

SINO-FOREST CORPORATION

ANNUAL INFORMATION FORM

In respect of the year ended

December 31, 1995

May 15, 1996



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GLOSSARY OF CERTAIN TERMS

Certain terms used herein are defined below:

"**BDM**" means bone dry metric tonnes;

"**CJV**" means co-operative joint venture;

"**CJVs**" means co-operative joint ventures formed in 1995;

"**Corporation**" refers to Sino-Forest Corporation and its subsidiaries or any of them, as the context requires;

"**EJV**" means equity joint venture;

"**EJVs**" means the initial six equity joint ventures formed in 1994 in the provinces of Guangdong and Jiangxi;

"**FERT**" means department of Foreign Economic Relations and Trade of the PRC;

"**Hectare**" means an area equal to 2.47 acres;

"**MDF**" means medium density fibreboard;

"**OSB**" means oriented strand board, a panel board product used in the construction industry;

"**PRC**" means the People's Republic of China;

"**Sino-Forest**" refers to Sino-Forest Corporation and its subsidiaries or any of them, as the context requires;

"**Sino-Wood**" means Sino-Wood Partners, Limited, a wholly-owned subsidiary of the Corporation;

"**Tonne**" means metric ton - 1,000 kilograms or 2,204.6 pounds;

"**Wood Chip**" means small pieces of wood used to make pulp. The chips are made from pulp wood harvested specifically for this purpose. Wood chips are generally uniform in size and are larger and coarser than sawdust; and

"**Zhanjiang Leizhou**" means the equity joint venture subsidiary located in the Guangdong Province.

Unless otherwise indicated, all dollar amounts in this document are expressed in United States dollars.

THE CORPORATION

Sino-Forest Corporation was continued under the *Business Corporations Act* of Ontario pursuant to articles of amalgamation filed on March 14, 1994. The articles of amalgamation were amended by articles of amendment filed on July 20, 1995 to effect certain changes in the provisions attaching the Class A Subordinate-Voting Shares and Class B Multiple-Voting Shares of the Corporation.

The material direct and indirect subsidiaries of the Corporation as at December 31, 1995 are shown below:

Name	Jurisdiction of Incorporation	Percent of Shares Owned
Sino-Wood Partners, Limited ⁽¹⁾	Hong Kong	100%
Sino-Forest Resources Inc. ⁽²⁾	British Virgin Islands	100%
Sino-Plantations Ltd. ⁽³⁾	Hong Kong	100%

- (1) Sino-Wood is a holding company which holds Sino-Forest's investments in the PRC.
- (2) Sino-Forest Resources Inc. is a trading company which acts as sales agent in the sale of forestry products.
- (3) Sino-Plantations, Ltd. is a holding company which holds Sino-Forest's interests in the CJVs.

The executive offices of the Corporation are located at Suite 2408, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong. The registered office of the Corporation is located at Suite 2004, P.O. Box 86, 200 King Street West, Toronto, Ontario, M5H 3T4.

BUSINESS OF THE CORPORATION

Overview

Sino-Forest is the first integrated forest products company in the PRC. Its operations are divided into three basic segments: plantation and wood chip; forestry products trading; and forestry chemicals. Its plantation and wood chip segment is comprised of managing 623,000 hectares of plantations in Southern China which includes timber harvesting, reforestation, wood chip processing and marketing and export operations. Its forestry products trading segment is comprised of wood chip and lumber trading on behalf of its joint venture partners and other forestry companies in Hong Kong and the PRC. Its forestry chemicals operation is in the business of producing camphor, camphor oil, iso-borneol, gulosic acid, rosin, turpentine oil and acacia gum.

Development

Sino-Forest commenced operations in 1994 as a result of the acquisition during March of that year of all the issued and outstanding shares of Sino-Wood in exchange for shares of the Corporation. Sino-Wood had been incorporated in September 1992 and had no active business until late 1993 when it entered into agreements with certain state-owned enterprises in the PRC to acquire, effective from January 1, 1994, a 53% to 55% equity interest in six EJVs. Concurrent with the acquisition of Sino-Wood, the Corporation completed a private placement for total net proceeds of approximately \$5 million which were substantially used to fund the required initial capital contributions of the EJVs.

The businesses of the six EJVs included: (i) production of wood chips from the eucalyptus tree plantation at Zhanjiang Leizhou, which operation provided the major source of revenues and earnings for Sino-Forest in 1994 and 1995; (ii) the production of particleboard at the Jiangxi Ganjia in Jiangxi Province (the "Board EJV"); and (iii) the manufacture of chemicals derived from forestry products by the remaining four EJVs in Jiangxi Province (the "Chemical EJVs").

In 1995, Sino-Forest made a strategic decision to focus its resources on its larger and more profitable forestry plantation and wood chip businesses. Through memoranda of understandings signed in mid-1995 with its joint venture partners, Sino-Forest reduced its equity interest in the Board EJV and the Chemical EJVs from 55% to 30% and its involvement in the management of their operations. (See "Capital Contributions and Commitments").

In May, 1995, Sino-Forest entered into agreements with various state-owned forestry agencies in Southern China to form five CJVs, of which Sino-Forest has a 70% interest and thereby significantly expanded its plantation business. Over the next ten years, these CJVs will add 603,000 hectares of land to Sino-Forest's plantation business thereby increasing its plantations from 20,000 hectares in 1994 to 623,000 hectares in 2004, or earlier as allowed under the joint venture agreement. Under these joint venture agreements, the land will be ceded to the CJVs for 50 years. It is anticipated that Sino-Forest will be able to harvest progressively larger annual wood fibre volumes from the short cycle growth species of eucalyptus, aspen and pine trees, which are specially propagated to maximize wood chip production from the plantation areas managed by Sino-Forest.

Business Operations

Plantations. The forestry plantation operation is the core activity of Sino-Forest and the basic building block of its strategic plan to become one of the largest integrated forestry companies in Asia. The plantations held by the five CJVs and Zhanjiang Leizhou and the Corporation's interest therein are summarized below:

Provinces and Names of EJV and CJV	Total Plantation Area (hectares)	Equity Interest	Pro Rata Share	JV Type	Year Formed
Guangxi Province					
Guangxi Gujia Forestry Company Ltd.	250,000		70%	CJV	1995
Jiangxi Province					
Jiangxi Jichang Forestry Development Ltd.	250,000		70%	CJV	1995
Guangdong Province					
Gaoyao City Jiayao Forestry Development Ltd.	33,000		70%	CJV	1995
Huazhou City Jiazhou Forestry Development Ltd.	20,000		70%	CJV	1995
Heyuan City Jiabe Forestry Development Ltd.	50,000		70%	CJV	1995
Zhanjiang Leizhou Eucalypt Resources Development Co. Ltd.	20,000	53%		EJV	1994

The Corporation's mission is to become a major Asian forestry company. The Corporation is one of the largest privately managed tree farming enterprises in the PRC. The tree farming plantations currently under the Corporation's management will provide Sino-Forest sustainable annual yield of over four million tonnes of fibre when fully operational in approximately 10 years. The Corporation believes that it is in a very strong position to acquire more plantations in Southern China as a result of its success, good reputation and the strong relationships with provincial and municipal forestry agencies.

Zhanjiang Leizhou. Sino-Forest has a 53% equity interest in Zhanjiang Leizhou. Zhanjiang Leizhou is located on the Zhanjiang Leizhou peninsula in Guangdong Province of the PRC. It is located approximately 700 km to the west of Hong Kong. The Zhanjiang Leizhou plantation supports crops of five year short cycle growth eucalyptus trees specifically genetically engineered for the soil and semi-tropical climate conditions of Southern China. Zhanjiang Leizhou operates 20,000 hectares of plantation lands and a chipping plant with an annual capacity of approximately 250,000 tonnes of chips. The plantation produces superior wood fibre yield of 18 cubic metres per hectare. This operation has provided most of the revenues and earnings for Sino-Forest in 1994 and 1995.

CJVs. The Corporation is entitled to 70% share in the volume of timber cut in each of the CJV. The eucalyptus, aspen and pine plantations to be contributed to the CJVs over the next 10 years will contain: (i) one-third of the area that is supporting mature trees ready for harvesting aged five years or more; (ii) one-third that contains growing trees of between one to five years old and (iii) one-third that is bare land which is ready for planting new trees or must receive some preparation before reforestation can occur. The plantations will allow a sustainable annual yield of 4 million tonnes of fibre when fully productive. Sino-Forest expects increasing supplies of chips to become available from the chipping plants operated by the CJVs. The majority of the chips will be from eucalyptus trees, but it is expected that some smaller quantities of aspen trees will begin to be harvested at the end of 1996.

The contributions of each partner to the CJVs can be summarized as follows:

Sino-Forest provides:

- Management personnel to control the plantation operations for the planting, fertilizing and harvesting of the trees.
- Management of design, environmental process and quality control systems of the chipping plants.
- Administration of land transport of logs and chips and the shipping of the final product to customers.
- Provision of periodic cash capital contributions, as defined in the CJV agreements, to finance the plantation costs of the trees through their five-year growth cycle, until the revenues from the resultant chip sales are received and distributed to the CJV partners.

The local Chinese CJV partner provides:

- Plantation lands described under the CJV agreement, together with its infrastructure of roads and services, such as the availability of power and water over the term of the 50 year lease.
- Contracted local work force of the day-to-day operations of the plantations.
- Drivers for the required tractors and trucks for the transportation of logs and chips.
- Contract workers for the chipping plants.

To meet Sino-Forest's management obligations at the CJVs in China, Sino-Forest has established three provincial offices in the PRC as shown in the chart below. There are now over 15 supervisory personnel resident in the country. This number is expected to nearly double by the end of 1996 as new plantation areas are ready to start chip production later this year.

Marketing of Wood Chips. The fast growing economies of China and in the rest of Asia provide a ready market for the hardwood pulp chips generated from Sino-Forest's operations. Due to low production costs in China and relatively shorter shipping routes to Asian customers than some competitors, Sino-Forest is able to deliver very competitively priced pulp chips. As environmental restrictions grow in North America and Australia, Asian buyers have turned to Sino-Forest as a dependable alternative source of supply.

The Corporation produces and markets wood chips for export to East Asia, principally Japan, Taiwan, South Korea and Indonesia. In 1994 and 1995, under the Corporation's initial arrangement with its joint venture partner in Leizhou, the wood chips that were produced by Zhanjiang Leizhou were exported by its joint venture partner to existing customers in Japan, Taiwan and South Korea. This arrangement is expected to continue as the relationship with these customers have been established by its joint venture partners.

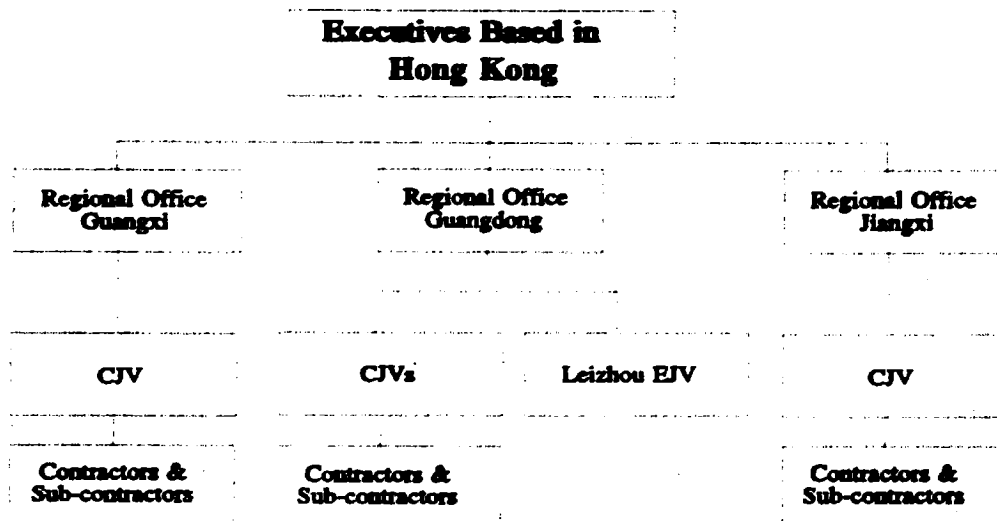
The wood chips that are produced by its CJVs are marketed and sold by a separate sales and marketing division based in Hong Kong. The division sells the wood chips to trading houses in Japan, Taiwan, South Korea and Indonesia and directly to end users. The division has regular contacts with the Hong Kong offices of the trading houses that assist in a

smooth shipping and logistics operation for the delivery of wood chips from the chipping plants to the end users in the designated countries. The Corporation's sales team also makes frequent visits to the end users and customers. These visits not only provide the Corporation's sales and marketing people the opportunity to understand its customers' needs but also to develop the relationship which is of paramount importance in doing business in East Asia. To ensure that the best products and services are provided to customers, the sales and marketing division is assigned the responsibility of quality assurance, production and distribution logistics control of wood chip production.

Trading Activities. Sino-Forest Resources Inc. was formed in 1994 to act as a sales agent in the sale of forestry products. Sino-Forest continues to look for new opportunities in its forestry trading business.

Board and Chemical EJVs. Sino-Forest owns a 30% interest in the Board EJV and the Chemical EJV. The Board EJV operates an integrated plywood and particleboard factory in Jiangshu City. The Chemical EJVs produce various forestry chemical products including camphor, gulonic acid, iso-bornyl acetate, ambooze acacia, gum, rosin and turpentine oil.

Corporate Organization. The following chart sets out the Corporation's principal operating subsidiaries, joint ventures and their primary products or activities.



Revenue Summary. The distribution of the Corporation's sales by product line for 1994 and 1995 is set out below:

	<u>1995</u>	<u>1994</u>
	(thousands of dollars)	
Sales by product line		
Wood chips and boards	23,949*	13,612
Forestry trading commission income	1,949	2,203
Forestry chemicals	<u>1,525*</u>	<u>4,667</u>
	<u>27,423</u>	<u>20,482</u>

* Reflect the reduction in equity interest in the Board and Chemical EJVs from 55% to 30% at the end of the second quarter of 1995.

Product Development. Sino-Forest is investigating upgrading its wood fibre resource into "value-added" products, such as oriented strand board and medium density fibreboard, through technical liaison agreements with well-established international partners. To this end, Sino-Forest, in May 1996, signed a memorandum of understanding with a unit of Boise Cascade Corporation of Idaho, USA to jointly carry out an assessment of Sino-Forest's fibre supply and to examine the most effective way for it to be used as a feedstock for new board plants to be built in the PRC. Sino-Forest is also currently in

negotiations with other North America forestry companies that are interested in forming strategic alliances with Sino-Forest on selected appropriate projects in the PRC.

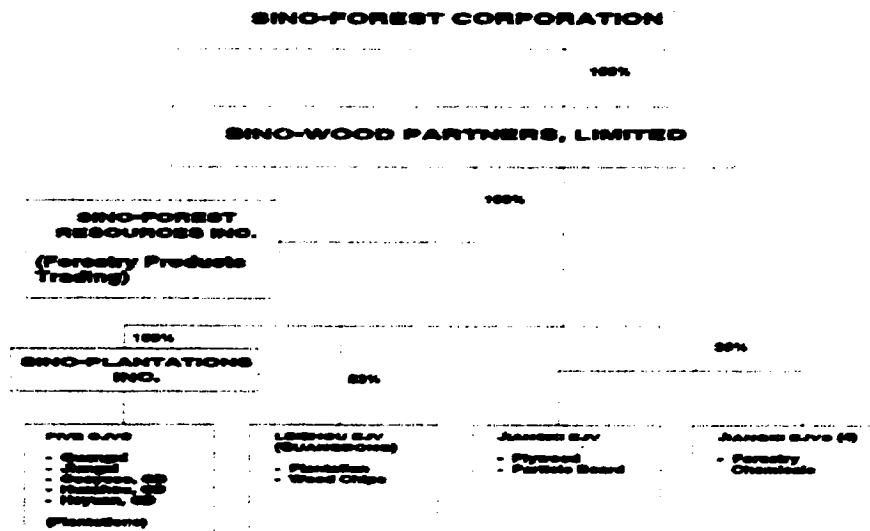
Personnel. The Corporation employs 361 people of which over 300 workers and junior staff are based in Zhanjiang Leizhou. It is the Corporation's strategy to maintain a small group of high quality and professional personnel whose main responsibility is to direct, manage, control and ensure that the Corporation's business is properly carried out by the contractors and sub-contractors.

The operations of the Corporation are divided into three levels, i.e., the Executive Office in Hong Kong, Regional Offices in each of the three provinces where the Corporation operates and the local EJV and CJV companies. Management of the Corporation resides in Hong Kong but travels frequently to the PRC. The President of the Corporation spends more than 70% of his time in the PRC visiting all the companies on a rotational basis and meets with Forestry Agencies Officers. Management members of the Corporation are either Directors or Executives to the Regional Offices and the joint ventures and are involved in the running of all joint venture entities in the PRC. The Regional Offices are staffed with three to four direct employees. These employees are forestry professionals and have strong financial control and management skills. The CJVs work force are provided by our joint venture partners as agreed under the joint venture agreement. They are mainly contracted workers who are hired on an "as-needed" basis. These workers are involved in the plantations, transportation of logs and wood chips, and operating the chipping plants.

The breakdown of employees is set out below:

Corporate Executives in Hong Kong	5
Sales and Marketing and supporting staff in Hong Kong	3
Executives in Regional Offices and local joint ventures	8
Consultants with full time and part time status	13
CJVs and EJV companies - management and technical staff	22
Workers and junior staff in Zhanjiang Leizhou	<u>310</u>
Total number of personnel	<u>361</u>

The following chart shows the management and operational structure of the Corporation.



Research and Development. Sino-Forest has in-house laboratories and testing facilities, and also uses the services and technical expertise of independent laboratories and research centres to support its plantation businesses. Sino-Forest has formed a forestry advisory committee which is comprised of professional foresters and experts in eucalyptus and aspen trees. These professionals are closely associated with the provincial and municipal forestry agencies and advise the Corporation on a regular basis.

In the fourth quarter of 1995, the Corporation engaged two of the most respected forestry institutes in the PRC to carry out research and development activities for an annual retainer fee plus project fees. One of them, Nanjing Forestry University of Jiangsu Province, is regarded as the PRC's leading university for forestry training. The project team for the Corporation's research is under the leadership of the former President of the University. Subjects under study range from silviculture to fibre application of eucalyptus, aspen and pine trees. The other, the Institute of Science and Technological Information under the Chinese Academy of Forestry in Beijing, is China's foremost forestry information research institute. It will provide the Corporation current information on: (i) forestry policies; (ii) national, provincial and local industrial development, and (iii) world-wide technical developments. Both institutes, through liaison with peer organizations overseas and their link-up through the Internet, will provide valuable information for the Corporation.

The Corporation spent approximately \$300,000 on research and development in 1995 and is expected to invest in excess of \$1 million for projects in 1996. At the end of 1995, there were in excess of 18 research projects in progress which are expected to be completed over the next two years.

Environment. The Corporation's plantation operations are regulated by a wide array of environmental laws and regulations in the PRC. Operations general manager and senior management personnel at each plantation have been assigned responsibility for monitoring compliance with environmental rules and regulations. They are also required to adhere to the Corporation's own environmental operating procedures and guidelines. The Corporation is in the process of developing a reporting system that is designed to monitor environmental compliance with regulatory requirements, identify environmental issues and communicate them to management and directors of the Corporation.

Capital Contribution Commitments. In accordance with the contractual obligations set out in the various joint venture agreements and memoranda as modified with the agreement of its joint venture partners, Sino-Forest is required to contribute additional cash in 1996. Subject to the approval of FERT of the PRC, Sino-Forest is required to make a further \$2.2 million by December 1996 in order to maintain its 30% equity interest in the Board EJV and the Chemical EJVs. A \$4.3 million capital contribution by December 1996 is required for Zhanjiang Leizhou to maintain its 53% equity interest. This was due in January, 1996.

In January 1996, Sino-Forest's made a capital contribution of \$1.7 million to the CJVs. A further \$185,000 payment due at that time has been withheld by Sino-Forest pending the performance of its PRC joint venture partner. An agreement between the parties on this matter is expected during 1996. No further capital contributions are due in 1996. An additional \$12.0 million capital contribution is required as part of the ongoing annual expenses for plantation costs (such as planting and fertilizing costs incurred in the five year growing cycle). The 1997 payment could be varied, subject to changes in the plantation development plan.

These cash requirements are expected to be satisfied from the internal resources generated from operations, the amount due from the joint venture partner of Zhanjiang Leizhou and from further equity related issues and/or debt financing.

Recent Financing. During December, 1995, Sino-Forest entered into a \$3 million convertible loan agreement with the Hong Kong branch of the Deutsche Bank A.G. of Frankfurt, Germany, which closed on January 15, 1996. Under the agreement a further investment of up to \$13 million is contemplated.

On and after January 15, 1998, the loan is convertible into Class A Subordinate-Voting Shares of Sino-Forest at the lower of: (i) five times the fully diluted (including the shares issued on conversion) earnings of the Corporation for the previous fiscal year; and (ii) at a 40% discount to the average closing prices of the shares on The Toronto Stock Exchange for the five trading days preceding the conversion notice. However, in no circumstances can the conversion price be less than Cdn. \$0.60 per share. The loan is for a period of five years and may be called by the bank on or after January 15, 2000. Interest is payable, at the option of Sino-Forest, either quarterly or semi-annually based on the three-month or six-

month LIBOR US dollar deposit rate plus 2%. The loan is secured with first fixed and floating charges on the assets of Sino-Forest.

The proceeds of any advances under the agreement will be used to invest in chip processing and material handling equipment and to pay for plantation costs.

The Corporation believes that it has conformed with all requirements under applicable legislations in the PRC.

Risk Factors. The operations of Sino-Forest are subject to several risk factors including the following:

Competition. The markets for wood chips are highly competitive and are sensitive to cyclical changes in industry capacity and in the economy. Changes in the level of competition, government regulations on timber harvesting, industry capacity and the economy will have a significant impact on the Corporation's selling prices and overall profitability. The Corporation competes with a large number of international forest products firms selling wood chips in the East Asia market. The Corporation also competes in the domestic market with local and foreign firms in a smaller scale. It is expected that the Corporation will increase its revenue significantly in the domestic market over the next few years as wood chips and related forestry products in the PRC will continue to be in big demand as the country moves forward on its economic developments.

Fluctuations in Selling Price of Wood Chips. The operating results of Sino-Forest can be significantly affected by fluctuations in the selling price of wood chips. Wood chips produced by Sino-Forest are primarily supplied to pulp manufacturers in Japan, Taiwan, South Korea and, more recently, in China. The pulp market industry is cyclical in nature. Wood pulp prices are affected by a number of factors including the world's economic growth rate and the demand for paper products.

Currency Risk. A significant portion of Sino-Forest's sales revenue is received in Hong Kong in United States dollars. Sino-Forest remits only sufficient funds to the PRC to cover contracted operating costs in the local Chinese Renminbi. This reduces Sino-Forest's currency risk affecting its operations in the PRC.

Political Considerations. The PRC is a developing country and shares with other developing countries the characteristic of having a socio-political system that is prone to sudden and, to outsiders, unpredictable events and evolution. The policy for economic reform in the PRC to change its economic system from a centrally-planned economy to a market-oriented economy with Chinese characteristics has been in place since 1978 and has been reaffirmed many times by the People's Congress of the PRC, the politburo of the Communist Party of the PRC, and the State Council. Though not without set-backs and hiatus, economic reform has had far reaching effects on the economic system of the PRC and has resulted in the PRC sustaining high economic growth for some fifteen years. Although there is little evidence to indicate any deviation from its existing economic policy, there is no guarantee that in the event of a major change of decision-makers at the most senior political level, the existing economic policy of the PRC will not be changed, or that the socio-political stability so crucial to the economic growth in the past decade will not suffer.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information has been derived from the consolidated financial statements of the Corporation for the two years ended December 31, 1995. The information should be read in conjunction with the "Management's Discussion and Analysis" and the consolidated financial statements and accompanying notes of the Corporation which are contained in its Annual Report to the Shareholders for the year ended December 31, 1995.

SELECTED SUMMARY FINANCIAL INFORMATION

Summary for 1995 and 1994 selected financial information.

The following table is a summary of selected financial information concerning the Corporation for 1994 and 1995:

	Year Ended December 31,	
	<u>1995</u>	<u>1994</u>
	\$	\$
(thousands of dollars, except per share amounts)		
<u>Operating Results</u>		
Revenue	27,423	20,482
Income from operations	8,742	4,308
Net income for the year	4,354	3,010
<u>Financial Position</u>		
Working capital	3,613*	6,850
Total assets	31,549	30,610
Long term debt	nil	nil
<u>Shareholders' Equity</u>		
Minority shareholders' interest	17,026	21,112
Equity shareholders	6,151	5,321
Retained earnings	7,364	3,010
Basic earnings per share	0.12	0.10
Fully diluted earnings per share	0.12	0.08

* Reflect the reduction in equity interest in the chemical business from 55% to 30% at the end of the second quarter of 1995.

Quarterly Financial Information

The following table is a summary of selected quarterly financial information of the Corporation for each of the eight quarters ended December 31, 1995:

	<u>Total Revenue</u>	<u>Net Income</u>	<u>Earnings per Share</u>	
			<u>Undiluted</u>	<u>Fully Diluted</u>
(thousands of dollars, except per share amounts)				
<u>1995</u>				
December 31	\$ 9,774	\$ 2,537	\$ 0.057	\$ 0.057
September 30	8,428	1,103	0.033	0.032
June 30	5,341	609	0.018	0.018
March 30	3,880	367	0.011	0.009
<u>1994</u>				
December 31	\$ 5,099	1,495	\$ 0.047	\$ 0.033
September 30	5,505	812	0.025	0.021

	Total Revenue (thousands of dollars, except per share amounts)	Net Income	Earnings per Share	
			Undiluted	Fully Diluted
June 30	6,563	418	0.013	0.013
March 31	3,315	285	0.014	0.013

DIVIDEND RECORD AND POLICY

Other than restrictions on the payment of dividends imposed by law, there are no restrictions which would prevent the Corporation from paying dividends. Any payment of dividends on Class A Subordinate-Voting Shares and Class B Multiple-Voting Shares is at the discretion of the board and is dependent upon the Corporation's results of operations, financial condition and other factors that the board deems relevant. The Corporation has not declared any dividends on its shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATING RESULTS

Reference is made to the section entitled "Management's Discussion and Analysis" on pages 10 to 15 of the Annual Report to the Shareholders of the Corporation for the year ended December 31, 1995 which section is incorporated herein by reference.

MARKET FOR SECURITIES

The Class A Subordinate-Voting Shares have been listed on The Toronto Stock Exchange (the "TSE") since October 12, 1995. The stock symbol is TRE.A.

DIRECTORS AND OFFICERS

The table presented below provides the names of the current directors and executive officers of the Corporation, the offices held by them and the date of their first appointment.

<u>Name & Municipality of Residence</u>	<u>Office Held</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Allen T. Y. Chan Hong Kong	Chairman, Chief Executive Officer & Director	Officer of the Corporation	1994
Kai Kit Poon Hong Kong	President & Director	Officer of the Corporation	1994
John Thompson Toronto, Ontario	Secretary & Director	President, GTL Investments Corporation (merchant bankers)	1994
Edmund Mak Vancouver, BC	Director	Real Estate Marketing	1994

<u>Name & Municipality of Residence</u>	<u>Office Held</u>	<u>Principal Occupation</u>	<u>Director Since</u>
James F. O'Donnell, Toronto, Ontario	Director	President of O'Donnell Capital Corporation and Chairman of O'Donnell Management (fund manager)	1994
Lawrence Hon Hong Kong	Vice-President Operations and Finance	Officer of the Corporation	-

Each of the directors has held the position shown as his principal occupation for the last five years except as shown below. Prior to 1994, Allen T.Y. Chan was principally involved in investment banking in Hong Kong and has been involved in structuring PRC joint ventures. Prior to 1994, Kai Kit Poon was engaged in the trading and manufacture of forest products in the PRC and Hong Kong. Prior to May, 1993, James O'Donnell was President of Mackenzie Financial Corporation (Mutual Fund Dealer). Prior to April 9, 1994, Lawrence Hon served as a senior management member in a multinational group specializing in paper, packaging and printing business and is responsible for its Asian business and operations.

All directors of the Corporation serve until the next Annual General Meeting of Shareholders.

As at May 15, 1996, the directors and executive officers of Sino-Forest Corporation as a group beneficially owned, directly or indirectly, 6,596,102 Class A Subordinate-Voting Shares, representing 18.6% of the Class A Subordinate-Voting Shares outstanding and 2,250,000 Class B Multiple-Voting Shares, representing 37.5% of the Class B Multiple-Voting Shares outstanding.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Corporation's information circular for its most recent annual meeting of shareholders which involved the election of directors, that additional financial information is provided in the Corporation's comparative financial statements for its most recently completed financial year, and that a copy of such documents may be obtained upon request from the Secretary of the Corporation.