



Sino-Forest Corporation

FOR IMMEDIATE RELEASE

**Sino-Forest Releases Supporting Evidence
against Allegations from Short Seller**

TORONTO, CANADA - June 6, 2011 – Sino-Forest Corporation (TSX: TRE) (“Sino-Forest” or the “Company”), a leading commercial forest plantation operator in China, today provided further response to allegations by short seller, Muddy Waters, LLC.

The Company believes Muddy Waters’ report to be inaccurate, spurious and defamatory. Muddy Waters’ self-interest is transparent: to make money from the fall in Sino-Forest’s share price on the back of a decline that itself precipitated. Since the report’s release, the Company has been working to address the allegations. The Company’s Board of Directors is wholly sympathetic to stakeholders who are urging the Company to respond forcefully and quickly. However, the Company wants to respond definitively and it is the Board’s fiduciary duty to address these allegations with an unrestricted thorough and independent review, through the Independent Committee that was set up late last week. The Independent Committee has appointed independent legal counsel, appointing Osler, Hoskin & Harcourt LLP to support it in Canada and both Mallesons, (a leading international law firm with offices in Beijing, Shanghai and Hong Kong) and Jun He Law Offices a leading Chinese law firm. The Independent Committee is also expected to announce the appointment of an independent international accounting firm later today.

Ownership of trees

The recent events have caused several shareholders to request clear proof of ownership of the Company’s timber assets. The Board is anxious to respond to this request and has commenced actions to address this, focusing first on Yunnan Province, where the Company’s largest hectareage of purchased plantations are held and where the short seller focused its attacks. Nevertheless, the Company will be posting today the following initial supporting information on the Company’s website (www.sinoforest.com):

- A signed copy of the master (framework) agreement (in Chinese) for Lincang City and surrounding areas in the Yunnan Province (together with a version translated to English for ease of reference) pursuant to which individual purchase contracts are then entered into;
- A summary schedule, as at December 31, 2010, showing the 186,700 hectares of purchased plantations in cities of Yunnan province such as Lincang, Lijiang and Pu’er;
- Signed copies of contracts relating to the acquisition of plantations in Gengma county of Lincang City and Ninglang county of Lijiang City, together with examples of the applicable plantation rights certifications or confirmations from the relevant government forestry bureau (as described in the AIF extract below). English translations will be also posted for ease of reference. Such contracts have been made available, at individual contract level with accompanying government confirmations, to the Company’s auditors as part of its annual audit process for numerous years; and
- An extract from the Company’s annual information form (AIF) for the year ended December 31, 2010 describing the nature of the Company’s ownership interests in purchased plantations.

The consent from each relevant local government is necessary for the disclosure of the individual purchase documentation. The Company has made approximately 230 individual purchases under the six master framework agreements it has publicly identified which have occurred in approximately 38 cities (encompassing approximately 99 counties). The Company is seeking the applicable consents on an expedited basis first focusing on consents for its Yunnan purchased plantations. The Independent Committee have advised the Board that it will ask its independent experts to separately examine and review such individual purchase agreements and related government documents.

Cash on hand

As at December 31, 2010, the Company had approximately US\$1.26 billion in cash, cash equivalents and short term deposits as reported in the audited consolidated balance sheet. As at March 31, 2011, the comparable amount was US\$1.09 billion. The sources and uses of cash for the period ending March 31, 2011 will be further detailed in our quarterly report for the period ending March 31, 2011 expected to be issued on June 14, 2011.

Sino-Forest has released today on its website a summary schedule of cash and cash equivalent and short term deposits along with a detailed listing with copies of its bank statements confirming the cash held within the Company as at that date. The Company has conducted business in the ordinary course since then and made ordinary course expenditures, and its cash remains intact with the majority of it in banks in Hong Kong.

Share buy-back

The Company has heard from many investors encouraging it to buy back shares given the current prices. The Company has been advised by counsel that it and its directors and officers are precluded from purchasing stock in the current circumstances.

Legal recourse

Given the deeply damaging nature of Muddy Waters' self-interested attack on the Company and its shareholders, the Company is considering its legal remedies against Muddy Waters and its principals. Further, the Company intends to ask the securities regulators in Canada and in other jurisdictions to investigate the trading activities conducted by Muddy Waters.

Analyst tour

The Company will be inviting analysts to join management on a tour of the Company's plantations in July 2011, with details to follow. The analysts will be invited to suggest specific locations for the tour, and for each plantation visited, the Company will present GPS references and the ownership documents.

Chairman of Sino-Forest, Mr. Allen Chan, commented:

"I have spent 17 years building Sino-Forest and I can promise investors we are not guilty of the charges levied against us. The Company has grown significantly over the past five years; a period of time in which our financial statements have been audited by Ernst & Young a leading international audit firm, and during which we have been thoroughly scrutinized by several groups of major international underwriters and their well known legal counsel both inside and outside of China in the course of seven public and major private offerings. I stand by our audited financial statements, including the revenue and assets shown therein. All material related party transactions are appropriately disclosed in our financial statements. We do business with the parties identified in the report at arms length. Those parties are not related or connected to the Company or any of its management.

"I very much appreciate the understanding and support so many shareholders have shown us in the past few days. With over a billion dollars in cash, and a clear business strategy and plan, we will continue to focus on executing our business strategy, while we also deal with these allegations.

“It is important people recognize the motivations of Muddy Waters, because it is they who deliberately muddy the waters, not us. This is a company that has taken out a major short position in our company and then issued a report designed to make them money by the decline of our stock. By now they might be out of their short position and in the money. It is the rest of us that lick our wounds, while they lick their lips. I believe their report to be defamatory and I am confident that the Independent Committee’s report will demonstrate that.”

About Sino-Forest Corporation

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

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Foreword looking statement disclaimer

This press release contains forward-looking statements regarding future events. Such forward-looking statements are not guarantees of future performance of the Company and are subject to risks and uncertainties that could cause actual results and company plans and objectives to differ materially from those expressed in the forward-looking statements. Such risks and uncertainties include, but are not limited to: changes in China’s and international economies and in currency exchange rates; changes in market supply and demand for the Company’s products, including global production capacity and wood product imports into China; changes in China’s political and forestry policies; changes in climatic conditions affecting the growth of the Company’s trees; competitive pricing pressures for the Company’s products; and changes in wood acquisition and operating costs.