

# SINO-FOREST CORPORATION

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

This management information circular is furnished in connection with the solicitation of proxies by the management of Sino-Forest Corporation (the “**Corporation**”) for use at the annual meeting (the “**Meeting**”) of holders of common shares of the Corporation (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual Meeting of Shareholders (the “**Notice**”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

The Corporation has distributed or made available for distribution, copies of the Notice, the management information circular and form of proxy to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Shareholders (the “**Non-registered Shareholders**”) whose shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Non-registered Shareholders unless a Non-registered Holder has waived the right to receive them. The solicitation of proxies from Non-registered Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Non-registered Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of these materials.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation, 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, L5B 3C3, or its transfer agent and registrar, CIBC Mellon Trust Company, Attention: Proxy Department, 200 Queens Quay East, Unit #6, Toronto Ontario M5K 4A9 not later than the close of business on Friday, May 23, 2008 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, under its corporate seal, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
  - (i) at the registered office, 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, L5B 3C3, at any time up to and including the last business day preceding the day of the Meeting, being Friday, May 23, 2008, or any adjournment thereof at which the proxy is to be used; or

- (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

Unless otherwise disclosed in this management information circular, no person who has been a director or an officer of the Corporation at any time since the beginning of its last completed financial year, or who is a proposed management nominee for election as a director of the Corporation or any associate of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this management information circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to a substantial number of Shareholders who do not hold their shares in their own name (referred to in this section as “**Beneficial Shareholders**”). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in such Shareholder’s name on the records of the Corporation. Such shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities Inc., which company acts as a nominee of many Canadian brokerage firms. Shares held by brokers or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the

voting of shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of their broker or other intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered holder and vote their shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own shares as proxyholder for the registered holder should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their intermediaries and their service companies.**

All references to shareholders in this management information circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

### CURRENCY PRESENTATION

Unless otherwise indicated, all dollar amounts in this management information circular are expressed in Canadian dollars.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed the close of business on Friday, April 25, 2008 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 182,592,961 common shares of the Corporation (the “**Common Shares**”), carrying the right to one vote per share at the Meeting, were issued and outstanding.

In accordance with the provisions of the *Canada Business Corporations Act*, the Corporation will prepare a list of the holders of Common Shares on the Record Date. Each holder of such shares named on the list will be entitled to vote the shares shown opposite its name on the list at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at April 28, 2008, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to the Common Shares are as follows:

Name	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Common Shares <sup>(1)</sup>	Percentage of Voting Rights
Aranda Investments Pte. Limited and Ellington Investments Pte. Limited, each an indirectly wholly owned subsidiary of Temasek Holdings (Pte) Limited	21,551,912 shares	11.80%
Davis Selected Advisers, L.P.	18,308,307 shares	10.03%
Paulson & Co. Inc.	18,600,000 shares	10.19%

**Note:**

- (1) The shareholdings are based upon information available on the public record.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following sets forth the compensation paid or awarded to the following officers of the Corporation: (i) the Chairman and Chief Executive Officer; (ii) the President; (iii) the Senior Vice-President and Chief Financial Officer; (iv) the Vice President, Risk Management; and (v) the Senior Vice President, Development and Operations, North East and South West China (collectively, the “**Named Executive Officers**”) for the Corporation’s financial years ended December 31, 2007, 2006 and 2005. The Corporation has five “executive officers” as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) whose compensation must be disclosed for the financial years ended December 31, 2007, 2006 and 2005.

In 2007, the Chairman and Chief Executive Officer received a total annual compensation of US\$5,405,664, which is the sum of his annual salary, bonus, other annual compensation and stock options. Overall, for the financial year ended December 31, 2007, the total cost of compensation to the Named Executive Officers represented 3.78% of the total gross profit of the Corporation.

Name and Principal Position	Financial Year Ended December 31	Annual Compensation			Long-term Compensation			All other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation <sup>(1)</sup> (\$)	Awards		Payouts	
					Securities Under Option Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Allen T.Y. Chan, Chairman and Chief Executive Officer	2007	US\$64,100	US\$3,500,000 <sup>(2)</sup>	US\$206,564 <sup>(3)</sup>	250,000 <sup>(7)</sup>	-	-	-
	2006	US\$64,100	US\$2,700,000 <sup>(2)</sup>	US\$259,794	750,000	-	-	-
	2005	US\$64,100	US\$2,674,900 <sup>(2)</sup>	US\$248,000	750,000	-	-	-
Kai Kit Poon, President	2007	US\$46,154	US\$450,000 <sup>(4)</sup>	-	-	-	-	-
	2006	US\$46,154	US\$450,000 <sup>(4)</sup>	-	-	-	-	-
	2005	US\$46,280	US\$438,200 <sup>(4)</sup>	-	-	-	-	-
David J. Horsley, Senior Vice President and Chief Financial Officer	2007	\$362,000	US\$1,000,000	-	100,000 <sup>(7)</sup>	-	-	-
	2006	\$362,000	US\$750,000	-	-	-	-	-
	2005 <sup>(5)</sup>	\$79,872	US\$199,000	-	442,000	-	-	-
Thomas M. Maradin, Vice President, Risk Management	2007	\$225,000	\$87,750	-	-	-	-	-
	2006	\$221,250	\$67,500	-	180,000	-	-	-
	2005	\$72,000	\$12,500	-	-	-	-	-

Name and Principal Position	Financial Year Ended December 31	Annual Compensation			Long-term Compensation			All other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation <sup>(1)</sup> (\$)	Awards		Payouts	
					Securities Under Option Granted (#)	Restricted Shares or Restricted Share Units (\$)	LTIP Payouts (\$)	
Albert Ip, Senior Vice President, Development and Operations, North East and South West China	2007	US\$169,230	US\$105,592	US\$31,323 <sup>(6)</sup>	100,000 <sup>(7)</sup>	-	-	-
	2006	US\$123,077	US\$81,474	US\$24,435	-	-	-	-
	2005	US\$101,805	US\$44,871	US\$18,889	-	-	-	-

**Notes:**

- (1) Unless otherwise disclosed, the aggregate amount of perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the salary and the bonus of each Named Executive Officer for the financial years ended December 31, 2007, 2006 and 2005.
- (2) Mr. Allen T.Y. Chan is a director of a company which provides Sino-Wood Partners, Limited, a subsidiary of the Corporation (“Sino-Wood”), with certain corporate services (including cash management, risk management, sales and marketing, governmental relations and investor relations) at the costs set forth under “Bonus”.
- (3) The amounts included for Mr. Chan under “Other Annual Compensation” include perquisites and personal benefits for housing (US\$90,855), car benefits (US\$79,400), life insurance and club memberships.
- (4) Mr. Kai Kit Poon is a director of a company which provides Sino-Wood with certain corporate services (including cash management, risk management, sales and marketing, governmental relations and investor relations) at the costs set forth under “Bonus”.
- (5) Effective October 10, 2005, Mr. Horsley was appointed Senior Vice President and Chief Financial Officer of the Corporation.
- (6) The amounts included for Mr. Ip under “Other Annual Compensation” include perquisites and personal benefits for staff allowances (US\$10,736) and car benefits (US\$20,587).
- (7) The value of the stock options granted in 2007 for Mr. Allen T.Y. Chan, Mr. David J. Horsley and Mr. Albert Ip were US\$1,635,000, US\$654,000 and US\$654,000 respectively, based on a weighted average fair value of each option of US\$6.54 on the date of option grant (June 4, 2007) using the Black Scholes option-pricing model.

**Long-term Incentive Plan (“LTIP”) Awards During the Most Recently Completed Financial Year**

No LTIP awards were made to the Named Executive Officers during the financial year ended December 31, 2007.

**Option Grants During the Most Recently Completed Financial Year**

During the year ended December 31, 2007, the following incentive stock options were granted to the Named Executive Officers:

<b>Name and Position</b>	<b>Securities Under Options Granted (#)<sup>(1)</sup></b>	<b>% of Total Options Granted to Employees in Financial Year</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Securities Underlying Options on the Date of Grant (\$/Security)</b>	<b>Expiration Date</b>
Allen T.Y. Chan, Chairman and Chief Executive Officer	250,000	17.79%	\$13.15	\$13.99	June 4, 2012
David J. Horsley, Senior Vice President and Chief Financial Officer	100,000	7.12%	\$13.15	\$13.99	June 4, 2012
Albert Ip, Senior Vice President, Development and Operations, North East and South West China	100,000	7.12%	\$13.15	\$13.99	June 4, 2012

**Note:**

(1) These options will vest annually over a three year period.

**Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year-end Option Values**

The following table sets out (i) the number of Common Shares issued to the Named Executive Officers upon the exercise of options during the year ended December 31, 2007 and the aggregate value realized upon such exercises; and (ii) the number and value of unexercised options held by the Named Executive Officers as at December 31, 2007:

<b>Name and Position</b>	<b>Securities Acquired on Exercise (#)</b>	<b>Aggregate Value Realized (\$)</b>	<b>Unexercised Options at FY-End (#) Exercisable/Unexercisable</b>	<b>Value of Unexercised in-the-money Options at FY-End (\$) Exercisable/Unexercisable<sup>(3)</sup></b>
Allen T.Y. Chan, Chairman and Chief Executive Officer	-	-	1,750,000 <sup>(1)</sup> 750,000/1,000,000 <sup>(2)</sup>	\$12,870,000/\$14,485,000
David Horsley, Senior Vice President and Chief Financial Officer	29,000 192,000	\$427,170 \$3,058,560	321,000 <sup>(1)</sup> 123,667/197,333 <sup>(2)</sup>	\$2,172,000/\$2,653,000
Thomas M. Maradin, Vice President, Risk Management	55,000 5,000	\$543,950 \$64,500	120,000 <sup>(1)</sup> -/120,000 <sup>(2)</sup>	-\$2,050,000

Name and Position	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at FY-End (#) Exercisable/Unexercisable	Value of Unexercised in-the-money Options at FY-End (\$) Exercisable/Unexercisable <sup>(3)</sup>
Albert Ip, Senior Vice President, Development and Operations, North East and South West China	75,000	\$1,258,500	175,000 <sup>(1)</sup> 75,000/100,000 <sup>(2)</sup>	\$1,404,000/\$829,000

**Notes:**

- (1) These options will vest annually over a three year period calculated from the date of grant.
- (2) As of December 31, 2007, these options had not yet vested.
- (3) Based upon a closing price of \$21.44 for the Common Shares on the Toronto Stock Exchange on December 31, 2007.

**Option Repricings**

The Corporation did not make any downward repricing of stock options during the financial year ended December 31, 2007.

**Employment Agreements**

David J. Horsley and the Corporation entered into an employment agreement as of October 10, 2005. The agreement provides that Mr. Horsley is to be employed by the Corporation for an indefinite period unless terminated by Mr. Horsley or the Corporation earlier in accordance with the terms of the agreement. The agreement provides for a base annual salary of \$350,000 (which amount is subject to annual review by the Board of Directors) and a monthly car allowance. Mr. Horsley is entitled to participate in the Corporation's bonus plan for executives as determined on an annual basis. In the event of a termination of employment without cause, Mr. Horsley is entitled to a lump sum equal to his then current annual base salary plus an amount equal to the bonus, if any, paid to Mr. Horsley by the Corporation with respect to the prior fiscal year. In the event of a termination without cause within 180 days of a "Change in Control" (as such term is defined in the agreement), Mr. Horsley is entitled to payment of a lump sum equal to two times the severance entitlement described above. Mr. Horsley may terminate his employment on three months' prior notice.

Thomas M. Maradin and the Corporation entered into an employment agreement dated September 1, 2005, as amended. The agreement provides that Mr. Maradin is to be employed by the Corporation for an indefinite period unless terminated by Mr. Maradin or the Corporation earlier in accordance with the terms of the agreement. The agreement provides for a base annual salary of \$225,000. Mr. Maradin is also entitled to participate in the Corporation's employee bonus plan as determined on an annual basis. In the event that Mr. Maradin's employment is terminated without just cause or without reasonable or any notice, he shall be paid an amount equal to the sum of his salary and his bonus (if any) paid in the calendar year immediately preceding the year of such termination.

Albert Ip and Sino-Wood Partners, Limited, a subsidiary of the Corporation, entered into an employment agreement dated July 15, 1997. The agreement provides that one month's prior notice is required by either party in order to terminate Mr. Ip's employment.

## Compensation of Directors

The table set out below illustrates the Corporation's compensation structure for its Board of Directors and the committees thereof. The Corporation grants options to purchase Common Shares to non-executive directors on an annual basis. The directors are also reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors in addition to the compensation set out below. The Corporation currently does not have a retirement policy for its directors.

Annual Retainer		Per Meeting		
			In Person	Telephone
Lead Director	\$50,000	Board	\$1,500	\$1,500 <sup>(1)</sup>
Director	\$20,000	Audit Committee	\$1,000	\$1,000
Chairman - Audit Committee	\$7,500	Compensation and Nominating Committee	\$1,000	\$1,000
Chairman – Compensation and Nominating Committee	\$5,000	Corporate Governance Committee	\$1,000	\$1,000
Chairman – Corporate Governance Committee	\$5,000			
Member – Audit Committee	\$5,000			
Member – Compensation and Nominating Committee	\$2,500			
Member – Corporate Governance Committee	\$2,500			

**Note:**

(1) \$1,000 fee if the telephonic meeting is less than one hour.

For the financial year ended December 31, 2007, the Corporation paid an aggregate of \$217,976 to members of the Board of Directors and granted options to purchase an aggregate of 165,417 Common Shares to non-executive directors, as more particularly set forth in the table below:

Name of Director	Total Retainer & Meeting Fees	Securities Under Options Granted (#)	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Allen T.Y. Chan	-	See above	See above	See above	See above
Kai Kit Poon	-	-	-	-	-
Peter Wang	\$7,098	2,081	\$14.01	\$13.99	August 21, 2012
Edmund Mak	\$43,000	3,334	\$13.15	\$13.99	June 4, 2012
Simon Murray	\$24,500	3,334	\$13.15	\$13.99	June 4, 2012
Judson Martin	\$87,503	153,334	\$13.15	\$13.99	June 4, 2012
James M.E. Hyde	\$55,875	3,334	\$13.15	\$13.99	June 4, 2012



## **Compensation and Nominating Committee and Report on Executive Compensation**

The Compensation and Nominating Committee of the Corporation is currently made up of Mr. Judson Martin (Chairman), Mr. Simon Murray and Mr. James Hyde, all of whom are independent directors. The Compensation and Nominating Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation and Nominating Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers and the Corporation's other senior officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the senior officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Board (exclusive of the officers of the Corporation who are also members of the Board) reviews such recommendations and is responsible for ultimately determining executive compensation.

Generally, compensation is provided by the Corporation to its executive officers by way of salary, cash bonuses and the granting of stock options. The Compensation and Nominating Committee adopts an annual executive compensation strategy in terms of the setting of salaries and bonuses and considers the individual performance of each executive officer and comparisons of executive compensation for other companies of similar size and in similar industries. The executive compensation strategy also contemplates an annual incentive bonus plan which is based upon a number of factors including certain pre-determined profit targets. Bonuses have been awarded after a review of overall performance of both the Corporation and the individual senior executive during the course of each calendar year.

The Compensation and Nominating Committee is of the view that the granting of stock options is an appropriate method of providing long-term incentives to senior executives of the Corporation and, in general, aligns the interests of the executives with those of the shareholders.

In setting the compensation awarded to Allen T.Y. Chan, the Chief Executive Officer of the Corporation, the Compensation and Nominating Committee reviews the achievements of Mr. Chan measured against established objectives and the executive compensation strategy for each year and gives consideration to the overall performance of the Corporation as well as the total compensation awarded to the industry comparison group. Also included in such overall assessment are specific initiatives undertaken in the year by the Corporation that have advanced the growth and progress of the Corporation and the enhancement of shareholder value during the year.

In the opinion of the Corporation and the Compensation and Nominating Committee, the Named Executive Officers and the Corporation's senior officers are paid fairly and commensurably with their contributions to furthering the Corporation's strategic direction and objectives.

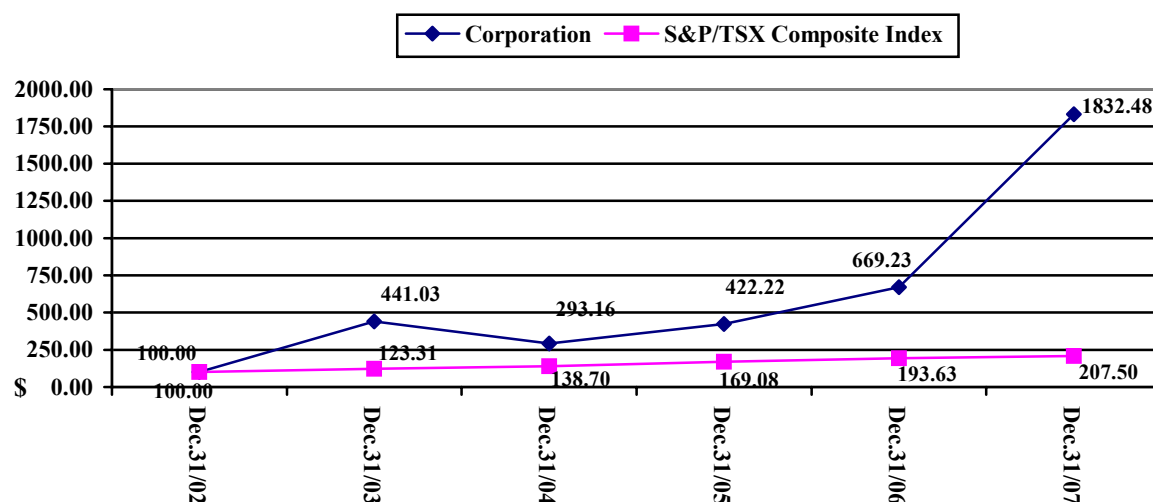
### **Insurance**

In 2007, the Corporation purchased, at its expense, directors' and officers' liability insurance in the aggregate amount of \$15,000,000 for the protection of its directors and officers against liability incurred by them in their capacities as directors and officers of the Corporation and its subsidiaries. In 2008, the Corporation increased the policy amount of such insurance to \$60,000,000. For the financial year ended December 31, 2007, the Corporation paid a premium of \$102,518 (inclusive of applicable taxes) in respect of such insurance. The premium for such increased level of insurance is expected to be approximately \$216,782 for 2008.

## Shareholder Return Performance Graph

The Common Shares are listed for trading on the Toronto Stock Exchange (the “TSX”). The following graph shows the percentage change in the cumulative shareholder return on the Common Shares compared to the cumulative total return of the S&P/TSX Composite Index for the period from December 31, 2002 to December 31, 2007 assuming \$100 initial investments:

**Comparison of Five Year Cumulative Total Return between Sino-Forest Corporation and the S&P/TSX Composite Index**



## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of April 28, 2008 regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Corporation’s stock option plan. The Corporation does not have any equity compensation plans that have not been approved by shareholders.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
Stock Option Plan	3,948,453	\$7.78	1,703,325
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	3,948,453	\$7.78	1,703,325

## **Incentive Stock Option Plan**

The Corporation has adopted and maintains an incentive stock option plan (the “**Plan**”) in order to provide effective incentives to directors, officers, employees and consultants of the Corporation and to enable the Corporation to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Corporation’s shareholders. Options under the Plan are typically granted in such numbers as reflect the level of responsibility of the particular optionee and his or her contribution to the business and activities of the Corporation.

The Plan provides that the exercise price at which Common Shares may be issued upon the exercise of options granted under the Plan cannot be less than the closing market price of the Common Shares on the TSX on the day immediately prior to the date of grant.

The maximum exercise period for options granted under the Plan is 10 years although options are typically granted with a five year term. Options are typically subject to a vesting period whereby the options shall vest and become exercisable in equal instalments over a three year period commencing on the date of grant.

The maximum number of Common Shares which may be reserved for issuance to all Insiders of the Corporation (as such term is defined in the Plan) under the Plan is limited to not more than 10% of the issued and outstanding Common Shares at the time of grant. In addition, the maximum number of Common Shares which may be issued to Insiders in any 12-month period may not exceed 10% of the issued and outstanding Common Shares at the time of grant and the maximum number of Common Shares which may be issued to any one Insider of the Corporation and such Insider’s Associates (as such term is defined in the TSX Company Manual) under the Plan in any 12-month period may not exceed 5% of the issued and outstanding Common Shares at the time of grant.

Unless the Corporation otherwise agrees and subject to the pre-clearance of the TSX, options terminate (i) immediately upon an optionee’s employment with the Corporation being terminated for cause; (ii) 30 days from the date of termination in the case of termination without cause; (iii) three months from the date of termination if such termination is a result of disability or early retirement; and (iv) 12 months from the date of termination if such termination is a result of death. Each of the preceding time periods are subject to earlier expiry in the normal course based upon the original exercise period.

The Plan further permits the Corporation to make loans to, or provide guarantees for loans by financial institutions to, participants in the Plan for purposes of funding the exercise of options or pay any income tax payable upon exercise of options.

Options are not assignable except to a participant’s legal representatives in the event of death.

The Plan may be amended by the Corporation subject to the pre-clearance of the TSX and subject to such approvals as may be required by the rules of the TSX or applicable securities legislation.

The maximum number of Common Shares issuable pursuant to exercises of options granted under the Plan is 10,000,000. As at April 28, 2008, 3,948,453 Common Shares, being approximately 2% of the currently issued and outstanding number of Common Shares, were issuable pursuant to unexercised options granted to such date under the Plan and options to purchase a further 1,703,325 Common Shares, being 1% of the currently issued Common Shares, remained available for grant under the Plan as at such date.

### **Recent Amendments to the Plan**

At the annual and special meeting of Shareholders held on May 28, 2007, the Shareholders approved certain amendments to the Plan that were proposed in light of guidelines provided by the TSX. Specifically, the Plan was amended to:

- (a) provide that the expiration date of an option will be the later of the date fixed for expiration under the option grant and the date that is ten business days following the expiration of a “blackout period” imposed by the Corporation (as such term is contemplated in the Corporation’s insider trading policy, as may be amended from time to time), should the option expire during such blackout period; and
- (b) in accordance with TSX guidelines, replace the general amending provision currently found in the Plan with a more detailed amending provision that sets out the circumstances where TSX and shareholder approval will be required (e.g. any amendment to the number of Common Shares issuable under the Plan, certain amendments to options held by Insiders, etc.) and those circumstances where TSX and shareholder approval will not be required (e.g. amendments of a housekeeping nature).

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at April 28, 2008, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended December 31, 2007 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to the Corporation or any of its subsidiaries during the financial year ended December 31, 2007 or as at April 28, 2008 in connection with security purchase programs or other programs.

### **REPORT ON CORPORATE GOVERNANCE**

Maintaining a high standard of corporate governance is a top priority for the Board of Directors and the Corporation’s management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. The Board of Directors has carefully considered the Corporation’s corporate governance practices against best practices and against the corporate governance guidelines set out in National Policy 58-201 and believes that they are well aligned with such practices and guidelines.

The Board of Directors has also reviewed its corporate governance practices in light of Multilateral Instrument 52-108 - *Auditor Oversight*, Multilateral Instrument 52-109 - *Certification of Disclosure In Companies Annual and Interim Filings* and Multilateral Instrument 52-110 - *Audit Committees* and believes that the Corporation is also well aligned with such instruments. The Corporation has adopted a set of corporate governance charters and policies which are referred to throughout this management information circular. The Board of Directors and its various committees are currently in the process of conducting a thorough review and update of such charters and policies.

### **Independence of Directors**

The Board of Directors currently consists of a total of seven directors of which Edmund Mak, Simon Murray, Judson Martin, James M.E. Hyde and Peter Wang are considered “independent”, as such term is

defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. Allen T.Y. Chan and Kai Kit Poon are not considered independent as they are executive officers of the Corporation.

Mr. Martin is also a trustee of Somerset Entertainment Income Fund (SOM: TSX) and a director of SkyPower I GP Inc., the general partner of Skypower Wind Energy Fund LP. Mr. Murray is also a director of: (i) a number of companies listed on the Main Board of the Hong Kong Stock Exchange, namely, Arnhold Holdings Limited (0102.HK), Cheung Kong (Holdings) Limited (0001.HK), Hutchison Whampoa Limited (0013.HK), Orient Overseas (International) Limited (0316.HK), USI Holdings Limited (0369.HK); and (ii) Compagnie Financière Richemont SA (CFR: SWX), a company listed on the Swiss Stock Exchange. The remaining directors are not directors of any other reporting issuers (or the equivalent).

In 2007, the independent directors held regularly scheduled meetings at which non-independent directors and members of management were not in attendance. Since the beginning of the Corporation's most recently completed financial year: (i) the independent directors of the Board of Directors held three such meetings; (ii) the Audit Committee held two such meetings; and (iii) the Compensation and Nominating Committee held two such meetings.

In 2008, the Board of Directors adopted a policy which now makes it mandatory for independent directors to meet at every board and committee meeting without the presence of non-independent directors and members of management.

The Chairman of the Board, Allen T.Y. Chan, Chief Executive Officer, is not an independent director. The Board is of the view that appropriate structures and procedures are in place to allow the Board to function independently of management while continuing to provide the Corporation with the benefit of having a Chairman of the Board with extensive experience and knowledge of the business of the Corporation. In addition, the Board has created the position of Lead Director, whose primary role and responsibilities consists of, among other things, providing leadership to enhance director effectiveness, managing the Board and acting as a liaison between the Board and Management. Effective March 22, 2007, the Board appointed Judson Martin as Lead Director.

The following is a summary of the number of Board of Directors and committee meetings held during the financial year ended December 31, 2007 and the attendance record of each director:

*Summary of Board and Committee Meetings Held*

<b>Type of Meeting</b>	<b>Number of Meetings</b>
Board	8
Audit Committee	5
Compensation and Nominating Committee	2
Corporate Governance Committee	1
<b>Total Number of Meetings Held</b>	<b>16</b>

*Summary of Attendance of Directors at Board and Committee Meetings*

<b>Director</b>	<b>Board Meetings Attended</b>	<b>Committee Meetings Attended</b>
Allen T.Y. Chan	8 out of 8	n/a
Kai Kit Poon	1 out of 8	n/a
Peter Wang <sup>(1)</sup>	1 out of 2	n/a
Edmund Mak	8 out of 8	6 out of 6
Simon Murray	2 out of 8	0 out of 2
Judson Martin	7 out of 8	7 out of 8
James M.E. Hyde	8 out of 8	8 out of 8

**Note:**

- (1) Effective August 21, 2007, Peter Wang was appointed as a director of the Corporation.

**Requirement for Share Ownership**

In 2008, the Board implemented a policy that directors are expected to purchase such number of Common Shares equal to three times the annual retainer amount (being \$60,000 based upon the current annual retainer amount as indicated in the table under the heading “Compensation of Directors” set out above) within a four-year period. At a minimum, directors are expected to acquire such number of Common Shares as is equal to half of such amount (being \$30,000) within the first two years of serving as a director.

The Chairman and Chief Executive Officer of the Corporation is also required to own a minimum number of Common Shares.

**Mandate of the Board of Directors**

The Board of Directors is elected by and is accountable to the shareholders of the Corporation. The mandate of the Board is to continually govern the Corporation and to protect and enhance the assets of the Corporation in the long-term best interest of all shareholders. The Corporation adopted a written mandate for its directors in August 2005, a copy of which is attached hereto as Schedule “A”.

**Position Descriptions**

The Board has approved written mandates and descriptions for the positions of each director, the Chairman and the Chief Executive Officer, as well as written mandates for each Board committee. These mandates and descriptions are to be reviewed regularly against both best practices and the requirements of the Corporation.

**Orientation and Continuing Education**

The Corporation has developed a detailed directors’ handbook, which includes orientation and education material, Board and Committee mandates, and the Code of Business Conduct for employees, policies and other relevant information. All new directors are given this handbook upon their appointment. The handbook is reviewed and updated as required. The Board does not provide a formal continuing education program for its directors; however, the Board, with or without the assistance of advisors, updates the directors from time to time on changing governance and legal issues. In addition, the Board undertakes thorough strategic planning sessions with Management.

**Code of Business Conduct**

The Board has adopted a written Code of Business Conduct for its employees, officers and directors. A copy of the Code of Business Conduct may be found on [www.sedar.com](http://www.sedar.com). The Board monitors compliance, including through receipt by the Audit Committee of reports of unethical behaviour. No waivers from the Code of Business Conduct have been sought or granted. All directors who have a material interest in any proposed transaction or agreement contemplated by the Corporation are excluded from the portion of the meeting concerning such matters and are further precluded from voting on such matters.

**Assessments**

The Board, through its Corporate Governance Committee, regularly assesses the performance of the Board overall, the committees, and the individual directors through a combination of formal and informal

means. On an annual basis, the Corporate Governance Committee circulates a Board Effectiveness Survey to be completed by each of the directors of the Corporation which requires directors to complete a self-assessment of their performance and a peer review of the Board's performance. The Board and its committees are also required to evaluate their performances based on an annual review of their respective charters and policies.

## **Committees**

The Board of Directors currently has three committees: the Audit Committee, the Corporate Governance Committee, and the Compensation and Nominating Committee. The committees, their mandates and memberships are discussed below. The Corporation also maintains a Disclosure Committee made up of senior management.

### *Audit Committee*

The Audit Committee's primary purpose is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of the Corporation's principal risks impacting financial reporting. The committee also assists the Board of Directors with the oversight of financial strategies and overall risk management.

The Audit Committee is composed of Mr. James Hyde (Chairman), Mr. Edmund Mak and Mr. Judson Martin, each of whom is a director of the Corporation. Each of the members of the Audit Committee is "independent" and "financially literate" as such terms are defined in Multilateral Instrument 52-110 – *Audit Committees*.

A copy of the charter of the Audit Committee is attached as an appendix to the Annual Information Form of the Corporation for the year ended December 31, 2007, a copy of which is available electronically at [www.sedar.com](http://www.sedar.com). The section of the Annual Information Form entitled "Audit Committee" contains disclosure required by Multilateral Instrument 52-110 - *Audit Committees*.

### *Corporate Governance Committee*

The role of the Corporate Governance Committee is to develop and recommend standards of performance for the Board of Directors, its committees and individual directors. The Corporate Governance Committee is composed of Mr. Judson Martin (Chairman), Mr. Edmund Mak and Mr. James Hyde.

### *Compensation and Nominating Committee*

The composition and description of the duties and responsibilities of the Compensation and Nominating Committee as they relate to compensation matters is set out above under the heading "Executive Compensation - Compensation and Nominating Committee and Report on Executive Compensation".

The Compensation and Nominating Committee is also responsible for co-ordinating and managing the process of recruiting, interviewing, and recommending candidates to the Board of Directors. This committee has a formal written charter which outlines the committee's responsibilities, requisite qualifications for new directors, the appointment and removal of directors and the reporting obligations to the Board of Directors. In addition, the Compensation and Nominating Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

The Compensation and Nominating Committee is composed of Mr. Judson Martin (Chairman), Mr. James Hyde and Mr. Simon Murray, all of whom are considered "independent".

### *Disclosure Committee*

A Disclosure Committee has been established to assist the executive officers of the Corporation in fulfilling their responsibility for oversight of the completeness, accuracy and timeliness of the disclosures made by the Corporation. The initial members of the committee are the Vice President, Finance and Group Financial Controller, Vice President, Risk Management, Vice President, Corporate Planning, Banking and Sales, Manager – Investor Communication & Relations and Manager – Legal Affairs.

The Disclosure Committee is responsible for (a) timely disclosure in accordance with applicable regulatory requirements, (b) determining whether information is material, (c) designing and establishing controls and other procedures to ensure information required is recorded, processed, summarized and reported to management including the senior officers, (d) monitoring compliance with the disclosure policy, (e) reviewing in advance all financial and other information to be posted on the Corporation's website, (f) educating directors, officers and certain employees about disclosure issues and disclosure policy, (g) evaluating the effectiveness of the controls, reviewing and (h) supervising the preparation of the Corporation's public representations.

### **Investor Feedback**

The Corporation has put in place measures to facilitate communications with Shareholders and the public in general. Feedback and concerns from Shareholders and the general public are received by the Corporation by facsimile, telephone or e-mail. The Corporation intends to keep its Shareholders informed through shareholder meetings as well as by press releases, quarterly financial statements, financial reports and other documentation, as well as by the Corporation's website.

In the normal course, Shareholder queries and comments should be directed to Ms. Louisa Wong at 852.2514.2109 or by email at [louisa-wong@sinoforest.com](mailto:louisa-wong@sinoforest.com).

### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed below, no "informed person" (as such term is defined in NI 51-102) or proposed nominee for election as a director of the Corporation or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated since January 1, 2007 or in any proposed transaction which has materially affected or will materially affect the Corporation.

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **1. Election of Directors**

Management of the Corporation proposes that the persons named in the following table be nominated for election as directors of the Corporation. All of the nominees for director are now directors of the Corporation and have been since the dates set opposite their names. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the election of directors. Each of the directors elected will hold office from the beginning of their respective terms until the close of the next annual meeting of Shareholders or until such director's successor is duly elected or appointed.

In the event a nominee is unable to serve or will not serve, an event that management of the Corporation has no reason to believe will occur, the persons named in the accompanying form of proxy reserve the right to vote for another person at their discretion, unless a Shareholder has specified in the form of proxy that these shares are to be withheld from voting for the election of directors.

The following table sets forth the name and age of each person to be nominated by the management of the Corporation for election as a director, such person's present position with the Corporation, the period or



periods of his service as a director of the Corporation, and the approximate number of Common Shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly by such person as at April 28, 2008:

<b>Name, Age and Place of Residence</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Number and Class of Shares Beneficially Owned, Controlled or Directed</b>	<b>Total Market Value of Common Shares<sup>(6)</sup></b>
Allen T.Y. Chan Age: 56 Hong Kong	Chairman, Chief Executive Officer and Director of the Corporation and of Sino-Wood Partners, Limited	1994	5,992,753 Common Shares <sup>(4)</sup>	\$93,427,019.27
Kai Kit Poon Age: 68 Hong Kong	President and Director of the Corporation and of Sino-Wood Partners, Limited	1994	2,753,105 Common Shares <sup>(5)</sup>	\$42,920,906.95
Edmund Mak <sup>(1)(3)</sup> Age: 60 British Columbia, Canada	Real estate marketing agent, Re/Max Select Properties	1994	50,000 Common Shares	\$779,500.00
Simon Murray <sup>(2)</sup> Age: 68 Hong Kong	Chairman, General Enterprises Management Services (International) Limited, a private equity fund management company	1999	65,000 Common Shares	\$1,013,350.00
James M.E. Hyde <sup>(1)(2)(3)</sup> Age: 53 Ontario, Canada	Executive Vice President and Chief Financial Officer, Resolve Business Outsourcing Income Fund, a progressive business process outsourcing firm	2004	10,000 Common Shares	\$155,900.00
Judson Martin <sup>(1)(2)(3)</sup> Age: 52 Ontario, Canada	Consultant	2006	10,000 Common Shares	\$155,900.00
Peter Wang Age: 56 Hong Kong	General Manager, Resource Power Development Ltd., a Hong Kong company importing machinery equipment into China.	2007	Nil	-

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation and Nominating Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Included in Mr. Chan's shareholdings are (i) 2,842,753 Common Shares owned by ADS Holdings (BVI) Limited, a company owned by three family trusts under which family members and associates of Mr. Chan are beneficiaries; and (ii) 2,250,000 Common Shares held by Forest Investment Partners, Ltd. on behalf of ADS Holdings (BVI) Limited.
- (5) 2,353,105 Common Shares are owned by Natural Forest Limited, a corporation controlled by Mr. Poon.
- (6) Calculated based on the closing price of the Common Shares on the Toronto Stock Exchange as of April 28, 2008 multiplied by the number of Common Shares held.

The following provides a brief description of certain biographical information regarding the above-named nominees:

*Allen T.Y. Chan*

Mr. Chan co-founded the Corporation in 1992. Prior to that, he worked for 12 years as a management consultant and project manager in China. Mr. Chan has previously worked for the Hong Kong government in new town development and management programs.

*Kai Kit Poon*

Mr. Poon co-founded the Corporation in 1992. He worked for 15 years with Guangdong Forestry Bureau as an engineer engaged in forest product trading and manufacturing.

*Edmund Mak*

Mr. Mak is engaged in real estate marketing for Re/Max Select Properties. Over the past 30 years, he has worked with public, multi-national and private corporations in North America and Hong Kong in the real estate, computer and high technology equipment, transportation, construction, oil & gas, textile and China trade industries.

*Simon Murray*

Mr. Murray is Chairman of General Enterprises Management Services (International) Limited, a private equity fund management company. Over the past 35 years, he has worked in Asia as a founder of Simon Murray & Associates, Executive Chairman of Asia Pacific, Deutsche Bank Group, a co-founder of Distacom and Group Managing Director of Hutchison Whampoa. As disclosed above, Mr. Murray is also a director of a number of companies listed on the Main Board of the Hong Kong Stock Exchange as well as a company listed on the Swiss Stock Exchange.

*James M.E. Hyde*

Mr. Hyde is currently the Executive Vice President and Chief Financial Officer, Resolve Business Outsourcing Income Fund, a progressive business process outsourcing firm. Mr. Hyde was the Vice President, Finance and Chief Financial Officer of GSW Inc., a manufacturer and distributor of consumer durable products, from October 2002 until April 2006 when GSW Inc. was acquired by A.O. Smith Corporation. From April to December 2006, Mr. Hyde was a Consultant to A.O. Smith Corporation. Prior to October 2002, Mr. Hyde was with Ernst & Young LLP (an accounting and auditing firm) for 24 years, including 12 years as a Partner.

*Judson Martin*

Mr. Martin was Senior Executive Vice President and Chief Financial Officer of Alliance Atlantis Communications Inc. ("Alliance Atlantis") from March 2003 to June 2005 and was Executive Vice President and Chief Financial Officer from May 1999 to November 2002. Mr. Martin was a member of the Board of Directors of Motion Picture Distribution Inc. and an Executive Officer of Movie Distribution Income Fund and Movie Distribution Holding Trust, controlled subsidiaries of Alliance Atlantis, since their launch in October 2003 to June 2005, and also served as Chief Financial Officer until September 2004. From November 2002 until January 2003, Mr. Martin was President and Chief Executive Officer of TGS North American REIT. From July 1995 to September 1997, Mr. Martin was Senior Executive Vice-President and Chief Financial Officer and a Director of MDC Communications Corporation. From October 1982 to July 1995, Mr. Martin was employed by certain subsidiaries of Brascan Corporation, including Trizec Corporation Ltd. as Vice President and Treasurer, Brookfield Development Corporation as Executive Vice President and Chief Financial Officer and Trilon Securities Corporation as President

and Chief Executive Officer. Mr. Martin is Chairman of Skypower Wind Energy Fund LP and serves as Chair of the Audit Committee. He also serves as an independent Trustee, Chair of the Compensation and Nominating Committee and member of the Audit Committee of Somerset Entertainment Income Fund.

*Peter Wang*

Mr. Peter Wang also serves as the Senior Commercial Consultant of Zijin Copper, a subsidiary of Zijin Mining Group, a Hong Kong listed company, and China Far East International Trading Company, one of China's top five import and export companies. Mr. Wang has over 30 years experience in Sino-foreign projects and business affairs, predominantly related to petrochemical and mining industries, as well as wood-based panel industries. He was involved in a number of pioneering projects when China first opened up its foreign policies back in the late 1970s. He was a member of the Formulation Committee of Chinese-Foreign Contract, Guangdong Province and was also a member of the delegation team travelling with China Premier Wen Jiabao to India in 2005 to execute contracts and projects related to highway and power stations, and to expand China-India bilateral trade and economic cooperative ties.

## **2. Appointment of Auditor**

Effective August 12, 2007, BDO McCabe Lo Limited (“**BDO**”) resigned as auditor of the Corporation at the request of the Corporation. BDO had been the auditor of the Corporation since March 2005. In replacement thereof and in accordance with the provisions of NI 51-102, the Audit Committee approved the appointment of Ernst & Young LLP (“**E&Y**”) as successor auditor. In accordance with the requirements of NI 51-102, attached hereto as Schedule “B” is a copy of the “reporting package” (as such term is defined in NI 51-102) previously filed with the applicable Canadian securities commissions. The reporting package includes: (i) a Notice of Change of Auditor delivered by the Corporation to BDO and E&Y in connection with BDO's resignation and E&Y's appointment as successor auditor; and (ii) a letter from each of BDO and E&Y addressed to the various Canadian securities regulators and the TSX in response to such notice.

Management proposes to nominate E&Y, which firm has been the auditor of the Corporation since its appointment by the Board of Directors of the Corporation on August 12, 2007, as auditor of the Corporation to hold office until the next annual meeting of Shareholders. It is intended that the shares represented by proxies in favour of management nominees will be voted in favour of the appointment of E&Y as auditor of the Corporation and the authorizing of the directors to fix its remuneration. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the appointment of the auditor.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No person or company who is, or at any time during the financial year ended December 31, 2007 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.sinoforest.com](http://www.sinoforest.com). Financial information is provided in the Corporation's comparative financial statements and Management's Discussion and Analysis (“**MD&A**”) for the year ended December 31, 2007.

In addition, copies of the Corporation's most recent annual information form, together with any document incorporated therein by reference, the annual report, the annual financial statements and MD&A and this management information circular may be obtained upon request to the Secretary of the Corporation at 90 Burnhamthorpe Road West, Suite 1208, Mississauga, Ontario, L5B 3C3 or by telephone at 905.281.8889. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

#### **APPROVAL OF BOARD OF DIRECTORS**

The contents of this management information circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: April 28, 2008.

*"Allen T.Y. Chan"*

Allen T. Y. Chan  
Chairman and Chief Executive Officer

## **SCHEDULE “A”**

### **SINO-FOREST CORPORATION**

**(the “Corporation”)**

#### **DIRECTORS’ MANDATE**

##### *Directors’ Responsibilities*

The Directors are responsible for the stewardship of the Corporation. To discharge this obligation, the Directors, directly and through the applicable committees of the Board of Directors, should assume responsibility in the following areas:

##### *Strategic Planning Process*

- Provide input to management on emerging trends and issues.
- Adopt, review and approve, if appropriate, management’s strategic plans.
- Review and approve the Corporation’s financial objectives, plans and actions, including significant capital allocations and expenditures.

##### *Monitoring Tactical Progress*

- Monitor corporate performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.

##### *Risk Assessment*

- Identify the principal risks of the Corporation’s businesses and ensure that appropriate systems are in place to manage these risks.

##### *Senior Level Staffing*

- Select, monitor and evaluate the Chief Executive Officer and other senior executives, and ensure the adoption of a management succession plan.
- Approve a position description for the Chief Executive Officer including limits to management’s responsibilities and corporate objectives which the Chief Executive Officer is responsible for meeting, all upon recommendation from the Corporate Governance Committee and the Compensation and Nominating Committee.
- Satisfy itself as to the integrity of the Chief Executive Officer and other executive officers.
- Satisfy itself that the Chief Executive Officer and other executive officers create, maintain and foster a culture of integrity throughout the Corporation.

##### *Integrity*

- Ensure the integrity of the Corporation’s internal control and management information systems.
- Ensure ethical behaviour and compliance with laws and regulations, audit and accounting principles, and the Corporation’s own governing documents.

##### *Material Transactions*

- Review and approve material transactions not in the ordinary course of business.

*Monitoring Directors' Effectiveness*

- Assess its own effectiveness in fulfilling the above and Directors' responsibilities, including monitoring the effectiveness of individual Directors.

*Disclosure Policy and Code of Business Conduct*

- Adopt, monitor and periodically review the effectiveness of a corporate disclosure policy and a code of business conduct.
- Make determinations with respect to waiving compliance with the code of business conduct by Directors and executive officers.
- The Board may delegate responsibility for making determinations with respect to waiving compliance with the code of business conduct to a committee of the Board.

*Feedback from Shareholders*

- Develop measures for the receipt, by directors, of feedback from security holders.

*Expectations of Directors*

- Directors are expected to attend all meetings.
- The specific dates of Board meetings to approve interim and annual financial results shall be scheduled at the commencement of each fiscal year.
- Additional meetings of the Board shall be called on an as-required basis.
- Directors are expected to review materials to be presented at Board meetings prior to such meetings. Such materials are to be circulated with sufficient advanced notice to allow Board members adequate review time. However, for unscheduled meetings, shorter notice may be necessary.

*Corporate Governance*

- Develop the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation.
- The Board may delegate this responsibility to a committee of the directors, which committee shall have a majority of "Independent" directors (as such term is defined in National Policy 58-201 – Corporate Governance Guidelines) and the remaining members of which, if any, shall be "non-management" directors.

*Other*

- Perform such other functions as prescribed by law or assigned to the Directors in the Corporation's constituting documents, policies and guidelines.

**SCHEDULE "B"**

**CHANGE OF AUDITOR REPORTING PACKAGE**

**NOTICE OF CHANGE OF AUDITOR**

**TO: ERNST & YOUNG LLP, CHARTERED ACCOUNTANTS**

**AND TO: BDO MCCABE LO LIMITED**

TAKE NOTICE THAT Sino-Forest Corporation (the "**Corporation**") has terminated the engagement of BDO McCabe Lo Limited as auditors of the Corporation and that the audit committee of the Corporation has resolved to appoint Ernst & Young LLP, Chartered Accountants as successor auditors in their place.

TAKE FURTHER NOTICE THAT:

- (a) BDO McCabe Lo Limited resigned as auditors of the Corporation effective August 12, 2007, at the request of the Corporation;
- (b) there have been no reservations contained in the auditors' reports on the annual financial statements of the Corporation for the two most recently completed fiscal years immediately preceding the date of this notice nor for any period subsequent to the most recently completed period for which an audit report was issued;
- (c) the Corporation's audit committee has considered and approved both the termination of BDO McCabe Lo Limited and the appointment of Ernst & Young LLP, Chartered Accountants as successor auditor; and
- (d) in the opinion of the Corporation, no reportable events (within the meaning of National Instrument 51-102) occurred in connection with the audits of the two most recently completed fiscal years of the Corporation and or any period subsequent to the most recently completed period for which an audit report was issued.

**DATED** the 16<sup>th</sup> day of August, 2007.

**SINO-FOREST CORPORATION**

*"David J. Horsley"*

\_\_\_\_\_  
David J. Horsley

Senior Vice President and Chief Financial Officer  
Authorized Signing Officer



**BDO McCabe Lo Limited**  
Certified Public Accountants  
德豪嘉信會計師事務所有限公司

25<sup>th</sup> Floor Wing On Centre  
111 Connaught Road Central  
Hong Kong  
Telephone: (852) 2541 5041  
Facsimile : (852) 2815 2239

香港干諾道中 111 號  
永安中心 25 樓  
電話：(852) 2541 5041  
傳真：(852) 2815 2239

August 23, 2007

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Prince Edward Island Securities Office  
Toronto Stock Exchange

Dear Sirs/Mesdames,

Re: Sino-Forest Corporation (the "Corporation") – Notice of Change of Auditor

We hereby advise that we have read the Notice of Change of Auditor of the Corporation dated August 16, 2007 and that we agree with each statement contained therein.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,

BDO McCABE LO LIMITED  
Certified Public Accountants

cc: David J. Horsley, Sino-Forest Corporation





■ Ernst & Young LLP  
Chartered Accountants  
Pacific Centre  
P.O. Box 10101  
700 West Georgia Street  
Vancouver, Canada V7Y 1C7

■ Phone: 604 891-8200  
Fax: 604 643-5422

August 16, 2007

British Columbia Securities Commission  
Alberta Securities Commission  
Saskatchewan Financial Services Commission  
The Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
New Brunswick Securities Commission  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Prince Edward Island Securities Office  
Toronto Stock Exchange

Dear Sirs:

Re: **Sino-Forest Corporation (the "Company")**  
**- Notice of Change of Auditor**

As required by National Instrument 51-102, we confirm that we have reviewed the information contained in the notice of change of auditor (the "Notice") issued on August 16, 2007 by the Company and, based on our knowledge of such information at this time, we agree with the information contained in the Notice.

Should you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,

  
ERNST & YOUNG LLP

cc: David J. Horsley, Sino-Forest Corporation