



Sino-Forest Corporation

Sino-Forest Acquires HOMIX LIMITED, an R&D and Recomposed Wood Manufacturer in China

TORONTO, CANADA, January 12, 2010 – Sino-Forest Corporation (TSX: TRE), a leading commercial forest plantation operator in China, announced the acquisition by one of its wholly-owned subsidiaries of HOMIX LIMITED (“HOMIX”), a company engaged in research & development and manufacturing of engineered-wood products in China, for an aggregate amount of US\$7.1 million. The acquisition includes the company’s facilities in mainland China and its patents. The transaction was funded with cash on hand.

HOMIX has an R&D laboratory and two engineered-wood production operations based in Guangzhou and Jiangsu Provinces, covering eastern and southern China wood product markets. The company has developed a number of new technologies with patent rights, specifically suitable for domestic plantation logs including poplar and eucalyptus species. HOMIX specializes in curing, drying and dyeing methods for engineered wood and has the know-how to produce recomposed wood products and laminated veneer lumber. Recomposed wood technology is considered to be environment-friendly and versatile as it uses fibre from forest plantations, recycled wood and/or wood residue. This reduces the traditional use of large-diameter trees from natural forests. There is growing demand for recomposed wood technology as it reduces cost for raw material while increases the utilization and sustainable use of plantation fibre for the production of furniture and interior/exterior building materials.

The People’s Republic of China (“PRC”) State Forestry Administration has indicated in its Plan for Revitalization of the Forestry Industry (2010–2012) that efficient and creative use of forest raw material in China is relatively low. The assurance rate of forest raw materials for wood-based panels is less than 30%, and the technology contribution rate of the forest industry in 2008 was only 39%. Therefore, the central government’s intention is to develop and modernize the wood processing manufacturing industry, improve the quality of wood-based products and maximize wood fibre usage.

Mr. Allen Chan, Sino-Forest’s Chairman & CEO, said, “As we continue to ramp up our replanting programme with improved eucalyptus species, it is important for Sino-Forest to continue investing in the research and development that maximizes all aspects of the forest product supply chain. Modernization and improved productivity of the wood processing industry in China is also necessary given the country’s chronic wood fibre deficit. Increased use of technology improves operation efficiency, and maximizes and broadens the use of domestic plantation wood, which reduces the need for logging domestic natural forests and for importing logs from strained tropical forests. HOMIX has significant technological capabilities in engineered-wood processing.”

Mr. Chan added, “By acquiring HOMIX, we intend to use six-year eucalyptus fibre instead of 30-year tree fibre from other species to produce quality lumber using recomposed technology. We believe that this will help preserve natural forests as well as improve the demand for and pricing of our planted eucalyptus trees.”

About HOMIX LIMITED

HOMIX is a sole proprietorship company registered in the British Virgin Islands. It controls two engineered-wood manufacturing enterprises in mainland China: **Guangzhou Panyu Dacheng Wood Co., Ltd** (“Dacheng”) and **Jiangsu Dayang Wood Co., Ltd** (“Dayang”). **Dacheng** has over 10 years of production and operating history in the Pearl River Delta, and is involved in R&D and production, serving the developed furniture and wood product industries. **Dayang** is located in the Yangtze Delta in the Jiangsu Suqian Economic Development Zone. Its operations encompass a land area of more than 100 mu (about 7 hectares), and its factory floor area is about 14,000 square meters with a designed annual capacity of 20,000 cubic meters. Jiangsu Suqian is an important base for the cultivation and plantation of poplar in China.

About Sino-Forest Corporation

Sino-Forest is a leading commercial forest plantation operator in China. Its principal businesses include the ownership and management of forest plantation trees, the sale of standing timber and wood logs, and the complementary manufacturing of downstream engineered-wood products. The Company's common shares have traded on the Toronto Stock Exchange under the symbol TRE since 1995.

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