



Sino-Forest Corporation's Noteholders Waive Default under Senior Notes on Agreed Terms

TORONTO, CANADA – January 12, 2012 - Sino-Forest Corporation ("Sino-Forest" or the "Company") (TSX:TRE) today announced that holders of a majority in principal amount of its Senior Notes due 2014 and its Senior Notes due 2017 have agreed to waive the default arising from the Company's failure to release its 2011 third quarter financial results (the "Q3 Results") on a timely basis. The Company also announced the terms under which its noteholders agreed to waive the default.

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 two series of Senior Notes. The notices referenced the Company's previously disclosed failure to release the Q3 Results on a timely basis. The Company's breach of the Senior Note Indentures relating to the Q3 Results could be waived for a series of Senior Notes by the holders of at least a majority in principal amount of that series.

Following extensive discussions with an ad hoc committee of noteholders (the "Ad Hoc Noteholders"), holders of a majority in principal amount of the Company's two series of Senior Notes agreed to waive the default. The material terms of the waiver agreements are described below.

The Company will file the waiver agreements on SEDAR www.sedar.com and on the Company's website www.sinoforest.com.

Payment of Interest on Notes, Waiver Fee and Advisor Costs

Pursuant to the waiver agreements, the Company has agreed to make the US\$9.775 million interest payment on its 2016 Convertible Notes that was due on December 15, 2011. The Company also has agreed to continue to pay when due interest on the Convertible Notes due 2013 and 2016 and on the Senior Notes due 2014 and 2017.

The Company has agreed to pay a waiver fee of 1% of the principal amount to all holders of the Senior Notes due 2014 and 2017. The aggregate waiver fee to be paid is US\$9,991,870. In addition, the Company has agreed to pay the fees of the advisors to the Ad Hoc Noteholders (the "Ad Hoc Committee Advisors"). Goodmans LLP and Hogan Lovells LLP are acting as legal advisors to the Ad Hoc Noteholders.

Release of Q3 Financial Results

Sino-Forest has agreed to use its reasonable best efforts to address outstanding issues noted in its press release dated December 12, 2011 in order to file its Q3 Results.

Ontario Securities Commission Cease Trade Order

On August 26, 2011, the Ontario Securities Commission issued a temporary cease trade order against the Company and others. On September 8, 2011, the Company consented to an extension of the cease trade order against the Company to January 25, 2012. The Company has agreed to a further extension of the cease trade order, and there are ongoing discussions between the Company and staff of the Ontario Securities Commission with respect to the term of any extension. In the waiver agreements, the Company has agreed to file an application to lift the cease trade order as soon as practicable.

Maintenance of Cash Balances

The Company has agreed that it and its subsidiaries will maintain in aggregate a minimum cash balance inside the People's Republic of China (excluding Hong Kong) of US\$165 million and a minimum cash balance outside of the People's Republic of China (including Hong Kong) of US\$140 million. The Company also has agreed to take steps to manage liquidity and to monetize assets for the repayment of the Company's indebtedness.

Strategic Plan

The Company has agreed to provide a strategic plan to the Ad Hoc Committee Advisors on or before March 31, 2012, and to keep them informed of the progress of this effort. The strategic plan will include an indicative timeline for any sale process, capital or equity process and will address to the extent practicable such other steps that are necessary to maximize value in respect of the Company's assets.

Governance

The Company also has agreed that the constitution and size of, and governance matters related to, the Board of Directors of the Company and any committees, including the Strategic Restructuring Committee of the Board of Directors, will be satisfactory to the Ad Hoc Committee Advisors, on behalf of the Ad Hoc Noteholders, by no later than March 31, 2012. Thereafter, any governance changes must be satisfactory to the Ad Hoc Committee Advisors on behalf of the Ad Hoc Noteholders. Sino-Forest has agreed that there shall be no appointment of any new members to the Board of Directors, senior officers or any chief restructuring officer unless such appointment is on terms satisfactory to the Ad Hoc Committee Advisors on behalf of the Ad Hoc Noteholders.

Access to Information

To the extent permitted by law and the terms of any contractual confidentiality obligations, the Company has agreed to provide the Ad Hoc Committee Advisors with access to the Company's premises, assets, accounts, books and records, and to make

advisors to the Company and appropriate officers of the Company with relevant information available for discussions with these advisors. The Ad Hoc Committee Advisors have executed confidentiality agreements with the Company. The waiver agreements contemplate that the Ad Hoc Noteholders also may receive confidential information upon execution of confidentiality agreements in a form acceptable to the Company.

The Company has also agreed to keep the Ad Hoc Committee Advisors reasonably informed regarding any material discussions with any party with respect to any material transactions concerning the Company. Where deemed appropriate by the Company, the Company also will provide the Ad Hoc Noteholders or the Ad Hoc Committee Advisors with an opportunity to participate in such discussions.

Restrictions on Material Transactions and Shareholder Distributions

The waiver agreements also contain restrictions on the Company's ability to enter into material transactions, sell all or substantially all of its assets, and to enter into transactions outside of the ordinary course of business.

The Company has agreed not to make or pay any dividend, charge, fee or other distribution to its shareholders or subsidiaries. The Company has agreed to restrictions on the additional indebtedness it may incur.

Final Report of the Independent Committee

The Company has agreed that the Independent Committee of the Board of Directors will deliver its final report and that such report will be made public by January 31, 2012. Thereafter, any residual matters or issues identified in the final report or earlier reports of the Independent Committee shall be addressed by the Company and its advisors in consultation with the Ad Hoc Committee Advisors.

The Company believes that any residual matters or issues identified by the Independent Committee are best and more efficiently addressed by the Audit Committee or the Special Restructuring Committee, working in consultation with the Ad Hoc Committee Advisors.

Conditions to and Termination of Waiver

The waiver will terminate on the earlier of April 30, 2012 and any earlier termination of the waiver agreements in accordance with their terms, unless extended by the parties. The waiver agreements contain covenants (many of which have to be satisfied by March 31, 2012), the breach of which would entitle the Ad Hoc Noteholders to terminate the waiver upon 30 days notice to the Company. In addition, the waivers will immediately terminate upon the Company or any of its subsidiaries becoming subject to certain insolvency, receivership or bankruptcy proceeding without the prior written

consent of holders of a majority of the principal amount of the series of notes to which the waiver relates.

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.

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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