



## **Sino-Forest Provides Update Regarding Note Holder Default Notices and Comments on the Status of its Historic Financial Statements**

**TORONTO, CANADA – January 10, 2012** - Sino-Forest Corporation (“Sino-Forest” or the “Company”) (TSX:TRE) today provided an update concerning the status of the Company’s efforts to obtain waivers of its default from its note holders in respect of its Senior Notes due 2014 and its Senior Notes due 2017, and commented on the status of its historic financial statements.

As disclosed in the Company’s December 18, 2011 press release, Sino-Forest received written notices of default dated December 16, 2011 in respect of its Senior Notes due 2014 and its Senior Notes due 2017. The notices reference the Company’s previously disclosed failure to release its 2011 third quarter financial results (the “Q3 Results”) on a timely basis. An “Event of Default” under the Senior Note Indentures will have occurred if Sino-Forest fails to cure or otherwise fails to address the breach of indenture giving rise to the notices of default within 30 days following receipt of the notices. The Company will not be able to file the Q3 Results and cure the default within the 30 day cure period.

The Company's breach of the Senior Note Indentures relating to the Q3 Results can be waived for a series of Senior Notes by the holders of at least a majority in principal amount of that series.

The Company has been in discussions with an ad hoc committee of note holders that hold a substantial portion of the Company’s four series of senior and convertible notes. The Company and the ad hoc committee have negotiated the terms under which the defaults under the Senior Notes will be waived. While there is no assurance that waivers will be obtained, the Company is optimistic that holders of a majority in principal amount of its Senior Notes due 2014 and its Senior Notes due 2017 will agree to waive the breach within the 30 day cure period.

On November 15, 2011, Sino-Forest announced, among other things, that it was deferring the release of the Q3 Results until certain issues could be resolved to the satisfaction of the Board of Directors. The issues included (a) determining the nature and scope of the relationships between Sino-Forest and certain of its authorized intermediaries and suppliers and among certain authorized intermediaries and suppliers, as discussed in the Second Interim Report of the Independent Committee of the Board of Directors publicly released on November 15, 2011, and (b) the satisfactory explanation and resolution of issues raised by certain documents identified by the advisors to the Independent Committee, by counsel to the Company, by the Company’s auditor Ernst & Young and by staff of the Ontario Securities Commission.

The Company has worked diligently since November 15, 2011 and believes it has made progress in resolving outstanding issues. As disclosed in the Company's December 12, 2011 press release, there is no assurance that the Company will be able to release the Q3 Results or, if able, as to when such release will occur. For the same reasons, there is also no assurance that the Company will be able to release audited financial statements for its 2011 fiscal year.

As was indicated in the Company's December 12, 2011 press release, the circumstances that could cause the Company to be unable to release the Q3 Results could impact the Company's historic financial statements. For this reason, the Company cautions that the Company's historic financial statements and related audit reports should not be relied upon. The Company continues its efforts to resolve the outstanding issues described above. The Company believes that if it is successful in releasing its Q3 Results and in obtaining an audit opinion for its 2011 fiscal year, those efforts will resolve any issues associated with the reliability of the Company's historic financial statements.

### **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 (HKSE:00094), a Hong-Kong listed investment holding company with assets in Suriname (South America) and New Zealand and involved in sustainable harvesting, processing and sales of its logs and lumber to China and other markets 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](http://www.sinoforest.com).

Cautionary notes: No stock exchange or regulatory authority has approved or disapproved of information contained herein. Certain information included in this news release is forward-looking and is subject to important risks and uncertainties. When used in this news release, the words "believe", "intend", "estimate", "expect", "plan", "consider", "may", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on current expectations. The results or events predicted in these statements may differ materially from actual results or events and are no guarantees of future performance of Sino-Forest. Factors which could cause results or events to differ from current expectations include, among other things: our ability to cure our default under our notes, actions taken by note holders, other lenders, other creditors, shareholders, regulators, governmental agencies and other stakeholders to enforce their rights, the outcome of examinations currently underway by the Independent Committee, securities regulatory authorities and the Company's auditors, the outcome of class action proceedings initiated against the Company as a result of allegations made in the 'report' issued by Muddy Waters LLC, our reliance on key employees, our ability to acquire rights to additional standing timber, our ability to meet our expected plantation yields, the cyclical nature of the forest products industry and price fluctuation in and the demand and supply of logs, our reliance on the relationship with local plantation land owners and/or plantation land use rights holders, authorized intermediaries, key customers, suppliers and third party service providers, our ability to operate our production facilities on a profitable basis, changes in currency exchange rates and interest rates, the evaluation of our provision for income and related taxes, economic, political and social conditions and government policy in China, the Republic

of Suriname and New Zealand, and stock market volatility, and other factors not currently viewed as material that could cause actual results to differ materially from those described in the forwarding-looking statements. For additional information with respect to certain of these and other factors, see the reports filed by Sino-Forest Corporation with applicable Canadian securities administrators. Sino-Forest Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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