000,000 Subordinate-Voting Shares. Since the inception of the Plan, 7,513,000 Subordinate-Voting Shares have been issued upon the exercise of options thereby reducing the number of Subordinate-Voting Shares currently available for issuance by this same amount. As at the date of this management information circular, options to purchase an aggregate of 925,000 Subordinate-Voting Shares were outstanding and, accordingly, as at such date only 1,562,000 Subordinate-Voting Shares were available for the grant of further options under the Plan.

Shareholders will be asked to approve a resolution to reconstitute the Plan to the level last approved by Shareholders by replenishing the number of Subordinate-Voting Shares available for the grant of options under the Plan by 7,513,000 Subordinate-Voting Shares. If the proposed reconstitution of the Plan is approved by Shareholders, options to purchase 925,000 Subordinate-Voting Shares would be outstanding and an aggregate of 9,075,000 Subordinate-Voting Shares would be available for the grant of additional options under the Plan, representing an aggregate of 10,000,000 Subordinate-Voting Shares. The following is the text of such resolution and a copy of the Plan will be provided to any Shareholder upon request:

"RESOLVED THAT:

1. the stock option plan of the Corporation (the "Plan") is hereby reconstituted by making an aggregate of 10,000,000 Subordinate-Voting Shares available for future issuance by the Corporation upon exercise of options granted under the Plan, including options outstanding as of the date of this resolution; and

2. any director or officer of the Corporation be and such director or officer of the Corporation is hereby authorized and empowered, acting in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and deliver or cause to be delivered any and all such documents and instruments and to do or cause to be done all such other acts and things as, in the opinion of such director or officer, may be necessary or desirable in order to fulfill the intent of the foregoing resolution."

The TSE has given its approval to the reconstitution of the Plan, subject to Shareholder approval being obtained. Assuming the resolution amending the Plan as described in item 3 above is passed, an affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution authorizing such reconstitution of the Plan.

IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE ABOVE RESOLUTION.

5. Continuance of the Corporation under the *Canada Business Corporations Act*

The Shareholders will be asked at the Meeting to pass a special resolution (the "Continuance Resolution") authorizing the Corporation to apply for a Certificate of Continuance under the *Canada Business Corporations Act* (the "CBCA"), thereby continuing the Corporation (the "Continuance") as if it had been incorporated under the CBCA.

The Corporation is currently governed, as to matters of corporate law, by the *Business Corporations Act* (Ontario) (the "OBCA"). The Corporation may, if authorized by a special resolution of the Shareholders and by the Director under the OBCA, apply to the Director under the CBCA for a Certificate of Continuance. Upon the issuance of such Certificate, the OBCA ceases to apply to the Corporation and the CBCA becomes applicable to the Corporation as if it had been incorporated under the CBCA. Upon the Continuance, the Articles of Continuance set forth in Schedule "B" to this management information circular will be substituted for the existing Articles of the Corporation.

The Continuance will not result in any change in the business of the Corporation or its assets, liabilities or net worth, nor in the persons who constitute the Corporation's board of directors and management. It will not be necessary for Shareholders to exchange their existing share certificates and their holdings will not change. The listing of the Subordinate-Voting Shares on the TSE will not be in any way be affected by the Continuance. The Continuance is not a reorganization, an amalgamation or a merger.

The directors of the Corporation have unanimously approved the Continuance and recommend that Shareholders vote FOR the Continuance. An affirmative vote of at least two-thirds of the votes cast at the Meeting is sufficient to pass the Continuance Resolution, the text of which is set out in Schedule "C" to this management information circular.

Prior to the filing of Articles of Continuance, the Corporation must obtain the consent of the Director under the OBCA. The Continuance will become effective upon the Articles of Continuance being filed with and accepted by the Director appointed under the CBCA. Notwithstanding their previous approval, the directors of the Corporation may determine not to proceed with the Continuance at any time prior to the issuance of the Certificate of Continuance without further action on the part of the Shareholders.

Principal Reasons for Changing the Jurisdiction of Incorporation

As part of the Corporation's business strategy, the Corporation wishes to expand its international presence. Management believes that having the status of a federal corporation will bring greater prestige to the Corporation thereby advancing the Corporation's international efforts. Further, the Canadian federal government has recently completed a reform of the CBCA and, as a result, major amendments to the CBCA have recently been enacted. Certain of these amendments provide a CBCA corporation with greater flexibility with respect to a number of areas which the Corporation believes would be advantageous to the Corporation as a whole and with respect to its international objectives. In particular, as described below, the CBCA greatly relaxes the residency requirements for directors of a CBCA corporation.

Comparison of the CBCA and the OBCA

In the event that the Continuance is approved at the Meeting and a Certificate of Continuance is obtained under the CBCA, the Corporation will be treated as if it had been incorporated under the CBCA rather than under the OBCA. Although, the relevant provisions of the CBCA are similar to those of the OBCA, there are certain distinctions between the OBCA and CBCA which management of the Corporation considers to be material. The following is a brief summary of such distinctions although such summary is

not intended to be exhaustive and Shareholders should consult their legal advisors regarding implications of the Continuance which may be of particular importance to them.

Board of Directors

Under the OBCA, a majority of the Corporation's directors, and a majority of the members of any committee of directors, must be resident Canadians. The OBCA also requires a minimum of three directors, at least one-third of which are not officers or employees of the Corporation or its affiliates. Alternatively, the CBCA requires that only 25% of the directors be resident Canadians, unless the Corporation has fewer than four directors in which case at least one must be a Canadian resident, and imposes no residency requirements on committees. The CBCA also requires a minimum of three directors, at least two of which are not officers or employees of the Corporation or its affiliates.

Quorum of Directors Meetings

Both the CBCA and OBCA state that quorum of directors meetings consists of a majority of directors or the minimum number of directors required by the articles, although the OBCA also stipulates that in no case may quorum be less than 2/5 of the directors or the minimum number of directors. Further, while the OBCA requires that a majority of the directors present be resident Canadians, the CBCA requires only that 25% of the directors present (or at least one if less than four directors are appointed) be resident Canadians.

Registered Office

The OBCA requires that a corporation's head office be located in Ontario and may be re-located to a different municipality only with the approval of shareholders and a corresponding amendment to the corporation's articles. The CBCA provides that a corporation's registered head office may be located in any province in Canada and may be changed within a province by resolution of the directors.

Owning Own Shares

The OBCA stipulates that the Corporation may only hold shares in itself as legal representative or as security to establish Canadian ownership. The CBCA states that a corporation may also hold shares in itself as security for the purpose of lending money in the ordinary course of business.

Timing and Location of Annual Shareholders Meetings

The CBCA provides that an annual shareholders meeting may be called no later than six months following the end of a corporation's financial year. The OBCA has no equivalent provision.

Currently, under the OBCA, the Corporation is permitted to hold annual shareholders meetings at any location within or outside Ontario as may be determined by the directors. Conversely, the CBCA states that meetings may not be held outside of Canada unless all shareholders agree or such authorization is contained in the articles.

Voting at Annual Shareholders Meeting

Both the CBCA and OBCA provide that, other than special resolutions which require the approval of 66⅔% of all votes cast, all questions will be determined at an annual shareholders meeting by majority of votes cast. The OBCA states that in the event of an equality of votes, the presiding chair of the meeting shall not have a second vote. The CBCA contains no equivalent provision.

Shareholder Proposals

Both the CBCA and the OBCA provide for shareholder proposals. Under the OBCA, any shareholder entitled to vote at a meeting of shareholders may submit a proposal. Under the CBCA, either the registered or beneficial owner of shares entitled to be voted at a meeting may submit a proposal, although such registered or beneficial shareholder must either (i) have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least $2000; or (ii) have the support of persons who have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least $2000.

Director Indemnification

In comparison to the OBCA, the CBCA permits a corporation to indemnify its directors and officers in a slightly broader range of proceedings, including "investigative and other proceedings". The CBCA also permits a corporation to advance funds to a director or officer to cover the costs and expenses of a proceeding rather than having to wait until the conclusion of the proceeding. The OBCA does not have an equivalent provision.

Financial Assistance

The OBCA requires disclosure of financial assistance given by a corporation in connection with the purchase of shares of the corporation or its affiliates, or to shareholders, beneficial shareholders, directors, officers or employees of the corporation and its affiliates. The CBCA has no such requirement.

Fundamental Changes

The CBCA requires approval by a vote of all shareholders voting together, whether or not otherwise entitled to vote, on a number of matters relating to fundamental changes to a corporation, including an amalgamation and a continuance. The OBCA provides only that holders of shares entitled to vote thereon may vote on such events (absent circumstances giving rise to a class right to vote). The CBCA also contains a slightly broader range of "fundamental changes" which require the approval of 66⅔% of all shareholder votes cast.

Increase in Number of Directors/Filling Vacancies

The OBCA stipulates that directors may fill vacancies on the Board other than vacancies resulting from a failure to elect the required number of directors at a shareholders meeting or an increase in the number of directors or maximum number of directors on the Board. An exception to this provision is made for circumstances in which directors are authorized by the shareholders to select the number of directors within a range, in which case the number of directors may be increased (and resulting vacancies may be filled) up to one and one-third times the number of directors elected at the last annual meeting.

The CBCA provides that directors may fill vacancies on the Board other than vacancies resulting from a failure to elect the number of minimum number of directors or an increase in the number of directors or the minimum or maximum number of directors on the Board. Unlike the OBCA, the CBCA stipulates that directors may appoint additional directors not exceeding one-third of the directors elected at the last annual meeting only if so permitted by the articles.

The Corporation's shareholders have previously granted the directors of the Corporation the authority to set the number of directors of the Corporation within the range provided for in the articles. The directors of the Corporation presently have the authority to increase the number of directors of the Corporation and

fill the resulting vacancies, subject to the limitation described above. The directors will lose this authority upon the Continuance unless an appropriate amendment is made to the articles at the time of the Continuance. For this reason, the proposed Articles of Continuance contained in Schedule "B" to this management information circular provide that the directors may set the number of directors within the specified range and appoint one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, provided that the total number of directors so appointed may not exceed one-third of the number of directors appointed at the previous annual meeting. This amendment will leave the directors of the Corporation in substantially the same position under the CBCA in respect of the appointment of directors as it is now under the OBCA.

Corporate and Accounting Records

Under the CBCA, corporate and accounting records are permitted to be kept at a location outside of Canada (as long as they are still accessible to shareholders in Canada through electronic of other means). Under the OBCA, a corporation is required to maintain its corporate and account records in Ontario (at the registered office or some other location in Ontario specified by the directors).

Recognition and Use of Current and Future Communications Technologies

The CBCA now expressly permits a corporation to communicate with its shareholders by electronic means. Specifically, as long as the articles or by-laws do not provide otherwise, a corporation may send information to shareholders electronically. Delivery of electronic documents may be effected by posting documents on the corporation's website, as long as shareholders receive individual electronic notice of the posting. The OBCA has no similar provisions.

Liability for Preparation of Financial Statements

The CBCA provides for proportionate liability for those involved in the preparation of financial statements compared to joint and several liability under the OBCA. With proportionate liability, if losses arise from the negligent preparation of financial statements, individuals can only be sued for the portion of losses which correspond to their degree of responsibility for the negligence.

Right Of Dissent

A Shareholder entitled to vote on the Continuance Resolution may dissent in respect thereof and be paid the fair value of its shares as set out in section 185 of the OBCA. A dissenting Shareholder becomes entitled, if and when the Continuance Resolution becomes effective, to have the Corporation purchase all of the shares held by such Shareholder at the fair value thereof determined as of the close of business on the day before the Continuance Resolution was adopted. Notwithstanding the foregoing, no payment may be made to a dissenting Shareholder if there are reasonable grounds for believing that the Corporation is, or would after the payment, be unable to pay its liabilities as they become due or if the realizable value of its assets would thereby be less than the aggregate of its liabilities.

The dissent provisions under the OBCA provide that a Shareholder may only make a claim thereunder with respect to all the shares held by the Shareholder on behalf of any one beneficial owner and registered in the Shareholder's name. One consequence of this provision is that a Shareholder may only exercise the Right to Dissent hereunder in respect of shares that are registered in that holder's name. In many cases, shares beneficially owned by a person are registered either: (a) in the name of an intermediary that the non-registered holder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers, trustees or administrators or self-administered registered retirement savings plans, registered retirement income funds, registered educational savings plans and similar plans, and their

nominees); or (b) in the name of a clearing agency (such as CDS) of which the intermediary is a participant. Accordingly, a non-registered holder of shares will not be entitled to exercise the rights to dissent under section 185 of the OBCA (unless the shares are re-registered in the non-registered holder's name). A non-registered holder who wishes to exercise its right to dissent should immediately contact the intermediary with whom the non-registered holders deals in respect of his or her shares and either: (i) instruct the intermediary to exercise the right to dissent on the non-registered holder's behalf (which, if the shares are registered in the name of CDS or other clearing agency, would require that such shares first be re-registered in the name of the intermediary); or (ii) instruct the intermediary to re-register the shares in the name of the non-registered holder, in which case the non-registered holder would have to exercise the right to dissent directly.

To exercise such dissenting rights, a dissenting Shareholder must send to the Corporation a written objection to the Continuance Resolution at or before the Meeting. The exercise of a proxy does not constitute a written objection for the purposes of section 185 of the OBCA. Within 10 days after the Shareholders have adopted the Continuance Resolution, the Corporation is obliged to send to each Shareholder who has filed an objection a notice that such resolution has been so adopted. Within 20 days after the receipt of the aforesaid notice, a dissenting Shareholder is required to send to the Corporation a written notice setting out his or her name, address, the number and class of shares in respect of which he or she dissents and a demand for payment of the fair value of such shares. A dissenting Shareholder may only claim dissent rights with respect to all shares of a class held by the Shareholder on behalf of any one beneficial owner and registered in the name of the dissenting Shareholder. In addition, no later than the 30th day after such Shareholder has sent his notice demanding payment of fair value, the dissenting Shareholder must send the certificate(s) representing the Shares in respect of which he has dissented to the Corporation or its transfer agent. Thereafter, the Corporation, or its transfer agent, must endorse on any such share certificate(s) so received a notice that the holder is a dissenting Shareholder under section 185 of the OBCA and forthwith thereafter return the share certificate(s) to the dissenting Shareholder. Failure by a dissenting Shareholder to comply with the foregoing requirements will disentitle the dissenting Shareholder from making a claim under section 185 of the OBCA. Furthermore, upon sending the notice referred to above, the dissenting Shareholder ceases to have any rights as a Shareholder other than the right to be paid the fair value of his shares; however, shareholder rights will be restored if the notice is withdrawn by the dissenting Shareholder before the Corporation makes an offer of payment for such Shareholder's shares or if the Corporation fails to make an offer of payment as described below and the notice is withdrawn by the dissenting shareholder.

In addition, the Corporation shall, not later than seven days after the later of the date the Continuance Resolution becomes effective or the day on which the Corporation receives a demand for payment of fair value, send a written offer to pay for such shares in an amount considered by the directors of the Corporation to be the fair value thereof as at the close of business on the day prior to the date of implementation of the Continuance Resolution, accompanied by a statement as to how the fair value was determined. The Corporation is to pay for such shares within 10 days after such an offer has been accepted. In the event that the Corporation fails to make an offer to pay for the shares or if a dissenting shareholder fails to accept such an offer within 30 days, the Corporation may, within 50 days after the date the Continuance Resolution becomes effective or within such further period as the court may allow, apply to a court to fix the fair value for the shares owned by such dissenting shareholder. The OBCA provides that a dissenting shareholder will be allowed a further period of 20 days to apply to the court for the same purposes should the Corporation fail to do so.

Before making any application to the court to fix a fair value for the shares of a dissenting Shareholder or within seven days of receiving notice of an application commenced by a dissenting Shareholder pursuant to section 185 of the OBCA, the Corporation must give notice to each dissenting Shareholder setting out the date, place and consequences of the court application and that such dissenting Shareholder has the

right to appear and be heard in person or by counsel. The court will then be required to fix the fair value for the shares of all dissenting shareholder(s) whose shares have not been purchased by the Corporation and all such dissenting Shareholders shall be bound by the decision of the court.

The foregoing is a summary only of the Right of Dissent under the OBCA with respect to the Continuance of the Corporation. The full text of section 185 of the OBCA is set out in Schedule "D" to this management information circular. It is suggested that any Shareholder wishing to avail itself of the Right of Dissent under the OBCA retain its own legal advice as failure to comply strictly with the provisions of the OBCA may prejudice the Shareholder's Right of Dissent.

IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE ABOVE RESOLUTION.

6. Enactment of By-law No. 2

The existing By-laws of the Corporation (which, under the OBCA, provide for many of the same types of matters as are dealt with by By-laws of a corporation existing under the CBCA) require replacement in order to bring the corporate governance documents relating to the Corporation into conformity with the applicable provisions of the CBCA. Therefore it is proposed that the existing By-law No. 1 of the Corporation be repealed and replaced with a new By-law No. 2.

By-law No. 2 will come into effect only upon approval by the Shareholders and upon the continuance of the Corporation under the provisions of the CBCA.

Many of the provisions of By-law No. 2 are a repetition of the mandatory requirements of CBCA and, if not specifically included in the By-law, would apply to the Corporation in any event. The full text of By-law No. 2 will be available for review at the Meeting and, during normal business hours at any time up to and including the last business day preceding the date of the Meeting or any adjournment thereof, at the Corporation's head office, 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario L5B 3C3. Any Shareholder who desires to receive a copy of the proposed By-law No. 2 prior to the Meeting should contact the Secretary of the Corporation.

An affirmative vote of the majority of the votes cast at the Meeting is sufficient to pass the resolution confirming the adoption of By-Law No. 2. The following is the text of such resolution:

"**RESOLVED THAT:**

(1) By-Law No. 2 of the Corporation in the form submitted to this Annual and Special Meeting of Shareholders is hereby passed as a by-law of the Corporation, effective upon the issuance of a Certificate of Continuance under the *Canada Business Corporations Act*, whereupon By-Law No. 1 of the Corporation dated February 11, 1994 shall be repealed; and

(2) the President and the Secretary of the Corporation are hereby authorized to sign such By-law as evidence of the passage thereof."

IT IS INTENDED THAT THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE ABOVE RESOLUTION.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting.

ADDITIONAL INFORMATION

In accordance with National Instrument 44-101, the Corporation will provide to any Shareholder, without charge, upon request to the secretary of the Corporation, one copy of any of the following documents:

(a) the Corporation's current annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the annual information form;

(b) the comparative financial statements of the Corporation for the year ended December 31, 2001 together with the accompanying report of the auditor and any interim financial statements of the Corporation that have been filed for any period after December 31, 2001; and

(c) this management information circular.

APPROVAL OF BOARD OF DIRECTORS

The contents of this management information circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: May 14, 2002.

(signed) Allen T. Y. Chan
Chairman and Chief Executive Officer

Schedule "A"

SINO-FOREST CORPORATION

ALIGNMENT WITH CORPORATE GOVERNANCE GUIDELINES
(for the year ended December 31, 2001)

Corporate Governance Guidelines

1. The board of directors should explicitly assume responsibility for stewardship of the corporation, and specifically for:

(a) adoption of a strategic planning process

The board of directors of the Corporation (the ''Board'') provides input and guidance on, and reviews and approves the strategic planning and business objectives developed by, senior management of the Corporation and oversees management's implementation of the strategic plan.

(b) identification of principal risks, and implementing risk-management systems

The Board considers on an ongoing basis the principal risks of the Corporation's business based on regular reports by the Corporation's senior management. In addition, the Audit Committee, through reviewing the activities and findings of the Corporation's external auditor, is aware of many of the principal financially-oriented risks to the Corporation's business and reports thereon to the Board on a regular basis.

(c) succession planning and monitoring senior management

The Board is responsible for the assessment of the performance of, and the development of a succession plan for, the Chairman and Chief Executive Officer (the ''CEO'') of the Corporation, who is in turn charged with those same responsibilities for the balance of the Corporation's senior management team.

(d) communications policy

The Board is committed to maintaining an effective communications policy for the benefit of all shareholders. In addition to its timely and continuous disclosure obligations under applicable law, the Corporation ensures that a Canadian member of senior management is available to respond to questions and comments from shareholders. Such designee is available to respond to shareholder questions and comments, and endeavours to respond promptly and appropriately to all requests and/or inquiries. If material business issues result from communications between shareholders and senior management, it is the policy of the Corporation that such matters be reported to the Board.

(e) integrity of internal control and management information systems

The Audit Committee reviews with management and the Corporation's external auditor the sufficiency and integrity of the Corporation's internal control, financial reporting and management information systems.

2. The board of directors of every corporation should be constituted with a majority of individuals who qualify as ''unrelated'' directors. For the purposes of the TSE Report, an ''unrelated'' director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding.

The current Board consists of four unrelated directors and three related directors (all of which related directors are management directors).

The Corporate Governance Committee will consider further changes to the composition of the Board from time to time in order to serve the Corporation as it evolves.

3. Disclose for each director whether he or she is related to the corporation or any significant shareholder of the corporation, and how that conclusion was reached.

The Board, in conjunction with the Corporate Governance Committee, is responsible for the review of the factual circumstances and relevant relationships of each of the directors. Three of the directors, Mr. Allen T.Y. Chan, Chairman and Chief Executive Officer of the Corporation, Mr. Kai Kit Poon, President of the Corporation, and Mr. Kee Y. Wong, Executive Vice-President and Chief Financial Officer of the Corporation, are members of management of the Corporation and are therefore considered to be ''related''. The remaining current members of the Board, Messrs. Lawrence, Mak, Murray and Rosenfeld are considered ''unrelated'' to the Corporation.

The Corporation does not have a ''significant shareholder'', which the TSE Report defines as a ''shareholder with the ability to exercise a majority of the votes for the election of the board of directors''.

4. Appoint a committee comprised exclusively of non-management directors, a majority of whom are unrelated directors, responsible for proposing new nominees to the Board and for assessing directors on an ongoing basis.

The mandate of the Corporate Governance Committee includes reviewing the performance of the Board and each of its committees and recruitment and nomination of new directors to the Board.

5. Implement a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

The Corporate Governance Committee is responsible (i) for the review of the membership and chairs of the Board committees, as well as the mandates and activities of each committee; and (ii) to make such recommendations to the Board arising out of such review as each committee deems appropriate.

6. Provide an orientation and education program for new recruits to the board.

The Corporation currently has an informal orientation program for new members of the Board.

7. Examine the size of the board of directors with a view to determining the impact of the number of directors upon effectiveness.

As of the date of this Management Information Circular, the Board is composed of seven members of which six members stand for re-election at the upcoming Annual and Special Shareholders Meeting. The Board has reviewed its size and has concluded that a range of five to eight directors is efficient and effective, given the size and scope of the Corporation's operations.

8. Review the adequacy and form of the compensation of directors to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director.

The Compensation Committee is responsible for the review and approval of the design and administration of all compensation and benefit plans and policies for the Corporation's Board and senior management. Directors' compensation is fixed by the Compensation Committee at what the committee believes to be competitive levels with due consideration to the periodic changes in the levels of responsibility assigned to members of the Board.

9. Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors.

Each of the Corporate Governance, Audit and Compensation Committees are currently comprised of a majority of non-management and unrelated directors.

10. Each board should assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues.

The mandate of the Corporate Governance Committee includes responsibility for reviewing the Corporation's approach to corporate governance issues, monitoring compliance with Corporation's stated corporate governance policies and otherwise generally having responsibility for the Corporation's corporate governance.

11. Position descriptions should be developed for both the board and for the CEO, involving the definition of the limits to management's responsibilities.

The Board has responsibility for the stewardship of the Corporation and specifically for: (i) providing input and guidance on and approving the strategic plan and business objectives developed by senior management and overseeing management's implementation of the strategic plan; (ii) considering the principal risks of the business based on regular reports by senior management and based on the Audit Committee's review of the findings of the external auditor; (iii) assessing the performance of, and developing a succession plan for, the CEO; and (iv) reviewing the ongoing sufficiency and integrity of the Corporation's internal control, financial reporting and management information systems with management and the Corporation's external auditor. In addition to the specific responsibilities enumerated above, the Board is responsible for the supervision of the management of the business but not the day-to-day operations which are the responsibility of the CEO. The Board will also consider those matters that are brought to it by the CEO that, as noted below, are deemed to be material matters.

The CEO is specifically charged with the responsibility for managing the strategic and operational agenda of the Corporation and for the execution of the directives and policies of the Board.

12. Establish procedures to enable the board to function independently of management.

The Board's ''unrelated'' directors have unrestricted, direct access to both management and the external auditor of the Corporation. Part of the mandate of the Corporate Governance Committee is to continuously monitor the relationship between management and the Board.

13. Establish an audit committee which should be composed only of outside directors with a specifically defined mandate.

The Audit Committee has primary responsibility for ensuring the integrity of the Corporation's financial reporting, risk management and internal controls. The Audit Committee has unrestricted access to the Corporation's personnel and documents and has direct communication channels with the Corporation's external auditor in order to discuss audit and related matters whenever appropriate. The Audit Committee receives and reviews the annual financial statements of the Corporation and makes recommendations thereon to the Board prior to their approval by the full Board. The Audit Committee also reviews the scope and planning of the external audit, the form of audit report and any correspondence from or comments by the external auditor regarding financial reporting and internal controls. Moreover, the Audit Committee is responsible for correcting weaknesses identified by the external auditor with respect to the internal control systems and for ensuring that the recommended corrections had been implemented.

The composition of the Audit Committee is described above. Mr. Chan has been appointed as a member of the Audit Committee as a result of his fluency in both Cantonese and Mandarin.

14. Implement a system to enable individual directors to engage an outside advisor at the expense of the corporation in appropriate circumstances

In appropriate circumstances, the Board will approve the engagement of an outside advisor at the expense of the Corporation.

SCHEDULE "B"

[insert Articles of Continuance]

Industry Canada | Industrie Canada

Canada Business Corporations Act | Loi canadienne sur les sociétés par actions

FORM 11 ARTICLES OF CONTINUANCE (SECTION 187)

FORMULE 11 CLAUSES DE PROROGATION (ARTICLE 187)

1 - Name of corporation / Dénomination de la société

SINO-FOREST CORPORATION

2 - The place in Canada where the registered office is to be / Lieu au Canada où doit être situé le siège social

The registered office of the Corporation is to be situated in the Province of Ontario.

3 - The classes and any maximum number of shares that the corporation is authorized to issue / Catégories et tout nombre maximal d'actions que la société est autorisée à émettre

See Schedule "A" annexed hereto.

4 - Restrictions, if any, on share transfers / Restrictions sur le transfert des actions, s'il y a lieu

None.

5 - Number (or minimum and maximum number) of directors / Nombre (ou nombre minimal et maximal) d'administrateurs

The Corporation shall have a minimum of three directors and a maximum of fifteen directors.

6 - Restrictions, if any, on business the corporation may carry on / Limites imposées à l'activité commerciale de la société, s'il y a lieu

The Corporation is not restricted by these articles of incorporation from carrying on any business or businesses.

7 - (1) If change of name effected, previous name / (1) S'il y a changement de dénomination, dénomination

(2) Details of incorporation / (2) Détails de la constitution

Incorporated by Articles of Amalgamation on March 14, 1994 under the Business Corporations Act (Ontario).

8 - Other provisions, if any / Autres dispositions, s'il y a lieu

See Schedule "B" annexed hereto.

Date	Signature	Title - Titre

FOR DEPARTMENTAL USE ONLY - À L'USAGE DU MINISTÈRE SEULEMENT

Corporation No. - N° de la société

Filed - Déposée

DSG 06/2001

SCHEDULE "A"

Articles of Continuance
Sino-Forest Corporation

The authorized capital of the Corporation shall consist of the following:

(a) an unlimited number of shares without nominal or par value of a class designated as Class A Subordinate-Voting shares (hereinafter called the "Subordinate-Voting Shares");

(b) 6,000,000 shares without nominal or par value of a class designated as Class B Multiple-Voting shares (hereinafter called the "Multiple-Voting Shares"); and

(c) an unlimited number of shares without nominal or par value of a class designated as Preference shares issuable in series.

1. The Multiple-Voting Shares and the Subordinate-Voting Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

(a) **Dividends**

The Subordinate-Voting Shares shall rank in priority to the Multiple-Voting Shares as to the payment of dividends. No dividends shall be declared or paid on the Multiple-Voting Shares in any fiscal year of the Corporation unless in such fiscal year dividends shall have been declared or paid on the Subordinate-Voting Shares in an amount per share at least equal to or equivalent to the amount of the dividend per share proposed to be declared or paid on the Multiple-Voting Shares.

(b) **Subdivisions, Consolidations and Other Changes**

In the event of:

(1) any subdivision, consolidation, reclassification or other change in the Multiple-Voting Shares or the Subordinate-Voting Shares; or

(2) any reorganization of the share capital of the Corporation affecting in any manner the Multiple-Voting Shares or the Subordinate-Voting Shares; or

(3) the amalgamation of the Corporation with any other company or companies,

appropriate adjustments shall be made to the dividend rights provided for in section 1(a), the voting rights provided for in section 1(c), the dissolution rights provided for in section 1(e) and the conversion rights provided for in sections 1(f), and 1(g) so as to preserve the rights of the Multiple-Voting Shares and the Subordinate-Voting Shares, inter se, in all respects.

(c) **Voting Rights**

(1) The holders of the Multiple-Voting Shares shall be entitled to receive notice of, attend (in person or by proxy) and speak at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or of any series of shares of any such other class of shares) and at all such meetings the holders of the Multiple-Voting Shares shall be entitled to five (5) votes in respect of each Multiple-Voting Share held by them.

(2) The holders of the Subordinate-Voting Shares shall be entitled to receive notice of, attend (in person or by proxy) and speak at all meetings of the shareholders of the Corporation (other than separate meetings of the holders of shares of any other class of shares of the Corporation or of any series of shares of any such other class of shares) and at all such meetings the holders of the Subordinate-Voting Shares shall be entitled to one (1) vote in respect of each Subordinate-Voting Share held by them.

(d) **Restrictions**

The holders of the Multiple-Voting Shares and the holders of the Subordinate-Voting Shares shall not as such be entitled to dissent in respect of any amendment referred to in clause 176(1)(a), (b) and (e) of the *Canada Business Corporations Act*, as from time to time amended (hereinafter referred to as the "CBCA")

(e) **Dissolution**

Subject to the prior fights of the holders of the Preference Shares and the shares of any other class ranking in priority to the Multiple-Voting Shares and the Subordinate-Voting Shares, and subject to the payment of all dividends which have been declared on the Multiple-Voting Shares or the Subordinate-Voting Shares but remain unpaid, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Multiple-Voting Shares and the holders of Subordinate-Voting Shares shall be entitled to receive the remaining assets of the Corporation in equal amounts per share, without preference or distinction.

(f) **Optional Conversion of Multiple-Voting Shares into Subordinate-Voting Shares**

Each holder of Multiple-Voting Shares shall be entitled at any time and from time to time to have all or any part of the Multiple-Voting Shares held converted into fully-paid and non-assessable Subordinate-Voting Shares upon the basis of one (1) Subordinate-Voting Share for each Multiple-Voting Share in respect of which the conversion right is exercised. The conversion right provided for in this section 1(f) shall be exercised by notice in writing given to the transfer agent at its principal office in Toronto accompanied by the certificate or certificates representing the Multiple-Voting Shares in respect of which the holder desires to exercise such right of conversion. Such notice shall be executed by the person registered on the books of the Corporation as the holder of the Multiple-Voting Shares or by his or her duly authorized attorney and shall specify the number of Multiple-Voting Shares which the holder desires to have converted into Subordinate-Voting Shares. After the giving of a notice in writing, the notice of the holder of Multiple-Voting Shares shall be irrevocable. The holder shall pay any governmental or other tax imposed on or in respect of any such conversion. Upon receipt by the transfer agent of such notice and a certificate or certificates in respect thereof, the Corporation shall issue, or cause to be issued to the holder so exercising the conversion right in respect of Multiple-Voting Shares, a share certificate representing the number of Subordinate-Voting Shares to which such holder is entitled upon the basis prescribed in accordance with the provisions hereof. If less than all of the Multiple-Voting Shares represented by any certificate are to be converted, the holder shall be entitled to receive a new certificate representing the number of Multiple-Voting Shares which are not to be converted.

(g) **Conversion of Multiple-Voting Shares into Subordinate-Voting Shares upon Transfer of Multiple-Voting Shares**

(1) In this section, the following terms shall have the following meanings:

(a) "Assumption Agreement" means an agreement whereby the Transferee of Multiple-Voting Shares agrees to be bound by the Coattail Agreement, which Assumption Agreement shall be in a form acceptable to the Trustee;

(b) "Business Day" means a day other than a Saturday, Sunday or statutory holiday in Toronto, Ontario;

(c) "Capital Reorganization" means any reorganization of the capital of the Corporation including, without limitation, any consolidation, merger, amalgamation or arrangement of the Corporation with or

into another corporation, a rights offering or any redesignation, reclassification, consolidation or subdivision of the Multiple-Voting Shares;

(d) "Coattail Agreement" means the agreement to be made among the Corporation, the Trustee, and the registered holders of the Multiple-Voting Shares and all instruments supplemental thereto or any amendment or confirmation thereof, which agreement shall incorporate the provisions of this section 1(g) and shall be in a form acceptable to the Trustee;

(e) "Multiple-Voting Shareholder" means the beneficial owner of the Multiple-Voting Shares at the date of issue thereof or a permitted Transferee (or, in the event of a Transfer in accordance with paragraph 1(g)(4)(c) to a financial institution that thereby becomes the holder of record of Multiple-Voting Shares, the beneficial owner thereof);

(f) "Permitted Transfer" means a Transfer of Multiple-Voting Shares that is permitted under section 1(g)(4);

(g) "Prohibited Transfer" means any Transfer of Multiple-Voting Shares that is not a Permitted Transfer;

(h) "Transfer" means any gift, sale, assignment, devolution, transmission, transfer, pledge, mortgage, charge, hypothecation, other encumbering or grant of a security interest and "Transferee" has a corresponding meaning;

(i) "Trustee" means the R-M Trust Company, or any successor trustee appointed pursuant to the Coattail Agreement; and

(j) "Voting Security" means a security issued by a corporation that carries the right to vote at any meeting of the shareholders of the corporation (including a security that carries the right to vote upon the happening of a contingency which has occurred and is continuing) except meetings where only the holders of shares of another class or of a particular series are entitled to vote, and also includes a security issued by the Corporation that is convertible into, changeable into or exchangeable for such a security.

(2) As a condition of the issue of any Multiple-Voting Shares the Corporation shall cause the registered holder of the shares to be issued to execute and deliver a Coattail Agreement, which agreement shall incorporate the provisions of this section 1(g).

(3) For the purposes of this section 1(g) any Transfer of Voting Securities of any corporation which at the time of such Transfer beneficially owns, directly or indirectly, any Multiple-Voting Share, shall be deemed to be a Transfer of the Multiple-Voting Shares beneficially owned by such corporation, and such deemed Transfer shall be a Permitted Transfer provided that such deemed Transfer is made in accordance with the provisions of section 1(g)(4).

(4) The Multiple-Voting Shareholder shall not effect a Transfer of any or all of the Multiple-Voting Shares, unless such Transfer is made in accordance with section 1(g)(6) and such Transfer is:

(a) made to a person who at the time of the Transfer is a Multiple-Voting Shareholder or to a corporation which is wholly owned, directly or indirectly, by a person who at the time of the Transfer is a Multiple-Voting Shareholder;

(b) made to a purchaser that:

(i) has offered to purchase all or substantially all of the outstanding Multiple-Voting Shares; and

(ii) has made an offer to purchase all or substantially all the outstanding Subordinate-Voting Shares that is identical in terms of price per share and in all other material respects to the offer for the Multiple-Voting Shares and that has no condition attached other than the right not to take up and pay for Subordinate-Voting Shares tendered if no Multiple-Voting Shares are purchased pursuant to the offer for the Multiple-Voting Shares; and

(iii) has complied with the terms of the offer for both the Subordinate-Voting Shares and the Multiple-Voting Shares; or

(c) made pursuant to the granting of a security interest by way of pledge, hypothecation or otherwise, whether directly or indirectly, in the Multiple-Voting Shares to any financial institution with which the Multiple-Voting Shareholder deals at arm's length (within the meaning of the *Income Tax Act* (Canada)) in connection with a bona fide borrowing.

Any Transfer made in accordance with this section 1(g)(4) shall be a Permitted Transfer.

(5) Nothing in this section 1(g) shall prevent a Multiple-Voting Shareholder, at any time or from time to time, from:

(a) effecting a Transfer of Subordinate-Voting Shares or any interest therein;

(b) converting any or all of the Multiple-Voting Shares held by it into Subordinate-Voting Shares pursuant to the conversion right contained in section 1(f) hereof; or

(c) participating in any Capital Reorganization of the Corporation provided that all approvals of the shareholders of the Corporation that may be required by law, regulatory policy, the rules of any stock exchange on which the Subordinate-Voting Shares are listed or the articles of the Corporation shall have first been obtained.

(6) If the Multiple-Voting Shareholder proposes to effect a Transfer of any or all of the Multiple-Voting Shares (the "Proposed Transfer"), it shall, not less than five Business Days prior to the date fixed for such Proposed Transfer give written notice of the Proposed Transfer to the Trustee, which notice shall contain sufficient information to enable the Trustee to determine whether the Proposed Transfer is a Permitted Transfer and to determine which parties, if any, must execute an Assumption Agreement pursuant to this subsection; and deliver to the Trustee a copy of the Assumption Agreement duly executed by the Transferee, the Corporation and any other parties that, in accordance with section 1(g)(4), would become Multiple-Voting Shareholders by virtue of the completion of the Proposed Transfer.

For greater certainty, no Proposed Transfer may be effected until the procedures set out in this section 1(g)(6), have been completed.

(7) If the Trustee becomes aware, at any time whatsoever, that a Transfer (including a deemed transfer pursuant to section 1(g)(3) hereof) has occurred that in its opinion constitutes a Prohibited Transfer, the Trustee shall immediately give notice thereof to the Corporation and the Multiple-Voting Shareholder, whereupon the Multiple-Voting Shareholder shall have the right to take such action as may be necessary to satisfy the Trustee, within 30 days or such longer period of time as the Trustee shall consider to be appropriate in the circumstances, that the Transfer, in question:

(a) was not a Prohibited Transfer; or

(b) has been reversed to the satisfaction of the Trustee, acting reasonably;

failing which, in the case of a Prohibited Transfer, the procedure set forth in section 1(g)(8) shall be commenced.

(8) If a Prohibited Transfer has occurred and is continuing (hereinafter referred to as an "Event"), the Trustee shall at the expiration of the time period set out in section 1(g)(7) give notice (the "Notice") in writing of the Event to the holder(s) of record of such transferred Multiple-Voting Shares in such manner as the Trustee may consider appropriate. Upon giving the Notice, all Multiple-Voting Shares transferred by virtue of the Prohibited Transfer shall be automatically converted into Subordinate-Voting Shares effective upon the date of the Notice without the requirement of any action on the part of the Corporation, the holders or the transfer agent. A certificate(s) representing fully paid and non-assessable Subordinate-Voting Shares into which such Multiple-Voting Shares were converted shall be issued or be caused to be issued by the Corporation upon the cancellation of such Multiple-Voting Shares Certificate(s). The Notice shall set forth the date of the occurrence of the Prohibited Transfer and shall state that such Multiple-Voting Shares have, upon the giving of the Notice, been automatically converted into Subordinate-Voting Shares.

(9) In the event that a Multiple-Voting Shareholder (or in the case in which the Multiple-Voting Shareholder is a corporation, the beneficial owner of such corporation) should cease, for any reason whatever, to be a director or officer of the Corporation for a period of 12 consecutive months, then all the Multiple-Voting Shares beneficially owned, directly or indirectly, by such Multiple-Voting Shareholder shall be automatically converted into Subordinate-Voting Shares of the Corporation effective upon the end of such 12-month period, without the requirement of any action on the part of the Corporation, the holder or the transfer agent. Upon the automatic conversion of Multiple-Voting Shares into Subordinate-Voting Shares, the Corporation shall issue or cause to be issued share certificates representing fully paid Subordinate-Voting Shares into which such Multiple-Voting Shares were converted and all such Multiple-Voting Shares beneficially owned by such Multiple-Voting Shareholder shall be automatically cancelled.

For the purposes of this subsection 1(g)9, a corporation will be deemed to be beneficially owned by a director or officer of the Corporation if voting securities of such first mentioned corporation carrying more than 50% of the votes for the election of directors are held directly or indirectly by or

for the benefit of one or more of (i) a director or officer of the Corporation or (ii) the spouse or children of a director or officer of the Corporation.

(10) On December 31, 2014 or, in the event that at any time prior thereto the Trustee is satisfied that the Multiple-Voting Shareholders as a group should cease to own beneficially, directly or indirectly, at least 10% of the issued and outstanding Subordinate-Voting Shares (an "Automatic Conversion Event"), the Trustee shall as soon as possible give notice (the "Conversion Notice") in writing of the Automatic Conversion Event to all holders of record of Subordinate-Voting Shares and Multiple-Voting Shares on a date not more than five Business Days preceding the date of the Conversion Notice and to all persons who become holders of record of Subordinate-Voting Shares or Multiple-Voting Shares of the Corporation at any time thereafter and prior to the date of the Conversion Notice in such manner as the Trustee may consider appropriate. Upon giving the Conversion Notice, all Multiple-Voting Shares shall be automatically converted into Subordinate-Voting Shares effective upon the date of the Conversion Notice without the requirement of any action on the part of the Corporation, the holders or the transfer agent, then all the Multiple-Voting Shares then issued and outstanding shall be automatically converted -into Subordinate-Voting Shares of the Corporation effective as at such date without the requirement of any action on the part of the Corporation, the holders or the transfer agent. Upon the automatic conversion of Multiple-Voting Shares into Subordinate-Voting Shares, the Corporation shall issue or cause to be issued share certificates representing fully paid Subordinate-Voting Shares into which the Multiple-Voting Shares were converted and the Multiple-Voting Shares shall be automatically cancelled.

(h) **Equality**

Save as aforesaid, each Multiple-Voting Share and each Subordinate-Voting Share shall have the same rights and attributes and be the same in all respects.

2. The rights, privileges, restrictions and conditions attaching to the Preference Shares issuable in series are as follows:

(a) **Series**

The Preference Shares may be issued at any time or from time to time in series, each series to consist of such number of Preference Shares as shall be set by the board of directors; each series shall be appropriately designated by some distinguishing number, letter or title. The Preference Shares of each series shall rank on a parity with the Preference Shares of every other series with respect to priority in payment of dividends and return of capital in the event of the

liquidation, dissolution or winding up of the Corporation and have a preference over the Class A Subordinate-Voting Shares and the Class B Multiple-Voting Shares and any other shares ranking junior to the Preference Shares.

(b) **Directors**

The board of directors shall determine the designations, rights, privileges, restrictions, conditions and other provisions to be attached to the Preference Shares of each series, subject to the limitations contained herein.

(c) **Restrictions**

The holders of record of the Preference Shares shall not as such be entitled to dissent in respect of any amendment referred to in clauses 176(1)(a), (b) and (e) of the CBCA.

3. The holders of any class or series of shares of the Corporation shall not be entitled to dissent and shall not be entitled to vote separately as a class or series upon a proposal to amend the articles of the Corporation to effect an exchange, reclassification or cancellation of shares of such class or series thereof or to create a new class or series of shares equal or superior to the shares of such class or series.

SCHEDULE "B"

Articles of Continuance
Sino-Forest Corporation

1. The following provisions apply to the Corporation:

(a) The Corporation shall have a lien on any share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

(b) Meetings of the shareholders of the Corporation may be held in:

(i) the greater metropolitan area of any one of the following cities in the United States of America: Boston, Chicago, Dallas, Denver, Detroit, Houston, Los Angeles, Miami, New York, Philadelphia, San Francisco, Seattle, Washington;

(ii) the greater metropolitan area of any other city in the United States of America which is the capital of any State of the United States of America;

(iii) the greater metropolitan area of any city in Hong Kong Special Administrative Region of the People's Republic of China or the greater metropolitan area of any city in the People's Republic of China;

(iv) the greater metropolitan area of any city which is the capital of any member-country of the European Union; or

(v) to the extent permitted by the CBCA, any other city outside Canada designated from time to time by the Board of Directors of the Corporation in connection with the then next annual meeting of shareholders.

2. The directors of the Corporation may, without authorization of the shareholders of the Corporation:

(a) borrow money upon the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations of the Corporation;

(c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and

(d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any debt, obligation or liability of the Corporation.

To the maximum extent permitted by law, the directors may by resolution delegate, either generally or in any particular case, any or all of the powers referred to in this clause to a director, a committee of directors or an officer of the Corporation, and any reference in this clause to the directors includes, for greater certainty, any further authorized delegate.

3. The board of directors are hereby empowered from time to time to appoint one or more directors, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders.

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SCHEDULE "C"

Form of Continuance Resolution

"**RESOLVED** as a Special Resolution that:

(a) this Special Resolution shall be deemed for the purposes of the *Business Corporations Act* (Ontario) (the "Ontario Act") to have been made pursuant to Section 181 of the Ontario Act;

(b) the Corporation is hereby authorized to apply for authorization under the Act to continue the Corporation under the *Canada Business Corporations Act* (the "CBCA");

(c) the Corporation is hereby authorized to apply under Section 187 of the CBCA for a Certificate of Continuance;

(d) the Articles of Continuance continuing the Corporation under the CBCA, as attached to the Corporation's management information circular dated May 14, 2002 as Schedule "B", be approved and adopted with such technical amendments, deletions or alterations as may be deemed necessary or advisable by any officer of the Corporation in order to assure compliance with the provisions of the CBCA and the requirements of the Director thereunder;

(e) the name of the Corporation to be included in the Articles of Continuance of the Corporation shall be Sino-Forest Corporation or such other name as may be selected by the board of directors of the Corporation and as may be acceptable to regulatory authorities;

(f) the directors of the Corporation are hereby authorized in their sole discretion without further approval of the shareholders of the Corporation to revoke, by means of a resolution of the directors of the Corporation, the foregoing provisions of this Special Resolution in its entirety, thereby abandoning the application for continuance at any time prior to the endorsement by the Director under the CBCA for a Certificate of Continuance in respect thereof; and

(g) any director or officer of the Corporation is hereby authorized to do all things and to execute all documents necessary and desirable to carry out the foregoing."

SCHEDULE "D"

Section 185 of the *Business Corporations Act* (Ontario)

185. (1) Rights of dissenting shareholders. - Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

(a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;

(b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;

(c) amalgamate with another corporation under sections 175 and 176;

(d) be continued under the laws of another jurisdiction under section 181; or

(e) sell, lease or exchange all or substantially all its property under subsection 184(3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

(2) Idem. - If a corporation resolves to amend its articles in a manner referred to in subsection 170(1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

(a) clause 170(1)(a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or

(b) subsection 170(5) or (6).

(3) Exception. - A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

(a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or

(b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

(4) Shareholder's right to be paid fair value. - In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

(5) No partial dissent. - A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(6) Objection. - A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

(7) Idem. - The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

(8) Notice of adoption of resolution. - The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

(9) Idem. - A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

(10) Demand for payment of fair value. - A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

(11) Certificates to be sent in. - Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

(12) Idem. - A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

(13) Endorsement on certificate. - A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

(14) Rights of dissenting shareholder. - On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168(3), terminate an amalgamation agreement under subsection 176(5) or an application for continuance under subsection 181(5), or abandon a sale, lease or exchange under subsection 184(8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10), and the dissenting shareholder is entitled, upon presentation and surrender to the corporation or its transfer agent of any certificate representing the shares that has been endorsed in accordance with subsection (13), to be issued a new certificate representing the same number of shares as the certificate so presented, without payment of any fee.

(15) Offer to pay. - A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(16) Idem. - Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

(17) Idem. - Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

(18) Application to court to fix fair value. - Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

(19) Idem. - If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

(20) Idem. - A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

(21) Costs. - If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

(22) Notice to shareholders. - Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

(23) Parties joined. - All dissenting shareholders who satisfy the conditions set out in clauses (22)(a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

(24) Idem. - Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

(25) Appraisers. - The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(26) Final order. - The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22)(a) and (b).

(27) Interest. - The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

(28) Where corporation unable to pay. - Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(29) Idem. - Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(30) Idem. - A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

(31) Court order. - Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

(32) Commission may appear. - The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.