

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 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 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 him and on his 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 Monday, June 14, 1999 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 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 Monday, June 14, 1999, 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.**

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at April 30, 1999, 74,727,228 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.

The Corporation has fixed the close of business on Friday, May 7, 1999 as the record date (the "Record Date") for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. 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 or her shares after the Record Date; and (b) the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he or she owns such shares and demands, not later than ten days before the Meeting, that his or her name be included on the list before the Meeting, in which case the transferee is entitled to vote his or her shares at the Meeting.

To the knowledge of the directors and officers of the Corporation, as at April 30, 1999, 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:

Name	Number of Shares Owned (Percentage of Class and Type of Ownership)		
	Class A Subordinate-Voting Shares	Class B Multiple-Voting Shares	Percentage of Voting Rights
ADS Holdings (BVI) Limited ("ADS") ⁽¹⁾	5,036,105 Shares (6.7%) (of record and/or beneficially)	2,250,000 Shares (37.5%) (beneficially)	15.6%
Natural Forest Limited ("NFL") ⁽²⁾	4,318,705 Shares (5.8%) (of record and/or beneficially)	2,250,000 Shares (37.5%) (of record and beneficially)	14.9%
Forest Investment Partners, Ltd. ("FIP") ⁽³⁾	1,894,000 Shares (2.5%) (of record and/or beneficially)	1,200,000 Shares (20%) (beneficially)	7.5%

- (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. Ms. Chan is the spouse of Mr. Allen Chan. Ms. Chan also owns beneficially 1,178,845 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.

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. Other than Simon Murray, 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. Each director elected at the Meeting will hold office 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 April 30, 1999:

<u>Name and Place of Residence</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Number and Class of Shares Beneficially Owned or Controlled</u>
Allen T.Y. Chan ⁽¹⁾⁽²⁾ Hong Kong	Chairman, Chief Executive Officer and Director of the Corporation and of Sino-Wood Partners, Limited	1994	1,699,500 Subordinate-Voting Shares
Kai Kit Poon Hong Kong	President and Director of the Corporation and of Sino-Wood Partners, Limited	1994	5,202,695 Subordinate-Voting Shares; 2,250,000 Multiple-Voting Shares ⁽⁴⁾
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 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, a private investment company	1997	1,720,200 Subordinate-Voting Shares ⁽⁵⁾
William P. Rosenfeld ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario	Partner, Goodman Phillips & Vineberg, Barristers & Solicitors	1997	3,000 Subordinate-Voting Shares
Simon Murray Hong Kong	Chairman of General Enterprise Management Services Limited	-	Nil

Notes:

- (1) Member of the Audit/Risk/Finance Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) 4,318,705 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 883,990 Subordinate-Voting Shares. See "Voting Securities and Principal Holders Thereof".
- (5) These shares are beneficially owned by Lawrence & Company Inc., which is controlled by Mr. R. John (Jack) Lawrence

Simon Murray is the founder and chairman of General Enterprise Management Services Limited. From 1993 to 1998, he was the Executive Chairman of Asia Pacific for the Deutsche Bank Group with responsibilities for supervision of the Bank's operations in the region comprising of 60 businesses in 17 countries. He is

currently a director of a number of public companies including Hutchison Whampoa Ltd. and Cheung Kong Holdings in Hong Kong, and Tommy Hilfiger in the U.S.A. Mr. Murray has spent 32 years in Asia including 14 years with Jardine Matheson. His past chairmanships include Hong Kong Electric, Hong Kong International Terminals, Husky Oil of Canada and Asia Satellite Telecommunications.

EXECUTIVE COMPENSATION

1. SUMMARY COMPENSATION TABLE

The following sets forth the compensation paid or awarded to the Chairman and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer of the Corporation (the “Named Executive Officers”) for the Corporation’s financial years ended December 31, 1998, 1997 and 1996. The Corporation has two “executive officers” within the meaning of the *Securities Act* (Ontario) whose compensation must be disclosed.

Name and Principal Position	Financial Year Ended Dec. 31	Annual Compensation			Long-term Compensation			All other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Awards		Payouts	
					Securities Under Option/SARs ⁽²⁾ Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Allen T.Y. Chan, Chairman and Chief Executive Officer ⁽³⁾	1998	\$64,000	-	-	-	-	-	-
	1997	\$64,000	-	-	-	-	-	-
	1996	\$64,000	-	-	2,240,000 /-	-	-	-
Kee Y. Wong, Executive Vice-President and Chief Financial Officer	1998	\$240,000	\$300,000	-	-	-	-	-
	1997	\$240,000	\$260,000	-	-	-	-	-
	1996 ⁽⁴⁾	\$50,000	-	-	1,300,000 /-	-	-	-

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 1998, 1997 and 1996.
- (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 year ended December 31, 1998. See “Interests of Insiders in Material Transactions”.
- (4) Kee Y. Wong joined the Corporation on October 1, 1996.

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, 1998.

3. OPTION/SAR GRANTS DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR

During the fiscal year ended December 31, 1998, 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 exercised options to acquire an aggregate of 500,000 Subordinate-Voting Shares during the fiscal year ended December 31, 1998. The following table sets out the fiscal year end value of stock options held by the Named Executive Officers:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at Financial Year-End (#) Exercisable/Unexercisable	Value of Unexercised in-the-money Options/SARs at Financial Year-End (\$) Exercisable/Unexercisable
Allen T.Y. Chan, Chairman and Chief Executive Officer	-	-	-	-
Kee Y. Wong, Executive Vice-President and Chief Financial Officer	500,000	\$20,000	-	-

5. OPTION AND SAR REPRICINGS

The Corporation did not make any downward repricing of stock options during the financial year ended December 31, 1998.

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, 1998, the Corporation paid an aggregate of \$30,000 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, 1998, options to purchase up to 100,000 Subordinate-Voting Shares were granted to non-executive directors.

8. COMPENSATION COMMITTEE AND REPORT ON EXECUTIVE COMPENSATION

The compensation committee of the Corporation is 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 outside directors. The compensation committee will meet 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 Officer and the Corporation's 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 Officer 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.

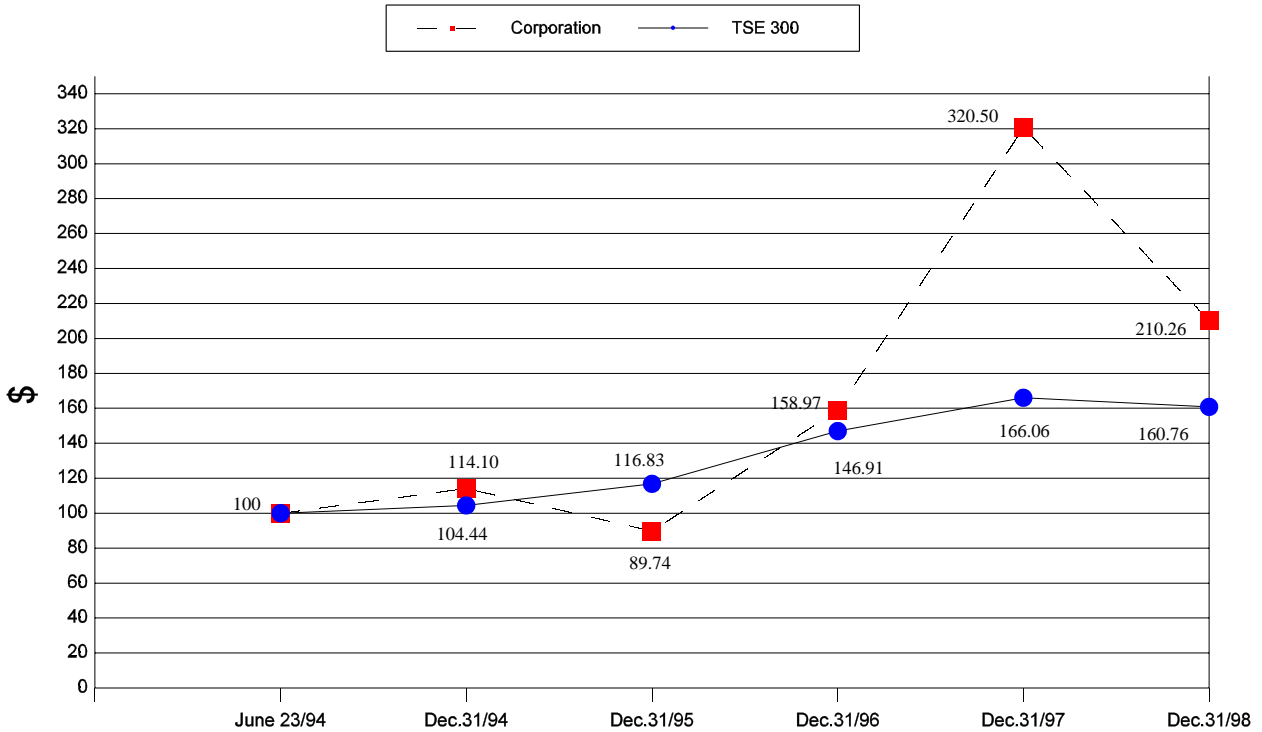
9. INSURANCE

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 year ended December 31, 1998, the Company paid a premium of approximately \$26,000 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 June 23, 1994 to December 31, 1998 assuming \$100 investments:

Comparison of 54 Month 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 April 30, 1999 is \$6,665,650.

Name and Place of Residence	Position	Largest Amount Outstanding During Fiscal 1998 (\$)	Amount Outstanding as at April 30, 1999 (\$)	Financially Assisted Securities Purchases During Fiscal 1998 ⁽¹⁾ (#)	Security for Indebtedness ⁽²⁾
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	500,000	Subordinate-Voting Shares
Lawrence K.P. Hon ⁽³⁾ Hong Kong	Senior Vice-President, Operations	\$660,500	-	-	Subordinate-Voting Shares

Notes:

- (1) All financially assisted securities purchases during fiscal 1998 were for Subordinate-Voting Shares.
- (2) 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.
- (3) Mr. Lawrence K. P. Hon resigned as Senior Vice-President, Operations effective January 1, 1999.

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. 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 made up of Messrs. Rosenfeld and Mak, both of whom are outside directors.

Upon the election of Simon Murray as a director of the Corporation, the Board of Directors will be comprised of seven directors. Four of the seven directors (Messrs. Lawrence, Mak, Rosenfeld and Murray) will be outside directors, unrelated to management of the Corporation. 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, represent both the management and the principal Shareholders of the Corporation. In their capacities as senior officers they report to the Board of Directors.

The Corporation's operating subsidiary, and most of its management, are located in Hong Kong and its operations are in various provinces of China. The Corporation's Executive-Vice President and Chief Financial Officer is located in Toronto. Because of the distance and time difference, some of the Corporation's Board of Directors meetings are held by telephone with Mr. Allen T.Y. Chan visiting Canada periodically.

The primary objective of the Corporation is to enhance Shareholder value through the profitable and efficient conduct of the business of the Corporation.

The Board of Directors is responsible to the Shareholders for the proper management of the Corporation and meetings of the Board are held as required to set and monitor the corporate strategy, review operations and reports to Shareholders. Decisions relating to carrying out the operations of the Corporation are delegated by the Board of Directors to management. The Board of Directors expects management to actively pursue the Corporation's objectives and report regularly to it.

The Board of Directors has an audit/risk/finance committee consisting of Messrs. Rosenfeld, Chan and Mak, of which Messrs. Rosenfeld and Mak are outside directors. The audit/risk/finance committee oversees the Corporation's financial reporting process and internal controls, and consults with management and the Corporation's auditors on matters relating to the annual audit of the Corporation. It reviews and reports to the Board of Directors on internal controls, published financial statements and accounting principles and auditing procedures applied by the Corporation.

The Corporation does not have a nominating committee. When a new director is to be elected or appointed, the Chairman is expected to consult with fellow directors and management for suggestions and, in considering appointments, the Board of Directors is expected to take into account the objectives of the Corporation and the then current composition of the Board of Directors.

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, 1998, at a cost of approximately U.S.\$1,219,000. 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 in which Mr. Kai Kit Poon, a director and officer of the Corporation, is a director and the sole shareholder of, provided the Corporation's operating subsidiary with certain corporate services rendered during the financial year ended December 31, 1998, including governmental relations and technical services, for which such company received a fee of approximately U.S.\$465,000.

APPOINTMENT OF AUDITORS

Effective February 10, 1999, Ernst & Young LLP tendered their resignation as auditors of the Corporation at the request of management of the Corporation. Ernst & Young LLP had been the auditors of the Corporation since the incorporation of the Corporation in 1994. In replacement thereof and in accordance with the provisions of National Policy Statement No. 31 (“NP31”), the board of directors of the Corporation confirmed, ratified and approved the resignation of Ernst & Young LLP and the appointment of Arthur Andersen LLP as successor auditors in their place. In accordance with the requirements of NP31, attached hereto as Schedule “A” is a copy of the “Reporting Package” (as such term is defined in NP31) previously filed with the applicable Canadian securities commissions.

Management proposes to nominate Arthur Andersen LLP, which firm has been auditors of the Corporation since its appointment by the board of directors of the Corporation effective February 15, 1999, as auditors 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 Arthur Andersen LLP as auditors of the Corporation and the authorizing of the directors to fix their remuneration. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the appointment of auditors.

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 Policy Statement No. 47, the Corporation will provide to any person, upon request to the secretary of the Corporation, one copy of any of the following documents:

- (a) the Corporation’s most recent annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in such annual information form;
- (b) the comparative financial statements of the Corporation for the year ended December 31, 1998 together with the accompanying report of the auditor and one copy of any interim financial statements of the Corporation subsequent to such financial statements; and
- (c) this information circular;

provided the Corporation may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Corporation.

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 auditors of the Corporation, to the shareholders of the Corporation and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: April 30, 1999.

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

Schedule "A"

**CONFIRMATION
CHANGE OF AUDITOR**

TO: THE ONTARIO SECURITIES COMMISSION

AND TO: THE ALBERTA SECURITIES COMMISSION

AND TO: THE BRITISH COLUMBIA SECURITIES COMMISSION

AND TO: THE MANITOBA SECURITIES COMMISSION

AND TO: THE SASKATCHEWAN SECURITIES COMMISSION

AND TO: OFFICE OF THE ADMINISTRATOR, NEW BRUNSWICK

AND TO: SECURITIES DIVISION, DEPARTMENT OF JUSTICE, NEWFOUNDLAND

AND TO: THE NOVA SCOTIA SECURITIES COMMISSIONS

AND TO: REGISTRAR OF SECURITIES, PRINCE EDWARD ISLAND

AND TO: COMMISSION DES VALEURS MOBILIÈRES DU QUÉBEC

AND TO: THE TORONTO STOCK EXCHANGE

AND TO: ARTHUR ANDERSEN LLP

AND TO: ERNST & YOUNG LLP, CHARTERED ACCOUNTANTS

We confirm that the Notice of Change of Auditor, the letter of Ernst & Young LLP, Chartered Accountants, and the letter of Arthur Andersen LLP, annexed hereto as Exhibits "A", "B" and "C", respectively, have been reviewed by the board of directors of Sino-Forest Corporation.

DATED this 26th day of February, 1999.

SINO-FOREST CORPORATION

"Kee Y. Wong"

Per: _____

Kee Y. Wong
Executive Vice-President
and Chief Financial Officer
Authorized Signing Officer

Exhibit "A"

NOTICE OF CHANGE OF AUDITOR

**TO: ERNST & YOUNG,
CHARTERED ACCOUNTANTS**

AND TO: ARTHUR ANDERSEN LLP

TAKE NOTICE THAT Sino-Forest Corporation (the "Corporation") has requested and accepted the resignation of Ernst & Young, Chartered Accountants, as auditors of the Corporation. The directors of the Corporation have resolved to appoint Arthur Andersen LLP as successor auditors in their place.

TAKE FURTHER NOTICE THAT:

- (a) there have been no reservations contained in the auditors' reports on the annual financial statements of the Corporation for the two most recently completed fiscal years immediately preceding the date of this notice nor for any period subsequent to the most recently completed period for which an audit report was issued;
- (b) the Corporation's board of directors has considered and approved the resignation of Ernst & Young, Chartered Accountants, and the appointment of Arthur Andersen LLP; and
- (c) in the opinion of the Corporation, no reportable events (within the meaning of National Policy No. 31) occurred in connection with the audits of the two most recently completed fiscal years of the Corporation and or any period subsequent to the most recently completed period for which an audit report was issued.

DATED the 15th day of February, 1999.

SINO-FOREST CORPORATION

"Kee Y. Wong"

Kee Y. Wong
Executive Vice-President
and Chief Financial Officer

Exhibit "B"

[Letterhead of Ernst & Young, Chartered Accountants]

February 15th, 1999

British Columbia Securities Commission
Securities Division, Department of Justice, Newfoundland
Alberta Securities Commission
Nova Scotia Securities Commission
Commission des valeurs mobilières du Québec
Manitoba Securities Commissions
Office of the Administrator, New Brunswick
Ontario Securities Commission
Registrar of Securities, Prince Edward Island
Saskatchewan Securities Commission
The Toronto Stock Exchange

Dear Sirs/Mesdames:

Re: Sino-Forest Corporation (the "Company")

We hereby advise that we have read the Notice of Change of Auditor of the Company dated February 15th, 1999 and that we concur with the information contained therein, based upon our knowledge as at February 15, 1999.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,

**ERNST & YOUNG LLP
CHARTERED ACCOUNTANTS**

"Ernst & Young LLP"

cc: Sino-Forest Corporation
Arthur Andersen LLP

Exhibit "C"

[Letterhead of Arthur Andersen LLP]

February 15, 1999

British Columbia Securities Commission
200 - 865 Hornby Street
Vancouver, British Columbia
V6Z 2H4

Manitoba Securities Commissions
1128 - 405 Broadway Avenue
Winnipeg, Manitoba
R3C 3L6

Securities Division, Department of Justice
75 O'Leary Avenue
P.O. Box 8700
St. John's, Newfoundland
A1B 4J6

Office of the Administrator
102 - 77 Germain Street
P.O. Box 5001
Saint John, New Brunswick
E2L 4Y9

Alberta Securities Commission
410 - 300 5th Avenue S.W.
Calgary, Alberta
T2P 3C4

Ontario Securities Commission
8th Floor - 20 Queen Street West
Toronto, Ontario
M5H 3S8

Nova Scotia Securities Commission
Joseph Howe Building
1690 Hollis Street
P.O. Box 458, 2nd Floor
Halifax, Nova Scotia
B3J 3J9

Registrar of Securities
Shaw Building
105 Rochford Street
P.O. Box 2000, 5th Floor
Charlottetown, Prince Edward Island
C1A 7N8

Commission Des Valeurs Mobilières du Québec
Stock Exchange Tower
800 Victoria Square
17th Floor
Montreal, Quebec
H4Z 1G3

Saskatchewan Securities Commission
800 - 1920 Broad Road
Regina, Saskatchewan
S4P 3V9

The Toronto Stock Exchange
Exchange Tower
2 First Canadian Place
8th Floor, 130 King Street West
Toronto, Ontario
MAX. 1J2

Dear Sirs/Mesdames:

Re: Sino-Forest Corporation (the “Company”)

We hereby advise that we have read the Notice of Change of Auditor of the Company dated the date hereof and that we concur with the information contained therein, based upon our knowledge as at the date hereof.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,

ARTHUR ANDERSEN LLP

“Kenneth J.A. Vallillee, FCA”

Per: Kenneth J.A. Vallillee, FCA

cc: Sino-Forest Corporation
Ernst & Young, Chartered Accountants

