



Sino-Forest Corporation

FOR IMMEDIATE RELEASE

Sino-Forest to Raise US\$200 million in Strategic Placement Sino-Forest to Acquire 200,000 hectares of Standing Timber in Yunnan Province

TORONTO, CANADA – March 23, 2007 -- Sino-Forest Corporation (“Sino-Forest”) (TSX:TRE and TRE.S), a leading commercial forestry plantation operator in China, today announced that it has entered into an agreement to sell approximately 26 million common shares, which will represent approximately 16% of the diluted total shares outstanding, to several institutional investors including Temasek Holdings and United Capital Investments Group (UCI). Temasek Holdings, an Asia investment firm headquartered in Singapore will be subscribing for approximately 85% of the offering. The offering is for gross proceeds of US\$200 million at a price of Cdn\$9.15 per share, which represents a discount of approximately 9% to the volume-weighted market price over the past 30 days. The proceeds will be used for the acquisition of standing timber (including pursuant to the Yunnan agreement described below), for the acquisition or construction of related processing facilities in the regions, and for working capital.

Upon completion of the offering, the subscribers will be entitled to nominate a member to the Board of Directors of Sino-Forest. Certain senior members of Sino-Forest’s management will agree with the subscribers to restrict their ability to dispose of securities of Sino-Forest for a one-year period, while the restriction on the CEO and Chairman of Sino-Forest will extend for a two-year period; each of these members of management will forfeit 50% of their securities if, in certain circumstances, such person ceases to be employees prior to the end of the restricted period. The subscribers have each agreed to a six-month lock up period on the shares acquired under the placement.

In addition, Sino-Panel (Asia) Inc. (“Sino-Panel”), a wholly-owned subsidiary of Sino-Forest, has today entered into an agreement with Gengma Dai and Wa Tribes Autonomous Region Forestry Company Ltd., (“Gengma Forestry”) established in Lincang City, Yunnan Province in the People’s Republic of China (“PRC”) (the “Agreement”), under which Sino-Panel will acquire approximately 200,000 hectares of non-state owned commercial standing timber in Lincang City and surrounding cities in Yunnan Province for approximately RMB5.5 to 11 billion or approximately US\$0.7 to 1.4 billion over a 10-year period. The purchase price is not to exceed RMB260 or approximately US\$33.6 per cubic metre (m³). The number of hectares to be acquired each year will be determined by Sino-Panel’s PRC subsidiaries by entering into specific purchase agreements with Gengma Forestry. The Agreement also provides Sino-Forest with the rights of first refusal to lease the land for 50 years after harvesting. The final terms of the lease are to be further negotiated with Gengma Forestry.

The area of acquisition in Lincang City and surrounding cities in Yunnan Province contains mature species of pine, oak, birch and other broadleaved shaw with an estimated fibre yield of 105 to 210 m³ per hectare or approximately 21 to 42 million m³ of wood fibre in total. The funding of the acquisition will be provided by the proceeds raised and future cash flow generated from operating in Yunnan Province. The economics of the Yunnan agreement are similar to those of the Hunan agreement announced in 2006.

“This placement brings in a new, strategic investor with significant investments in the PRC. The US\$200 million raised together with the Yunnan agreement will allow us to commit and execute our long-term sustainable forestry programme,” said Allen Chan, Chairman and CEO of Sino-Forest.

Mr. Chan continued, “The operating model in Yunnan would be similar to the one in Hunan where we will harvest, re-plant, or, re-generate secondary forest to conserve bio-diversity, and to develop value-added processing facilities by maximising the value of the wood fibre. It will also bring sustained economic benefits to local communities.”

Yunnan Province is located in the southwest region of China and shares a border of 4,060 km with Myanmar to the west, Laos to the south, and Vietnam to the southeast and hence, has a tropical climate. Yunnan abounds in natural resources and diverse plants and species. The province has a forest area of 24 million hectares, with standing timber covering 15.6 million hectares of forested land.

About Sino-Forest Corporation

Sino-Forest Corporation, a Canadian company, is a leading commercial forestry plantations operator in China. The company started its operations in 1994 and is the first foreign and privately managed operator involved in forest products in China. Its principal businesses include the ownership and management of forestry plantation trees and sales of standing timber, wood chips and logs, and complementary manufacturing of downstream engineered-wood products. The Corporation’s common shares trade on the Toronto Stock Exchange under the symbol TRE since 1995.

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Please note: The Renminbi currency is translated at an exchange rate of RMB7.73 to US\$1.00. This press release contains projections and forward-looking statements regarding future events. Such forward-looking statements are not guarantees of future performance of the Company and are subject to risks and uncertainties that could cause actual results and company plans and objectives to differ materially from those expressed in the forward-looking statements. Such risks and uncertainties include, but not limited to, changes in China and international economies; changes in currency exchange rates; changes in worldwide demand for the Company’s products; changes in worldwide production and production capacity in the forest products industry; competitive pricing pressures for the Company’s products and changes in wood and timber costs.

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