

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1 Name and Address of Company

Sino-Forest Corporation (the "Company")
90 Burnhamthorpe Road West
Suite 1208
Mississauga, ON L5B 3C3

ITEM 2 Date of Material Change

June 2, 2011

ITEM 3 News Release

A press release was disseminated on June 3, 2011 through Canada Newswire.

ITEM 4 Summary of Material Change

The board of directors of the Company has appointed an independent committee consisting of three of the Company's independent directors, William Ardell (Chair), James Bowland and James Hyde, to examine and review the allegations about the Company contained in a report issued by Muddy Waters, LLC.

ITEM 5 Full Description of Material Change

See the press release dated June 3, 2011, attached hereto as Schedule "A".

ITEM 6 Reliance on subsection 7.1(2) of National Instrument 51-102

N/A

ITEM 7 Omitted Information

N/A

ITEM 8 Executive Officer

Dave Horsley
Senior Vice President and Chief Financial Officer
Telephone: 905.281.8889
Fax: 905.281.3338

ITEM 9 Date of Report

June 15, 2011

SCHEDULE "A"

See attached

FOR IMMEDIATE RELEASE

SINO-FOREST COMMENTS ON SHARE PRICE DECLINE

TORONTO, CANADA, June 3, 2011 – Sino-Forest Corporation (TSX: TRE) (“Sino-Forest” or the “Company”), a leading commercial forest plantation operator in China, today commented on the share price decline on June 2, 2011 as a result of the allegations made in a ‘report’ issued on a website by a short seller operating under the name Muddy Waters, LLC. The Company was not contacted by Muddy Waters for comment ahead of publication of its report.

The Board of Directors and management of Sino-Forest wish to state clearly that there is no material change in its business or inaccuracy contained in its corporate reports and filings that needs to be brought to the attention of the market. Further we recommend shareholders take extreme caution in responding to the Muddy Waters report.

As indicated in the report, Muddy Waters has a short position in the Company's shares and therefore stands to realize significant gains from a share price decline that it precipitated. Muddy Waters expressly admits that it makes no representation as to the accuracy, timeliness, or completeness of any information contained in its report. Further, its website discloses no address or ownership information, nor the credentials of any of the authors of the ‘report’. Neither the Ontario Securities Commission nor the Securities Exchange Commission website lists Muddy Waters or its author as being registered as an advisor. Nevertheless, due to the substantial impact that the report has had on the prices of the Company's securities and the reputation of the Company, the Board has appointed an independent committee consisting of three of the Company's independent directors, William Ardell (Chair), James Bowland and James Hyde. All three of these directors are financially qualified professionals and two of the three are recent appointees to the Board. The independent committee's mandate is to thoroughly examine and review the allegations contained in Muddy Waters' report, and report back to the Board. The independent committee has appointed Osler Hoskin & Harcourt LLP as independent legal counsel and will retain the services of an independent accounting firm and such other independent advisors as it deems necessary to assist with its examination. During the course of the independent committee's examination, the Company will provide any updates as appropriate. Following conclusion of the report, the key findings of the independent committee will be released to shareholders.

Allen Chan, Chairman and CEO of Sino-Forest commented: “We are committed to a high level of corporate governance and stand by the integrity of our company, our 16-year operational track record and our financial statements. Our company has continuously retained the services of internationally recognized law firms, auditors and expert consultants from Canada, the US, Hong Kong and mainland China.”

“It is important that our independent committee thoroughly address Muddy Waters' allegations, and they will have my full support and those of the management team in doing so. However, let me say clearly that the allegations contained in this report are inaccurate and unfounded. Muddy Waters' shock-jock approach is transparently self-interested and we look forward to providing our investors and other stakeholders with additional information to rebut these allegations.”

David Horsley, Senior Vice President and CFO of Sino-Forest commented: “I am confident that the independent committee's examination will find these allegations to be demonstrably wrong, as for example:

(a) Muddy Waters fundamentally misunderstands and misrepresents the most basic items in our published Management's Discussion & Analysis with respect to revenue generated from Yunnan Province, which we report as being approximately 45.5% of the Company's standing timber revenue of approximately US\$508 million. Muddy Waters alleges that it is impossible that such revenue existed because achieving such levels would greatly exceed allowable cutting quotas and it would be impossible to truck close to that volume in the period. However, that revenue was very clearly disclosed in our MD&A filed for Q1 and Q2 of 2010 as revenue resulting from the sale of the standing timber - there is no cutting or transport involved, as the trees were sold but not harvested and therefore are not considered part of the quota for the region until the harvesting is conducted by the buyers.

(b) Muddy Waters alleges that the Company overstated the assets in Yunnan Province, based on its erroneous and narrow assumption that our only purchases in Yunnan Province consisted of purchases of 20,574 ha of plantations in Gengma county in Yunnan. However, this allegation ignores the fact that in addition to the purchased plantations in Gengma county, (as disclosed in our 2010 annual MD&A of a total of approximately 193,000 ha purchased in Yunnan Province) we have purchased approximately 173,000 ha of plantations in approximately 25 other counties in Yunnan Province as of December 31, 2010."

As at December 31, 2010, the Company had approximately US\$1.26 billion in cash, cash equivalents and short term deposits as reported in the audited consolidated balance sheet. As at March 31, 2011, the comparable amount was approximately US\$1.09 billion. The Company continues to hold such cash, with the majority of it in banks in Hong Kong and offshore.

As previously announced, the Company intends to file its Q1 2011 results on June 14, 2011.

About Sino-Forest Corporation

Sino-Forest Corporation is a leading commercial forest plantation operator in China. Its principal businesses include the ownership and management of tree plantations, the sale of standing timber and wood logs, and the complementary manufacturing of downstream engineered-wood products. Sino-Forest also holds a majority interest in Greenheart Group Limited, a Hong Kong-listed investment holding company (HKSE: 00094) with operations based in Suriname, South America and New Zealand, which is involved in responsible and sustainable log harvesting, lumber processing and sales and marketing of logs and lumber products to China and other countries around the world. Sino-Forest's common shares have been listed on the Toronto Stock Exchange under the symbol TRE since 1995. Learn more at www.sinoforest.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

SINO-FOREST CORPORATION

Dave Horsley
- Senior Vice President & Chief Financial Officer
Tel: +905 281 8889
Email: davehorsley@sinoforest.com

Please note: 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 are not limited to: changes in China's and international economies and in currency exchange rates; changes in market supply and demand for the Company's products, including global production capacity and wood product imports into China; changes in China's political and forestry policies; changes in climatic conditions affecting the growth of the Company's trees; competitive pricing pressures for the Company's products; and changes in wood acquisition and operating costs.